



2019 – 2020 Annual Report

CAPITAL REGION DEVELOPMENT AUTHORITY 2019 - 2020 ANNUAL REPORT

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September 30, 2020

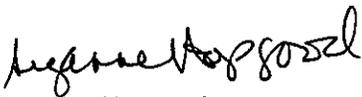
To the Honorable Edward M. Lamont Jr., Governor of the State of Connecticut; Honorable Chairs of the Finance, Revenue and Bonding Committee of the General Assembly; and the Auditor of Public Accounts:

Annual reports are by definition, a measure of the past year's successes as well as trials. CRDA's major venues were trending positively, event-wise and financially, until COVID-19 hit Connecticut. From that point on, stated mildly, fiscal year 2019-20 was one that disrupted everyone's best assumptions of business and continues to do so today.

The sudden closure of the State and the major venues including the XL Center and the Connecticut Convention Center created budgetary shortfalls and staff furloughs while adversely contributing to the decline in business at local hotels, restaurants, garages and other entertainment venues in the central business district. Meanwhile, progress on regional and residential construction projects sponsored, financed, and/or underwritten by CRDA continued while leasing activity slowed at residential projects.

As we enter the new fiscal year, we continue to adjust to the 'phasing in' of daily living while remaining cognizant of the heavy influence created by the uncertainty of our times. We are working to prepare the venues for their eventual re-opening, with new operational procedures and physical changes to the facilities. Regional and city-wide projects within the pipeline are being assessed with these changes in mind as well.

So the work of the agency continues, having participated to date in the creation of over 1,800 housing units; the rejuvenation of public facilities; and an expansion of regional and neighborhood-oriented projects ranging from infrastructure, to land assembly and preparation, to financing and leveraging dollars into new construction of mixed use real estate. This report discusses the Agency's initiatives and concludes with the financial report of its operations as required by the General Statutes.



Suzanne Hopgood
Chair
Capital Region Development Authority

Capital Region Development Authority

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2019 - 2020 Fiscal Year Report

**Pursuant to Connecticut General Statutes
§32-605**

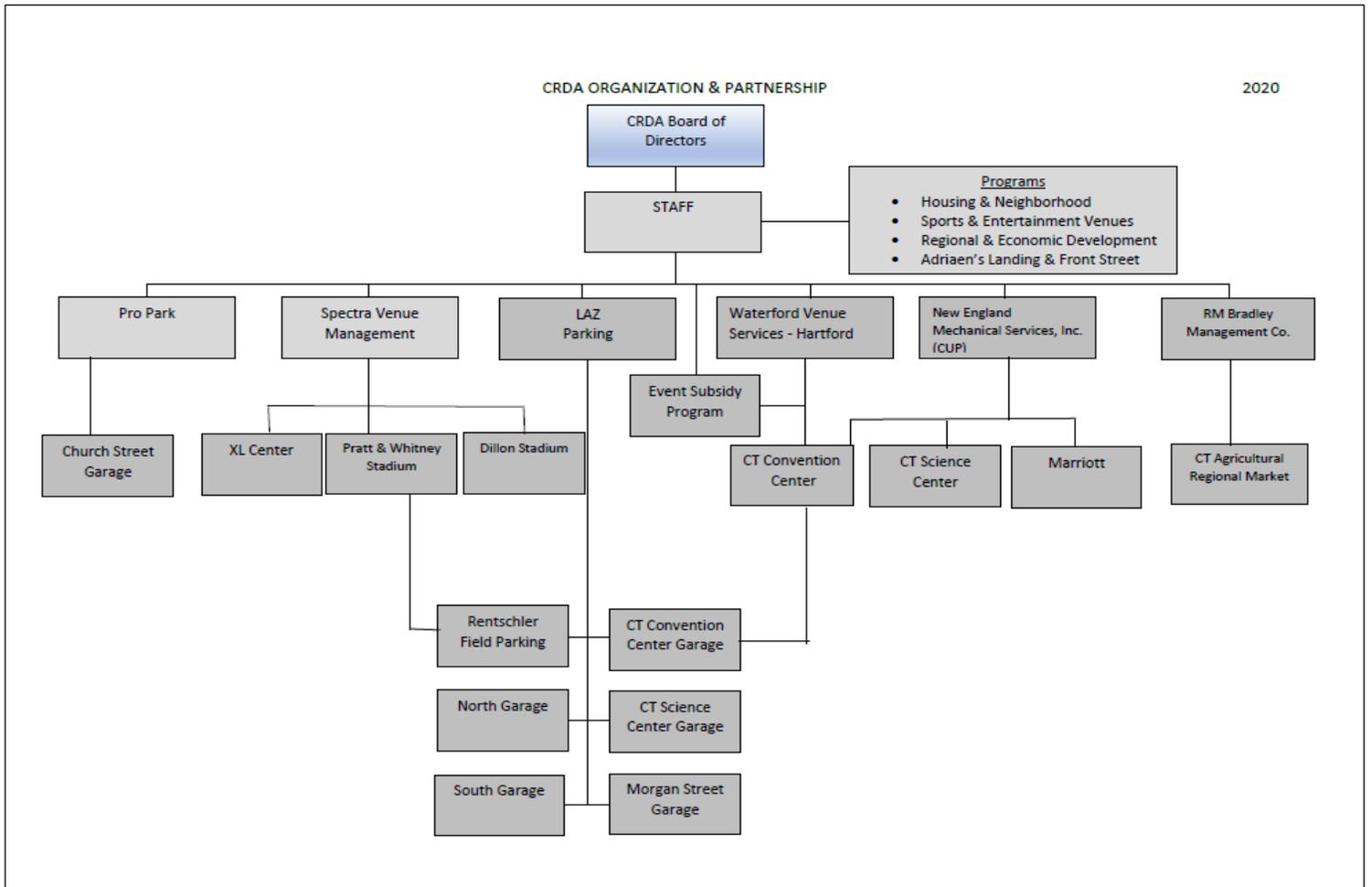
AN ANALYSIS OF THE AUTHORITY'S SUCCESS IN ACHIEVING PURPOSES AND PLANNED ACTIVITIES



On June 15, 2012, Public Act 12-147 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 investments. 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, 2020

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 fifteenth year of operation, the CTCC has attracted approximately 4.48 million guests and generated nearly \$114 million in revenues.



The CTCC was on pace to finish ahead of budget expectations until COVID-19 hit Connecticut and the state shutdown in mid-March. This resulted in the remaining events for the fiscal year eventually being cancelled as the state did not open during this period to enable operations at the CTCC. For several months, the Exhibition Hall was converted into an overflow medical facility for COVID patients but was subsequently returned to CRDA once the pandemic surge subsided. Consequently, the CTCC ended the year at a negative Net Operating Income of \$3.868 million.

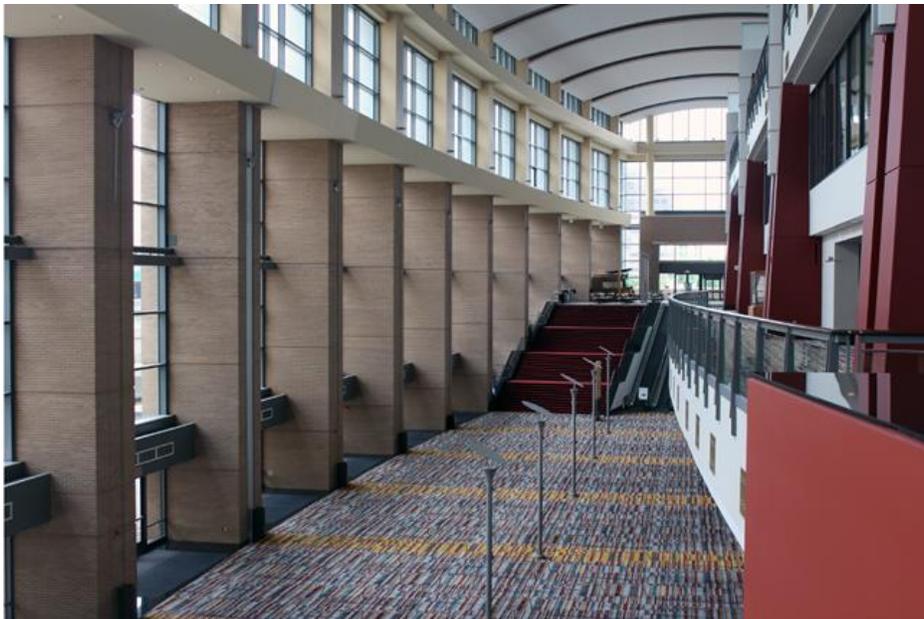
The inability for the CTCC to operate for the remainder of the fiscal year as a result of the state shutdown also impacted room nights and other business in the district. Therefore, the state tax generation for the year dropped significantly from prior years as shown below.

	FY 2018	FY 2019	FY 2020
State of Connecticut Tax Generation	Actuals	Actuals	Actuals
Sales & Use Tax	\$2,030,015	\$2,142,648	\$988,788
Income Tax	1,118,584	981,797	537,519
Other Tax	237,670	214,993	113,905
Room Occupancy Tax	566,237	553,959	315,385
Total State of Connecticut Tax Generation	\$3,952,506	\$3,893,397	\$1,955,597

Throughout the year, capital projects funded by the building's reserve were completed. These projects consisted of additions or improvements to the following areas: communication and data connectivity software and systems, food and beverage equipment, and building infrastructure.

During the fiscal year 2020, 105 events were held attracting 229,500 visitors.

	FY 2018	FY 2019	FY 2020
<u>Operating Revenues</u>	Actuals	Actuals	Actuals
Building Rental	\$2,383,796	\$2,381,134	\$1,613,419
Event Services (net)	765,659	789,656	382,861
Food & Beverage (net)	1,152,272	927,909	739,441
Other	119,744	125,983	23,445
Total Operating Revenues	\$4,421,471	\$4,224,682	\$2,759,166
<u>Attendance</u>			
Conventions/Tradeshows	82,444	76,054	53,453
Consumer Shows	146,851	106,837	89,803
Banquets/Receptions	17,776	20,891	8,600
Other Events	82,359	85,642	47,557
Meetings	33,849	38,489	30,093
Total Attendance	363,279	327,913	229,506



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. Revenue from non-UConn events and other event revenues are dedicated to the venue’s operating expenses and the facility does not historically 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 facility. Approximately \$200,000 in non-UCONN event income was generated during the fiscal year.

During the past year, approximately 87,000 attendees enjoyed Rentschler Field including the grounds surrounding the stadium. Of this group, 61,000 attended UConn events.

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). The operational losses during the year were \$1.037 million.

XL Center

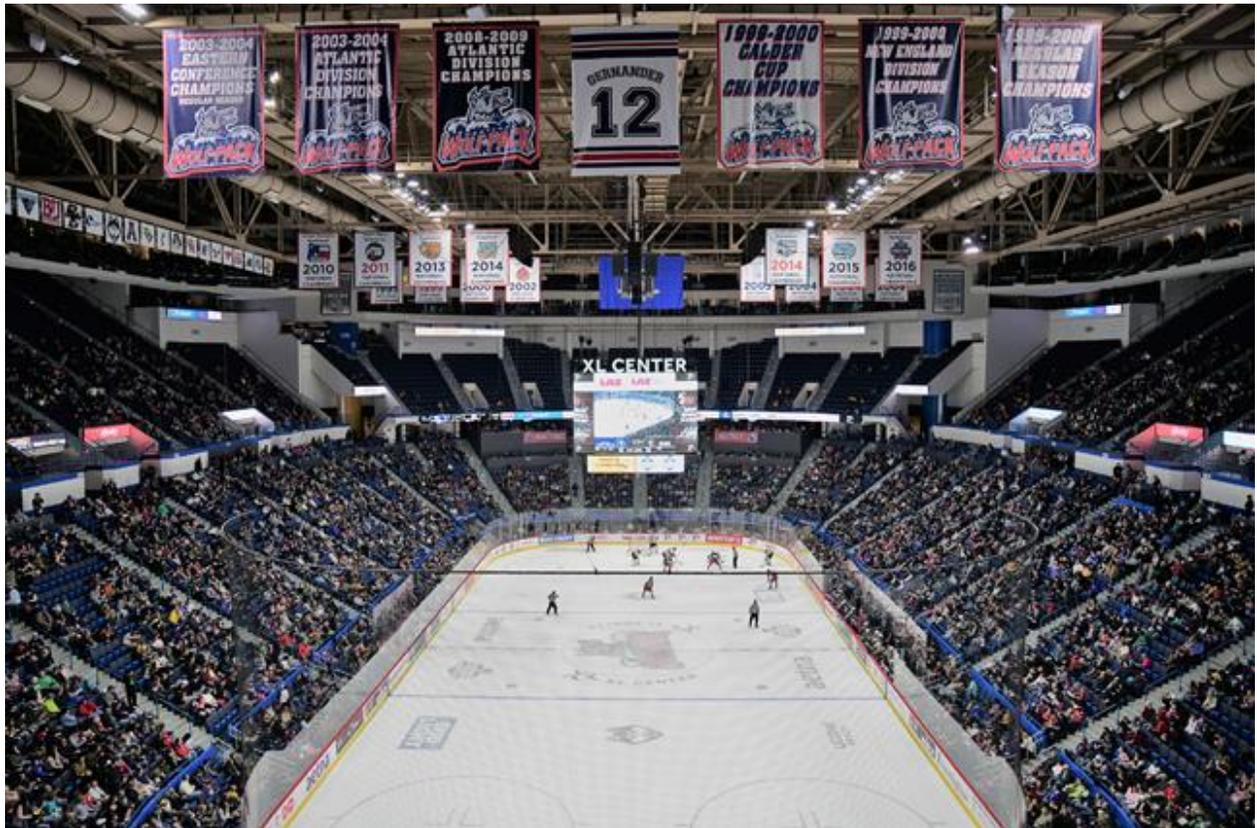
The XL Center, owned by the City of Hartford and managed by CRDA in accordance with an operating agreement as a state facility, has been at a critical crossroad. Repairs and some modernization work were completed in 2014-16 and were designed to extend the life of the building, to reduce some operating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

Without substantial reconstruction of the building, as recommended by the CRDA Board, the arena will continue to struggle to compete with ever more advanced arenas in the greater region and demand continued operating subsidies and capital investments. The suggested transformation will 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 hockey program.



Like the Convention Center, the XL Center experienced a significant reduction in events due to the COVID-19 pandemic, with all events after mid-March either cancelled or postponed, resulting in significantly fewer attendees. Despite these challenges, the XL Center continued hosting three UConn sports, the AHL and a variety of family events. During 2019-20, 101 events were held attracting 402,000 people to the city's downtown. These events in turn add value to local retail, hotel, restaurant and parking enterprises.

During the 2019-20 year, the building's operations resulted in a net revenue loss of \$2.744 million and required an operating subsidy from the State of Connecticut in the amount of \$800,000 that passed through the CRDA appropriation as well as \$1,000,000 from net earnings of the adjoining CRDA Church Street Garage.



Connecticut Science Center



The Connecticut Science Center served nearly 338,000 people in 2019 in both on-site and outbound educational experiences, supporting school-based science learning, all while 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 more than 3.4 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 - called STEM Career Connections - to create new awareness, interest, and enthusiasm for careers in science, technology, engineering and math (STEM) for all of its visitors. The Science Center also promotes and highlights STEM practitioners in underrepresented communities, including people of color and women in science. Because these activities are integral to its effort to advance a science and technology-ready workforce for the future, the Science Center will continually highlight STEM-related, Connecticut-based jobs in all exhibits and programs.

The Science Center derives about 95% of its operating revenues from earned revenues paid for 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 District continued to provide entertainment and eateries in downtown Hartford with its major tenants of Spotlight Theatre, Infinity Music Hall and Bistro, Capital Grille, Ted's Montana Grill, Bear's Smokehouse BBQ and El Pollo Guapo. The occupancy of the retail/entertainment buildings is at 86%.

The Front Street Lofts with 121 apartment units which was completed in 2014 enjoys a 87% occupancy rate while the 81 Arch Apartments with 53 market rate housing units and additional retail square footage on Arch Street started leasing in July 2019 with a current occupancy rate of 77%.



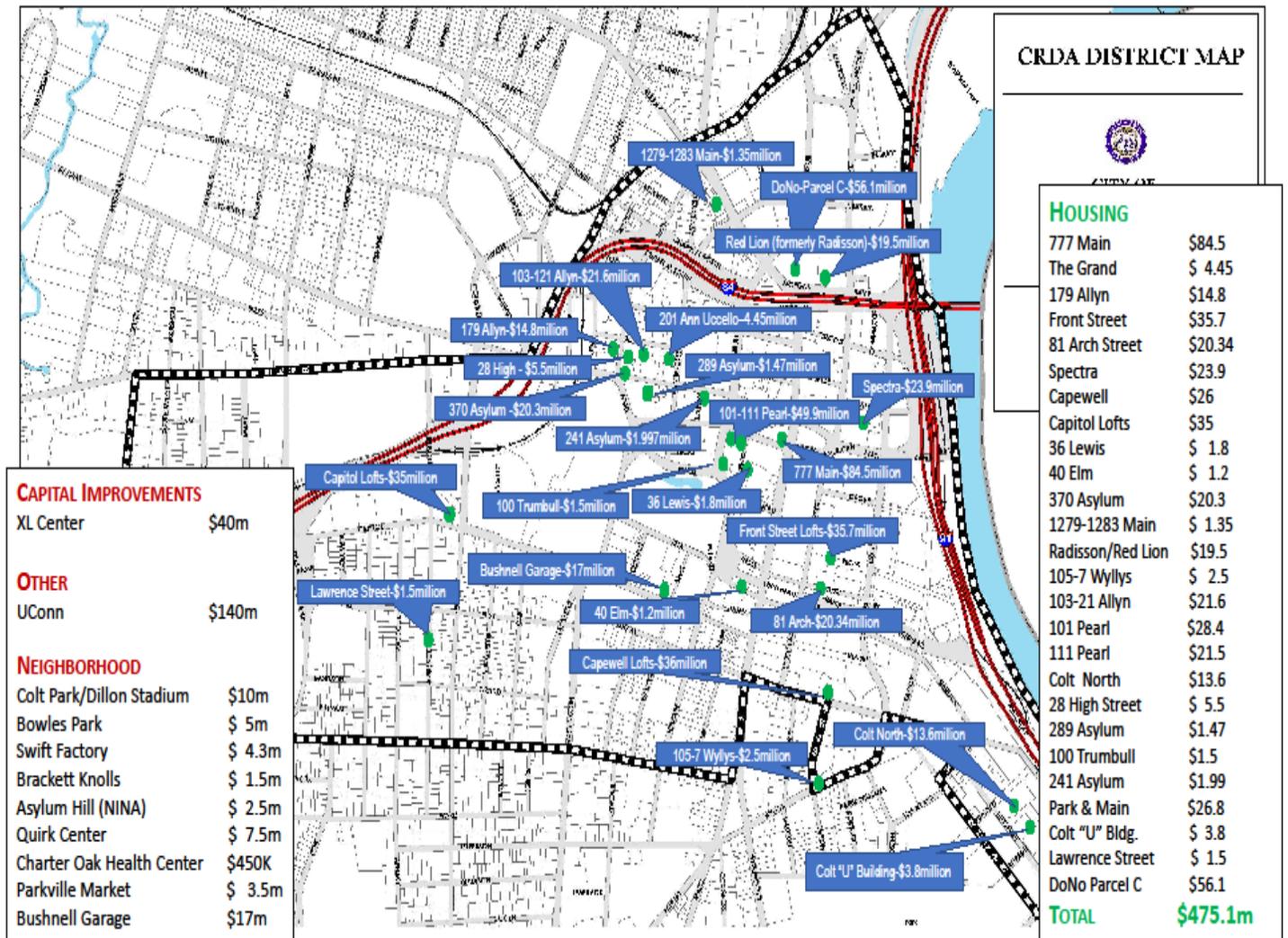
Complementing Front Street, the UConn campus opened for classes during 2017/18. During FY20, the campus achieved its projected enrollment forecast of 3,000 plus students. The campus in turn led to the establishment of a bookstore and coffee shop within the retail space of the Loft Apartment building.



Housing – Downtown

CRDA continued to make progress in fiscal year 2020 towards its statutory goal of 3,000 new housing units in the downtown Hartford development district. CRDA utilizes its funds to make both loans and equity contributions to potential projects to fill one of two types of funding gaps. The first type addresses the gap between the cost of construction and the 'upon completion' value. The second type closes the financial shortage between the conventional capital stack of debt and equity and the completed value. The Agency seeks an investment average of \$60,000 per unit.

Construction is underway at another eleven projects and financial closings are progressing for additional projects. Over 1,800 units have been built, are in construction, or have been approved pending financial closing.





777 Main St



201 Ann St "The Grand"



Spectra on the Plaza



Capewell Lofts



40 Elm St



390 Capitol Ave



246 Lawrence St



179 Allyn St



28 High St



36 Lewis St

CRDA Housing Approved

Project	# Units	TDC	TDC/Unit	CRDA Amt.	CRDA \$/Unit	Mkt/AM Split	Structure	CRDA Bd. Approval	Bond Commission	Closed	Target Occupancy	Leased ^d
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	93%
201 Ann/Grand	26	\$4.45M	\$202K	\$3.8M/\$750K	\$28.8K	100	Initial constr. note \$3.8M ^a convert to 2nd mortgage at \$750,000	3/21/2013 4/25/2013	6/21/2013	10/29/2013	Renting	96%
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 ^a	6/4/2013	6/21/2013	12/5/2013	Renting	94%
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	87%
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	97%
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	\$349,350 ^a	\$61.5K	100	loan 3% 30 yr.	6/19/2014 2/18/2016	7/25/2014	2/25/2015	Renting	100%
1279-83 Main	10	\$1.35M	\$135K ^a	\$265K ^a	\$26.5K	100	loan 3% 25 yr.	5/21/2015 6/16/2016 11/30/2017	7/28/2015	9/9/2016 9/20/2019	2020	
370 Asylum	60	\$20.3M	\$338K	\$4M	\$66K	70/30	loan <3%, 20 yr.	6/18/2015 2/18/2016	3/24/2016	9/29/2017	Renting	93%
Radisson	96	\$19.5M	* 2	\$6.5M	\$67.7K	100	hotel conv. const. note	10/15/2015	12/11/2015	3/31/2016	Renting	21%
81 Arch	53	\$20.34M	\$380K	\$5.6M	\$103.7K	100	30 yr. 1% loan	10/20/2016	11/15/2016	11/7/2017	Renting	81%
101 Pearl	157	\$28.4M	\$184K	\$9.24M	\$58.8K	100	construction/perm loan 3% 30 yr.	12/8/2016	5/12/2017	11/8/2017	Mar-20	15%
111 Pearl	101	\$21.55M	\$208K	\$6.06M	\$59.47K	100	construction/perm loan 3% 30 yr.	12/8/2016	5/12/2017	11/3/2017	Renting	99%
103 Allyn	66	\$21.1M	\$319K	\$6.6M ⁷	\$103K	100	construction/perm loan 3% 5 yr.	12/8/2016 8/8/2018	2/1/2017 6/26/2019	10/31/2018	Spring 2020	
105-7 Wyllys	9	\$2.5M	\$277K	\$800K	\$88.8K	100	construction/perm loan 2-3% 30 yr.	5/18/2017 3/21/2019	11/29/2017 6/26/2019	8/31/2019	2021	
Colt North	48	\$13.6M	\$283K	\$2.88M	\$60K	100	construction/perm loan 3% 20 yr.	5/18/2017	11/29/2017	7/2/2018	Spring 2020	58%
28 High	28	\$5.5M	\$196.4K	\$1.9M	\$67.8K	80/20	loan 3% 30 yr.	2/2/2018	2/16/2018	8/29/2018	Spring 2020	
100 Trumbull	16	\$1.5M	\$93.7K	\$960K	\$60K	100	loan 3% 20 yr.	9/21/2017	2/16/2018	4/12/2018	2018/19/20	
246-250 Lawrence	12	\$1.5M	\$125K	\$521K	\$43.4K	100	Historic bridge loan & perm loan 3% 20 yr.	10/18/2018	12/11/2018	1/4/2019	Late 2020	
Colt "U"	26	\$7M	\$269K	\$1.5M	\$57.6K	100	loan 3% 20 yr.	1/10/2019	12/18/2019		TBD	
Pratt I	129	\$29.8M	\$231K	\$12M	\$93K	80/20	\$5.5M bridge loan; \$6.5M construction/perm loan 2.75%, 30 yr.	10/17/2019	12/18/2019		TBD	
Park/Main	126	\$26.8	\$212K	\$8.4M	\$66.7K	80/20	20 yr. 3%	9/20/2018	9/20/2018	6/25/2020	2021	
Summary	1697^b	\$413M	\$243K	\$110.68M	\$62.5K median \$64K avg.	86/14	1468 market /230 affordable					

8/4/2020

¹ deposits and leases

² \$75K/unit est. residential + 188 hotel rooms

³ notes repaid

⁴ \$16K from Housing Cap. Fund

⁵ 1838 w/ Front St. & Recap deals

⁶ \$140K from Housing Capital Fund

⁷ \$200K reserve via Bond Commission

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	Mkt	DECD grant	N/A	12/12/2007	12/17/2013	Renting	85%
Silas Deane	111	\$27M	\$225K	\$5M	\$41.6K	Mkt	Urban Act	N/A	9/30/2016	5/24/2018	Renting	50%
289 Asylum	8	\$1.474M	\$184K	\$450K	\$56K	Mkt	Replenished Capital Funds	12/8/2016	N/A	6/13/2018	Renting	100%
241 Asylum	4	\$1.99M	\$150K	\$200K	\$50K	Mkt	construction note 5 yr., Capital Funds	03/22/2018	N/A	5/7/2018	Renting	100%
115-117 Sigourney	4	\$1.16M	\$290K	\$200K	\$50K	Aff	\$200,000 Hist. Bridge Loan ¹ Heritage Homes - Affordable	12/8/2016	N/A	8/13/2019	2020	SOLD
86-88 Hawthorne	2	\$830K	\$418K	\$50K	\$25K	Aff	Heritage Homes (NINA) Aff.	5/24/2018	6/1/2018	8/13/2019	2020	
80-82 Hawthorne	2	\$830K	\$418K	\$50K	\$25K	Mkt	Heritage (NINA) Market	5/24/2018	6/1/2018	8/13/2019	2020	
Summary	261											

¹ Paydown of principle from sale 8/6/2020



370 Asylum Ave



1283 Main St



81 Arch St



Spectra 101 Pearl St



Spectra 111 Pearl St



103 Allyn St



Colt North Armory

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 followed by two bedrooms representing the least of the market.



50 Morgan St



105-7 Wyllys St (Rendering)

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. As of 6/30/20, the units were as follows:

PROJECT NAME:	<u>Available</u>	<u>%Leased</u>
Hartford 21	262 units	91%
Main & Temple (Sage Allen)	78 units	85%



Hartford 21 Apartments



Main & Temple Apartments

The Lofts at Main and Temple changed ownership in FY20. The new development plan is to link the properties to the Pratt Street corridor and the XL Center. Additionally, the Temple Street Lofts will be significantly upgraded to townhomes, increasing the unit count and overall value of the properties.

Multi-family rental housing leads the nation’s real estate market. This has been true in Connecticut and reflects the CRDA’s activity to date. Over the next few years, while downtown conversion projects will continue, albeit at a slower pace, the Authority will increasingly focus on new housing types including infill new construction (Bushnell South and DONO areas), and will increase its activity in the city’s neighborhoods.

Parking

CRDA manages in excess of 17,000 parking spaces. The largest single garage managed by CRDA continues to be the facility at the Convention Center with its 2,339 spaces. The four garages located within the Front Street District (CTCC, North and South Garages at Front Street, and the Science Center Garage) produced \$6.1 million in revenue and covered \$3.3 million in operating expenses and \$2.8 million towards its outstanding revenue bond's debt service during the fiscal year. Due to the COVID-19 pandemic, these facilities experienced a significant reduction in revenues when the state shutdown in mid-March caused the Convention Center, Science Center, and major downtown employers to either cease operations or change to a work-from-home environment.

The largest single CRDA location for parking is the 10,150 spaces at Rentschler Field, now that an additional 10 acres of land acquired in 2016 contributes 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 structural repair capital improvements are scheduled to occur over the next several years.

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-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	10,150
Church Street	1,299
Total	17,445

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 extensive replacement of the chiller hinges and cooling tower #2 media support as well as the continued upgrade of monitoring and calibration equipment.

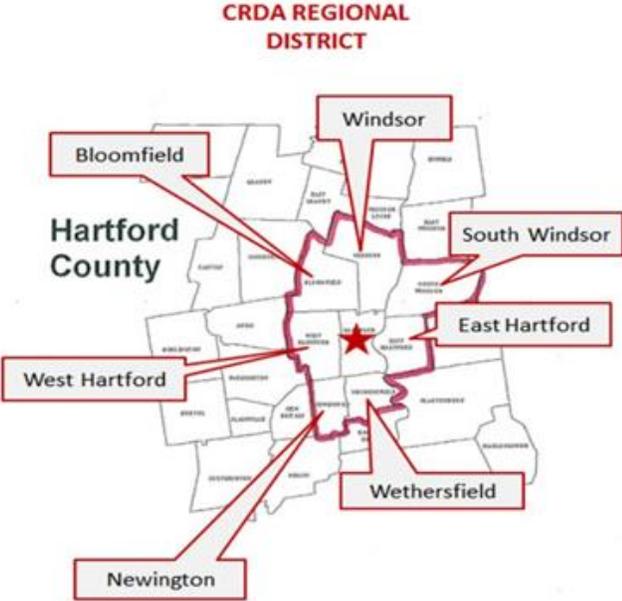
As COVID-19 affected the event calendar at the Convention Center and Science Center, and the Marriott Hotel occupancy, demand on the CUP facilities resulted in decreased load. This led to an increased use of automation with the day-to-day operations and caused the CUP to lay-up some of its excess capacity chillers.

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 or 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. During FY20, CRDA also participated in project scoping of a transit-oriented development (TOD) facility in nearby Windsor Locks.

CRDA REGIONAL & ECONOMIC DEVELOPMENT PROJECTS

- HARTFORD**
Connecticut Regional Market
- EAST HARTFORD**
Showcase Cinema
Goodwin College- Drainage Improvements
Silver Lane Improvements
Founders Plaza
Great River Park
Neighborhood Property Improvements
- NEWINGTON**
National Welding Site
- WETHERSFIELD**
The Borden



East Hartford, CT - Silver Lane Redevelopment

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. These funds were reprogrammed to also be used within the Silver Lane redevelopment corridor. CRDA entered into agreements directly with the Town of East Hartford to use these dollars for a variety of pre-development related projects including the demolition of the former Showcase Cinema buildings.

Wethersfield, CT - Silas Deane Residential/Retail

Funds totaling \$5 million awarded 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 through CRDA by the State in September 2016. A residential building with 111 market rate units and retail space was approved by the Town's land use commission for the site. Contracts for services between the Town and CRDA and between CRDA and the developer were completed in 2018. Construction was completed in FY20 and leasing activity approached 50% despite the COVID-19 pandemic.



East Hartford, CT - Riverfront Drainage/Founders Plaza Redevelopment/Great River Park

The General Assembly authorized \$10 million in each fiscal year 2016-2017 and 2017-2018 to CRDA to be invested in the Town of East Hartford. Several projects have begun, including the installation of a new storm water drainage system in and around the Goodwin College area to facilitate that area's redevelopment and initial planning and design funds were awarded for a new garage facility in the Founders Plaza area, freeing up real estate for new development and additional public parking along the riverfront. Funds were also awarded for infrastructure improvements to Great River Park in coordination with Riverfront Recapture.



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 it serves to supplement the City's staff capacity for neighborhood redevelopment.

In the State's fiscal years 2016 and 2017 budgets, funds were authorized to CRDA for 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, \$2.5 million was set aside of these funds to hire at risk individuals was also created.

During fiscal year 2020, eight projects progressed upon referral from the City.

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. Now that the site has been cleared, a new mixed income housing development is proceeding per separate agreements between the Hartford Housing Authority, the City of Hartford, the State of Connecticut DOH and private investors. Occupants of Phase I have begun to take up residency.



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. The 28 new units, of which one-half will be owner occupied, will be subsequently developed using federal housing funds and private mortgages

Swift Factory

Also located in the Promise Zone, the long deteriorating and vacant Swift factory has been 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.



Quirk Middle School/PAL

This project is for the renovation of the Thomas J Quirk Middle School for use by the Police Athletic League as a Boys and Girls Club and for the use by the Hartford Police Academy. CRDA was awarded \$6 million for Phase I renovations consisting of abatement, creating classrooms, vocational training work areas, computer art programs, and improvements to the building's mechanical infrastructure. This project is designated as a Neighborhood Security/Fellows project and will support job training and hiring programs for youth at risk of being perpetrators or victims of gun violence.



Riverfront Recapture

A \$1 million grant-in-aid to Riverfront Recapture and \$1.34 million grant-in-aid to the Town of East Hartford were authorized by the State Bond Commission for the development of the Hartford Riverwalk to the newly-acquired property on the Hartford-Windsor line and for improvements to Great River Park in East Hartford.

Dillon Stadium

The single largest project to utilize the Neighborhood funds is the restoration of the historic Dillon Stadium facility for community use as well as to meet the home field needs of a new USL soccer franchise. The stadium, owned by the City of Hartford, is managed by CRDA in accordance with an operating agreement.



Parkville Market

CRDA provided a \$3.5 million construction loan to convert the 20,000 square foot warehouse of the former Bishop Ladder Company on Park Street into a new community market. The new facility opened with its initial tenants in Spring 2020 and has continued to expand during a trying COVID-19 environment. The 100-year old building serves as a stimulant to further development in the Parkville neighborhood.



Charter Oak Health Care

CRDA assisted the Charter Oak Center in restoring a historical property into a new health clinic by providing funds necessary to improve the exterior, increase handicap access, and site work.

Repositioning State Assets

CRDA has been tasked with repositioning two major State real estate holdings in Hartford: (1) the properties that were formerly used for parking by state employees assigned to the State Office Building on Washington Avenue and Elm Street, and (2) the Regional Agricultural Market on Reserve Road.

Bushnell South

With the renovation of the State Office Building and a new garage, former state parking lots are now available for redevelopment. Accompanying the parking lots is property freed up by the removal of the obsolete State Health Lab building.

Together, along with various private parcels, the area known as Bushnell South will be redeveloped into a mixed-use neighborhood scheduled to provide new housing ownership and rental opportunities, and will provide a transitional link from the state office complex along Bushnell Park to the neighborhoods just south of downtown. Properties previously used for parking by state employees assigned to the State Office Building on Washington Avenue and Elm Street were transferred to CRDA by Public Act 18-154. Following a design build procurement in 2019, construction of a 412-space garage, design to be expanded, at the site of the former State Health Labs is in construction and scheduled to be operational in the Summer 2021. The garage will serve state employees, the nearby Bushnell Theatre and, ultimately, new residential buildings to be built in the area.



Regional Agricultural Market

As a real estate development entity, CRDA was tasked by the General Assembly with the challenge to redevelop the current agricultural market owned by the State and managed by the Department of Agriculture through the Connecticut Market Authority (CMA). The property was transferred to CRDA beginning in October 2018 and completing in December 2019. CRDA operated the facility through a MOU with the State Department of Agriculture through December 2019 at which time CRDA started management responsibilities internally. It is expected that the market with its sixty plus year old buildings will be renewed.

CRDA continued capital upgrades at the market property that were initiated in 2018. Fiscal year 2020 capital projects consisted of enhanced security and monitoring devices as well as continuing building structural repairs.



LEGISLATIVE REPORT

The 2019-2020 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 2020 FISCAL YEAR AND THE ISSUES FACE VALUE AND NET PROCEEDS**

During the previous fiscal year, the Authority did not issue any revenue bonds. However, CRDA was authorized the following funding by the State of Connecticut Bond Commission through the Special Revenue Bond Fund. In fiscal year 2014, \$60,000,000 was established 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, \$30,000,000 was established 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 years 2016 and 2017, \$50,000,000 per year was established 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. In fiscal years 2018 and 2019, \$50,000,000 per year was established to provide for the purposes and uses provided in Section 32-602 of the Connecticut General Statutes, provided that \$10,000,000 be made available as a grant-in-aid to East Hartford for the purposes of general economic development activities.

Special Revenue Bond Fund				
Year Authorized	Total Authorized	Total Allocated FY 2020	Total Allocated as of 6/30/20	Total Unallocated as of 6/30/20
2014	\$60,000,000	\$ 0	\$58,942,627	\$ 1,057,373
2015	\$30,000,000	\$ 0	\$27,800,000	\$ 2,200,000
2016	\$50,000,000	\$ 0	\$50,000,000	\$ 0
2017	\$50,000,000	\$ 3,500,000	\$46,071,000	\$ 3,929,000
2018	\$50,000,000	\$ 13,500,000	\$20,340,000	\$16,660,000
2019	\$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

See Notes A and B on following page.

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 2018-19	Total Allocated as of 6/30/18
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, 2019 through June 30, 2020 fiscal year. These payments occurred in the ordinary course of operations.

146 Supply Center, Inc.	Borden-Wethersfield,LLC	CohnReznick, LLP
1390-1400 Park Street, LLC	Brookdale Fruit Farm Inc.	Colt Gateway, LLC
Allyn 88, LLC	CCAM, LLC	ComNet Communications, LLC
Bank of America	CH Johnson Consulting, Inc.	Connecticut Natural Gas Corporation
Barclay Water Management Inc.	Charter Oak Health Center, Inc.	Consigli Construction Co. Inc.
Blue Hills Civic Association	Cherry Hill Construction Inc.	Conventions Sports & Leisure International LLC

Corner Stone Fence & Ornamental Gate, LLC	Lawrence Street Property, LLC	Shipman & Goodwin, LLP
Cranmore FitzGerald & Meaney, LLC (Escrow Agent)	Lawson Power Source, LLC	Siemens Industry, Inc.
Crosskey Architects, LLC	Laz Parking Management, LTD	SourceOne
CS Swift, LLC	Macchi Engineers, LLC	Spectra by Comcast Spectator
Deere & Co. AG & Turf Corp Business & Govt. Sales	Manafort Brothers Inc.	Spectra Top, LLC
Desman Associates	Metropolitan District Corporation	Sportsfield Specialties, Inc.
Double C Contractors, LLC	Milone & Macbroom, Inc.	Structural Preservation Systems, LLC
EDF Energy Services, LLC	Musco Sports Lighting, LLC	STV Construction, Inc.
Environmental Partners, LLC	New England Mechanical	Tabacco and Son Builders, Inc.
Eversource	Newfield Construction, Inc.	Teachers Corner, LLC
F.A. Hesketh & Associates, Inc.	Nina Properties, IC	Tecton Architects, PC
Frank Capasso & Sons, Inc.	Nutmeg Planners, LLC	The Hartford
First American Title Insurance Co. (Escrow Agent)	Palker Excavating	The Lincoln National Life Insurance Co.
Freeman Companies, LLC	People's United Insurance Agency	Tolar Manufacturing Co. Inc.
Fuss & Oneill, Inc.	Peter Albano	Trane
Goman & York Property Advisors, LLC	Powerstaton, LLC	Transystems
Hartford Athletic	Pro Park, Inc.	Treasurer State of CT
HBN Front Street, LLC	Quisenberry Arcari Malik, LLC	Verizon Wireless
It Direct, LLC	Riverfront Recapture, Inc.	Vulcan Security Technologies, Inc.
JCJ Architecture, P.C.	Robinson & Cole	Waterford Venue Services Hartford, LLC
Kaestle Boos Associates, Inc.	Sage Intacct, Inc.	William B. Meyer, Inc.
	SCI Architects, PC	Zuvic, Carr and Associates, Inc.

During the July 1, 2019 through June 30, 2020 fiscal year, no vendors had a direct contract with the Authority and received more than \$5,000 in payments for services with funds 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.

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.

Adtech Systems	CES MMA	Dell Marketing L.P.
Advanced Power Systems, LLC	Cintas	Demers Exposition Services, Inc.
Albert Uster Imports, Inc.	Cintas Fire Protection	Digital Minds Inc.
Allan S Goodman, Inc.	City Fish Market	Digital Printing Systems
Amadeus Hospitality	City of Hartford Fire & Police	Eastern Bag & Paper Co.
American Medical Response	Clarke Fire Protection Product	EDF Energy Services, LLC
Anthem Blue Cross & Blue Shield	CLR CT Labor Resources	Electric Wholesalers, Inc.
Anthem Life	Cogent Communications, Inc.	Elm City Capital, LLC
Automated Building System, Inc.	CohnReznick, LLP	Encore Fire Protection
Aztec Technologies	Colonial Life	Environmental Systems Corporation
Beebe Landscape Services, Inc.	Connecticut Natural Gas Corporation	Envision Design, LLC
Beecher Carlson/Master Trust	Connecticut Radio Inc.	Eversource
Berkshire Bank	Construction & General Laborers Local Union No. 230	Facilities and Destinations
B-G Mechanical Services, Inc.	Control Systems, Inc.	Falvey Linen & Uniform of CT
Bobcat of CT	Corporate Payment Systems	Farmington Metal Fabrication
Boston Gourmet Chefs, Inc.	Connecticut Convention & Sports Bureau	Fast Signs
Brescome Barton Inc.	CT Dept of Revenue Services	Forks & Fingers
Brightview Landscapes, LLC	CT Distributors, Inc.	Flow Tech, Inc.
Carmine's Frozen Pizza	Cummins Sales and Service	Freshpoint
C&C Janitorial Supplies, Inc.	CVENT, Inc.	Frontier
Central Mechanical Services	CWPM	Gallagher Buick GMC, Inc.
Ceridian HCM, Inc.	Daktronics	Giovanni's
		Gordon Food Service, Inc.

Grainger	Nurse Finders	Tee's & More on the Lake
Hartford Baking Co.	Office Depot	Tennant Sales & Service Co.
Hartford Distributors Inc.	Omar Coffee Company	The Hartford Guides, inc.
Hartford Downtown Marriott	Oracle America, Inc.	The Lincoln National Life Insurance Co.
Hartley & Parker Limited	Otis Elevator Company	The Metropolitan District
Imperial Dec. & Upholstering JC Special T LLC	Peak Event Services	The Sherwin- Williams Co.
John Annino	PEPSI-COLA	Three Way Communications
Johnson Controls Fire Protection LP Jordan Page	PFG Springfield	Thurston Foods, Inc.
K & S Distributors, Inc.	Premier Table Linens	Total Communications, Inc.
LAZ Parking DBA Maintenance System LAZ Parking Management LTD. L.E. Whitford, Co., Inc.	Provident Life and Accident Insurance Red Hawk Fire & Security LLC Rem Industrial Solutions	Travelers
Liftruck Parts and Services	Rogo Distributors	Treasurer, State of CT
Lileo Enterprises, LLC	Ruotolo Mechanical Inc.	ULINE
Lummus Weber Co.	Securitas Security Services	Unum Life Insurance Co. of America Verizon Wireless
Lutron Services, Co.	Schindler Elevator Corporation Shannon Errig	W.B. Mason Company, Inc.
M.G. Backflow Testing	Smart Care Equipment Solutions Stew Leonard's	Waterford Hotel Group
Maharam	Stewart & Stevenson Power Suburban Stationers	Waterford Venue Services Hartford, LLC Wattsaver Lighting Products We Do Lines
Maybury Material Handling	Sunbelt Rentals, Inc.	West Electric, LLC
Minuteman Press of Hartford Morrow Technologies Corporation NEW ENGLAND MECHANICAL	Sunshine Laundry	WildOrchid
	Sysco Food Services of CT	Yougreen 2go Inc.

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.

Ancor Engineering Services CleanCo.	G4S Secure Solutions, Inc.	WB Mason
Eversource	Johnson Controls Fire Protection, LP Preferred Electric	Wescor Parking Controls, Inc.
Frontier	Schindler Elevator Corporation	

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:

ADP, Inc.	Cintas Corporation	Geiger Engineers
Advance Security Integration AEG Live, LLC	City of Hartford	Go Graphix
Aero All Gas Co.	CohnReznick LLP	Grainger
AFSCME Council 4, Local 1716	Comcast and Other Affiliated Businesses	Harlem GlobeTrotters, Inc.
Agera Energy	Contemporary Services Corporation	Hartford Business
Alexander Global Promotions All Waste Inc.	Crest Mechanical Services, Inc.	Hartford Wolf Pack Community
American Express	CT Dept. of Revenue Services	Home Depot Credit Services
American Medical Response	Dalene Flooring	H.O. Penn Machinery Company
Andy Frain Services, inc.	Dubois Chemicals	Hussey Seating Co.
Athletica Sport Systems	Effecttv	IATSE Local 84
Automated Logic Construction	Encore Fire Protection	IATSE National Benefit Funds
Bank of America	En Pointe IT Solutions	ICON Concerts
Braman	Entercom Hartford WRCH-FM	iHeartMedia, Inc.
BWM Global Inc.	Entercom Hartford WTIC-FM	IMG College, LLC
Carbonhouse	Eversource	Jet Ice Limited
Carrier Corporation	Feld Entertainment Inc.	J.H. Barlow
CCM Hockey US, Inc.	Fire Equipment Inc.	John Michael Associates
	Frontier	Johnson Controls
	Full Power Radio Inc.	KoneCranes Inc.

Lamar Companies	Pitney Bowes Global Financial Powerstation, LLC	The Metropolitan District
Laz Parking LTD.	Premier Productions Inc.	Tennant Sales and Service Company
Les Vetements SP Apparel, Inc.	Purchase Power	University of Connecticut
Live Nation Worldwide, Inc.	Ricoh USA , Inc.	Unifirst Corporation
Madison Square Garden, LP	Ringling Bros & Barnum Bailey	United Drilling Inc.
Maybury Material Handling	R. T. Forbes Company, Inc.	USA Hockey Inc.
McPhee Electric, LTD.	Safehold Special Risk Inc.	U.S. Electrical Services, Inc.
MetroHartford Alliance Inc.	Schindler Elevator Corporation	U.S. Bank Equipment Finance
Metropolitan Interactive, LTD	Shipman & Goodwin, LLP	Verizon Wireless
Minuteman Press of Hartford	Spectra Corporate Partnerships	Victor Advertising Services, LLC
NCAA General Operating	Sobe Promos LLC	WB Mason Co. Inc.
New England Mechanical	Square Inc.	WFSB
Nicks Enterprises, LLC	Steam Trap Systems N.A., LLC	WTIC-TV
Northland Trumbull Block, LLC	Success Promotions	WVIT
Outfront Media	Thermaxx LLC	WWE Entertainment, Inc.
Ovations Food Services, LP	The Hartford Courant Co.	Zipwhip, Inc.
Paciolan, Inc.	The Hartford Steam Company	
Peopleready Inc.		

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. No vendors were paid in excess of \$5,000 from the revenue bonds construction proceeds and from the Travelers Loan during the fiscal year.

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:

Bank of America	Bank of America Securities, Inc.	Standard & Poor's
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➤ **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. On September 13, 2018, the Authority issued a series of its Parking and Energy Fee Revenue Bonds ("CRDA 2018 Refunding Series Bonds") with a par amount of \$16.365 million for the purposes of paying the cost of refunding the CCEDA 2008 Series D Parking and Energy Fee Revenue Bonds and issuing the CRDA 2018 Refunding Series 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 within 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, the now refunded 2008 Series D Bonds, and the 2018 Refunding Series 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, the 2005 Series C Bonds, the 2018 Refunding Series 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, 2020:

NAME	RACE/ETHNICITY	GENDER	BOARD POSITION
Suzanne Hopgood	White	Female	Chairman/Governor Appointee *
Andy Bessette	White	Male	Vice Chairman/Governor Appointee *
OPM Secretary Melissa McCaw	Black	Female	Treasurer/Ex-Officio *
Hartford Mayor Luke Bronin	White	Male	Secretary/Legislated *
DOH Commissioner Seila Mosquera-Bruno	Hispanic	Female	Member/Ex-Officio
DOT Commissioner Joseph Giulietti	White	Male	Member/Ex-Officio
DECD Commissioner David Lehman	White	Male	Member/Ex-Officio
East Hartford Mayor Marcia Leclerc	White	Female	Member/Legislated
David Robinson	White	Male	Member/Legislative Majority Appointee
Robert Patricelli	White	Male	Member/Legislative Minority Appointee
Joanne Berger-Sweeney	Black	Female	Member/Governor Appointee
David Jorgensen	White	Male	Member/Governor Appointee
Erik Johnson	Black	Male	Member/Hartford Mayor Appointee
Vacant			Member/Hartford Mayor Appointee

* Executive Committee member

CRDA Staff

As of June 30, 2020, the Authority has a staff of eleven 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 Manager
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
Michael Yost	White	Male	Construction Program Assistant

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 makeup¹. The sudden closure of the State when COVID-19 hit Connecticut in mid-March contributed to a decline in business at local hotels, restaurants, garages and other entertainment venues within Adriaen's Landing and adversely effected the staff makeup of the entities as of June 30, 2020 due to staff furloughs.

Connecticut Convention Center

Total employees =	38
Total Hartford residents =	9 (24%)
Total Minority (men) =	11 (29%)
Total women employees =	15 (39%)
Total Minority (women) =	7 (18%)

Convention Center Parking Facilities (LAZ Parking)

Total employees =	9
Total Hartford residents =	4 (44%)
Total Minority (males) =	4 (44%)
Total women employees =	3 (33%)
Total Minority (women) =	1 (11%)

Hartford Marriott Downtown

Total employees =	200
Total Hartford residents =	62 (31%)
Total Minority (males) =	68 (34%)
Total women employees =	110 (55%)
Total Minority (women) =	66 (33%)

Connecticut Science Center

Total employees =	82
Total Hartford residents =	13 (16%)
Total Minority (males) =	9 (11%)
Total women employees =	53 (65%)
Total Minority (women) =	13 (16%)

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 INDEPENDENT AUDITOR'S REPORT**

EXHIBIT A

JUNE 30, 2020 AND 2019

CAPITAL REGION DEVELOPMENT AUTHORITY

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June 30, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors
Capital Region Development Authority

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, 2020 and 2019, 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 audit 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Capital Region Development Authority as of June 30, 2020 and 2019, and the changes in its financial position, and its 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 audits were conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Authority's basic financial statements. The information on pages 3 through 39 of the Authority's Annual Report, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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 18, 2020, 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 solely 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 the effectiveness of the Authority's 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.



Hartford, Connecticut
September 18, 2020

CAPITAL REGION DEVELOPMENT AUTHORITY

Management's Discussion and Analysis (MD&A)

June 30, 2020 and 2019

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, 2020 and 2019. 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.

2020 FINANCIAL HIGHLIGHTS

- Total assets exceeded total liabilities by \$236.797 million at June 30, 2020. The net position of the Authority totaled \$575 thousand unrestricted, \$94.874 million restricted, and \$141.348 million net investment in capital assets.
- The loss from operations for the year ended June 30, 2020 is \$11,350,320. The CRDA venues were on pace to finish ahead of budget expectations until COVID-19 hit Connecticut and the state shutdown in mid-March. This resulted in the remaining events for the fiscal year eventually being cancelled and staff furloughs implemented as the state did not open during this period to enable operations. This led to lower operating revenues and expenses for all CRDA venues.
- The Convention Center's 2020 net operating loss on a contractual basis was \$3,868,239. Even with the COVID-19 impacts on the fiscal year's event load, the Convention Center held 105 events.
- CRDA parking facilities reported net operating income on a contractual basis of \$2,750,656. As COVID-19 reduced the economic activity of the Convention Center, Science Center, and the Front Street District, lower operating revenues and expenses were seen within the parking facilities as well. The impact on overall transient parking revenue was significant.
- The XL Center's 2020 net operating loss on a contractual basis was \$2,743,690 excluding depreciation of \$2,260,073. Similar to the other CRDA venues, the net operating loss was primarily the result of the COVID-19 impact. However, the XL Center was able to host the majority of the AHL season, some concerts and a USA vs Canada women's hockey game.

CAPITAL REGION DEVELOPMENT AUTHORITY

Management's Discussion and Analysis (MD&A) (*Continued*)

June 30, 2020 and 2019

2019 FINANCIAL HIGHLIGHTS

- Total assets exceeded total liabilities by \$242.764 million at June 30, 2019. The net position of the Authority totaled \$1.375 million unrestricted, \$89.023 million restricted, and \$152.366 million net investment in capital assets.
- The loss from operations for the year ended June 30, 2019 is \$8,145,019. Of this amount, \$734,000 relates to costs associated with bond administration which includes the issuance of the 2018 Refunding Bonds (a refunding series of the Parking and Energy Revenue Bonds) to pay the cost of refunding the 2008 Series D bond series.
- The Convention Center's 2019 net operating loss on a contractual basis was \$3,296,873. Fiscal year 2019 experienced a lower food and beverage revenue when compared to the prior year due to a different business mix. In addition, the year had lower attendance from public shows (consumer) and trade shows (industry exhibition) due to two new convention venues opening in the state during the fiscal year.
- CRDA parking facilities reported net income on a contractual basis of \$3,698,797. This is the result of an increase in overall transient parking revenue due to the continued development of the Front Street District, and to parking revenue derived from Convention Center events, Science Center attendance, and validations.
- The XL Center's 2019 net operating loss on a contractual basis was \$1,448,084 excluding depreciation of \$2,039,383. The net operating loss was primarily the result of some underperforming concerts and family shows with their associated revenues partially offset with a favorable NCAA basketball tournament.

CAPITAL REGION DEVELOPMENT AUTHORITY

Management's Discussion and Analysis (MD&A) (Continued)

June 30, 2020 and 2019

The following table summarizes the condensed Balance Sheets as of June 30, 2020, 2019 and 2018.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
ASSETS:			
Current assets	\$35,670,065	\$39,120,816	\$35,230,527
Noncurrent assets:			
Restricted cash and cash equivalents	4,904,842	3,802,084	4,105,279
Restricted investments	934,716	1,167,430	1,141,273
Loans receivable-housing	80,963,625	71,315,976	44,325,059
Other assets	1,023,827	177,344	591,397
Capital assets, net	267,874,790	279,042,971	287,807,537
	<hr/>		
Total assets	\$391,371,865	\$394,626,621	\$373,201,072
<hr/>			
LIABILITIES:			
Current liabilities	\$32,526,641	\$29,479,530	\$27,180,713
Non-current liabilities	122,048,380	122,383,215	122,576,005
	<hr/>		
Total liabilities	\$154,575,021	\$151,862,745	\$149,756,718
<hr/>			
NET POSITION:			
Net investment in capital assets	\$141,347,983	\$152,365,566	\$161,079,913
Restricted	94,874,199	89,022,895	55,636,885
Unrestricted	574,662	1,375,415	6,727,556
	<hr/>		
Total net position	\$236,796,844	\$242,763,876	\$223,444,354
<hr/>			
Total liabilities and net position	\$391,371,865	\$394,626,621	\$373,201,072
<hr/>			

CAPITAL REGION DEVELOPMENT AUTHORITY

Management's Discussion and Analysis (MD&A) (*Continued*)

June 30, 2020 and 2019

2020 BALANCE SHEET ANALYSIS

- Total assets as of June 30, 2020 decreased by \$3.255 million or 0.8% compared to the same period in 2019.
- Current assets decreased by \$3.451 million or 8.8% primarily due to a decrease in estimated housing loan principal to be received within the next fiscal year from COVID-related deferrals provided to developers and timing differences with funding regional initiative projects.
- Non-current assets increased by \$196 thousand or 0.1% as the result of an increase in housing loans receivable, partially offset with greater capital asset depreciation than capital asset additions.
- Total liabilities increased by \$2.712 million when compared to the prior year. This increase was due to higher overall accounts payable and accrued expenses for regional initiative projects and capital projects at the XL Center, and to an increase in the obligation to the state for contract assistance that was offset by a reduction in the bonds and loan payable.

2019 BALANCE SHEET ANALYSIS

- Total assets as of June 30, 2019 increased by \$21.426 million or 6% compared to the same period in 2018.
- Current assets increased by \$3.890 million or 11% primarily due to timing differences with funding regional initiative projects and the renovation of Dillon stadium.
- Non-current assets increased by \$17.535 million or 5% as the result of an increase in housing loans receivable, partially offset with greater capital asset depreciation than capital asset additions, and the transfer of the WTA Sanction reported as the elimination of an intangible asset.
- Total liabilities increased by \$2.106 million when compared to the prior year. This increase was due to higher overall accounts payable and accrued expenses for regional initiative projects and at the XL Center, and to an increase in the obligation to the state for contract assistance that was offset by a reduction in the bonds and loan payable.

CAPITAL REGION DEVELOPMENT AUTHORITY

Management's Discussion and Analysis (MD&A) (Continued)

June 30, 2020 and 2019

The following table summarizes the changes in net position for the fiscal years ended June 30, 2020, 2019 and 2018.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues:			
Grants-State of Connecticut			
Operational	\$1,390,821	\$1,415,820	\$1,503,321
Development district, subsidy and other	4,858,300	4,833,300	4,758,300
Restricted	-	-	40,000
Combined Facilities	31,628,305	43,333,522	38,662,921
Other operating income	596,199	1,042,025	497,968
Total operating revenues	<u>\$38,473,625</u>	<u>\$50,624,667</u>	<u>\$45,462,510</u>
Operating expenses:			
Personnel and general	\$1,629,432	\$1,661,827	\$1,522,424
Pension expense	809,885	813,623	691,349
Combined Facilities	33,831,355	42,939,088	39,512,562
Depreciation and amortization expense	13,553,273	13,355,148	13,069,852
Total operating expenses	<u>\$49,823,945</u>	<u>\$58,769,686</u>	<u>\$54,796,187</u>
Loss from operations	<u>\$(11,350,320)</u>	<u>\$(8,145,019)</u>	<u>\$(9,333,677)</u>
Non-operating revenue (expense):			
Interest income	2,458,362	611,212	705,522
Interest expense	(2,013,410)	(2,608,339)	(2,637,631)
Non-operating revenue (expense), net	<u>\$444,952</u>	<u>\$(1,997,127)</u>	<u>\$(1,932,109)</u>
Loss before transfers in - State of Connecticut	\$(10,905,368)	\$(10,142,146)	\$(11,265,786)
Capital contributions	266,466	2,374,583	4,737,671
Transfer - State of Connecticut Housing Loan Program	4,671,870	27,087,085	7,406,773
Change in net position	\$(5,967,032)	\$19,319,522	\$878,658
Net position, beginning of year	<u>\$242,763,876</u>	<u>\$223,444,354</u>	<u>\$222,565,696</u>
Net position, end of year	<u><u>\$236,796,844</u></u>	<u><u>\$242,763,876</u></u>	<u><u>\$223,444,354</u></u>

CAPITAL REGION DEVELOPMENT AUTHORITY

Management's Discussion and Analysis (MD&A) (*Continued*)

June 30, 2020 and 2019

2020 OPERATING ACTIVITY HIGHLIGHTS

- Operational grant revenue, primarily derived from appropriations from the State of Connecticut in the amount of \$6.2 million, provided funding for the operations of the Authority (\$1,390,821), the Convention Center Project (\$4,058,300) which included the operations of the Convention Center, and the XL Center (\$800,000).
- 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, 2020, the Authority closed a total of twenty-four housing loan projects providing a commitment for \$106,738,627 in loans. \$95,324,767 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 \$11,705,217 in fiscal year 2020 when compared to fiscal year 2019, primarily driven by the COVID-19 hit to Connecticut and the state shutdown in mid-March 2020. The following net operating results by facility were derived in fiscal year 2020: Convention Center \$(3,868,239), Parking \$2,750,656, Central utility plant \$389,293, XL Center \$(2,743,690), Church Street garage \$1,514,265, Connecticut Regional Market \$173,990 and Front Street District (\$903).
- Of the Convention Center's operating revenues in fiscal year 2020, \$105,050 of the \$7.0 million was due to subsidies granted to events. This in turn generated \$1.364 million in gross revenue to the building in additional business (rent, food and beverage, and ancillary revenue) otherwise not available plus \$578,000 in State taxes (sales tax, income tax, and bed tax) to the economic region.
- The Authority saw increases in expenses associated with depreciation expense of \$198,125 and decreases in Combined Facilities expenses of \$9,107,733 primarily associated with the COVID-19 pandemic.

CAPITAL REGION DEVELOPMENT AUTHORITY

Management's Discussion and Analysis (MD&A) (*Continued*)

June 30, 2020 and 2019

2019 OPERATING ACTIVITY HIGHLIGHTS

- Operational grant revenue, primarily derived from appropriations from the State of Connecticut in the amount of \$6.2 million, provided funding for the operations of the Authority (\$1,415,820), the Convention Center Project (\$3,958,300) which included the operations of the Convention Center, the Front Street District maintenance and marketing costs (\$75,000), and the XL Center (\$800,000).
- 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, 2019, the Authority closed a total of twenty-one housing loan projects providing a commitment for \$90,508,627 in loans. \$82,921,737 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 \$4,670,601 in fiscal year 2019 when compared to fiscal year 2018, primarily driven by increased event revenues at the XL Center over the prior year. The following net operating results by facility were derived in fiscal year 2019: Convention Center \$(3,296,873), Parking \$3,698,797, Central utility plant \$483,175, XL Center \$(1,448,084), and the Church Street garage \$1,738,416.
- Of the Convention Center's operating revenues in fiscal year 2019, \$285,023 of the \$11.0 million was due to subsidies granted to events. This in turn generated \$27.2 million in gross revenue to the building in additional business (rent, food and beverage, and ancillary revenue) otherwise not available plus \$1,564,000 in State taxes (sales tax, income tax, and bed tax) to the economic region.
- The Authority saw increases in expenses associated with bond administration of \$268,648 and depreciation expense of \$285,296.

CAPITAL REGION DEVELOPMENT AUTHORITY

Management's Discussion and Analysis (MD&A) (Continued)

June 30, 2020 and 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's investment in capital assets as of June 30, 2020 and 2019 totaled \$267,874,790 and \$279,042,971, respectively (net of accumulated depreciation). This investment in capital assets includes general operating equipment, buildings and leasehold improvements, building equipment and furnishings, and construction in progress. The Authority's investment in capital assets at June 30, 2020 decreased by \$11,168,181, and resulted from the depreciation of the capital assets (-\$13.6 million) offset by the capitalization of assets (\$2.4 million).

A total of \$603,242 and \$548,295 was expended during fiscal year 2020 for the purpose of alterations, renovations and improvements at the XL Center and CRDA-owned parking garages, respectively. In addition, \$1.2 million of machinery and equipment was purchased for the Central Utility Plant, Convention Center, XL Center, Church Street garage, and CRDA Office. The Central Utility Plant and parking garages utilized their respective capital reserve fund for these purchases.

Capital Assets, Net of Accumulated Depreciation

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Intangible assets	\$ -	\$ -	\$600,000
Construction in progress	204,302	204,467	97,462
General operating equipment	48,246	46,634	7,288
Buildings, equipment and furnishings	<u>267,622,242</u>	<u>278,791,870</u>	<u>287,102,787</u>
Total	<u>\$267,874,790</u>	<u>\$279,042,971</u>	<u>\$287,807,537</u>

Additional information on the Authority's capital assets can be found in Note 5.

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, 2020 and 2019, the Authority closed a total of twenty-four and twenty-two housing loan projects, respectively, providing a commitment for \$106,738,627 and \$90,508,627 in loans. \$95,324,767 and \$82,921,737 of these commitments had been disbursed at the end of the fiscal years 2020 and 2019, respectively, with \$81,484,901 and \$76,763,031 being carried by the Authority at its principal balance outstanding net of an allowance for doubtful accounts.

CAPITAL REGION DEVELOPMENT AUTHORITY

Management's Discussion and Analysis (MD&A) *(Continued)*

June 30, 2020 and 2019

Long-Term Debt

Bonds Payable

The Authority initially issued \$110 million of Parking and Energy Fee Revenue Bonds to pay a portion of the costs of construction of the Convention Center Project. In fiscal year 2019, the Authority issued a refunding series, 2018 Refunding Bonds, with a par amount of \$16,365,000 in an aggregate principal amount of not more than the remaining outstanding principal amount of the prior bonds, for the purposes of paying the cost of refunding the 2008 Series D and, with the net premium received on the sale of the 2018 Refunding Bonds, paying the costs of issuance of the new bond series. 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 Bonds, the 2004 Series B Bonds, the 2005 Series C Bonds, and the 2018 Refunding 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 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 ended June 30, 2020 and 2019, the Authority received contract assistance in the amount of \$4,259,230 and \$3,585,421, respectively.

Scheduled debt repayments reduced the bonded debt outstanding of the Authority to \$70,670,000 and \$74,295,000, respectively, at the end of the fiscal years 2020 and 2019.

The Authority's 2004 Series B revenue bonds are rated A/A-1 by Standard & Poor's Corporation and Fitch Ratings. The Authority's 2005 Series C revenue bonds are privately placed and, therefore, are not rated. The Authority's 2018 Refunding Bonds are rated A by Standard & Poor's Corporation and Fitch Ratings.

Additional information on the Authority's bonded debt can be found in Note 8 of this report.

Loans Payable

At the end of fiscal years 2020 and 2019, the Authority had a loan payable to The Travelers Indemnity Company of \$6,243,439 and \$6,912,629, respectively. The loan payable decreased by \$669,190 and \$636,619 in 2020 and 2019, respectively, due to principal repayments made during the two fiscal years.

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

CAPITAL REGION DEVELOPMENT AUTHORITY

Management's Discussion and Analysis (MD&A) (Continued)

June 30, 2020 and 2019

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

Long Term Debt

As of June 30, 2020, 2019 and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Due to State of Connecticut:			
- contract assistance	\$47,994,442	\$43,735,212	\$40,149,791
Bonds payable	72,288,926	76,029,564	79,028,585
Loans payable	6,243,439	6,912,629	7,549,248
Total	<u>\$126,526,807</u>	<u>\$126,677,405</u>	<u>\$126,727,624</u>

CURRENTLY KNOWN FACTS

ENTERTAINMENT/RETAIL/RESIDENTIAL/DEVELOPMENT PROJECT

The Front Street District 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 Landing, 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 District 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, Bear's Smokehouse BBQ, and El Pollo Guapo.

Phase II of the development was completed in the fall of 2015. The development includes 121 units of market-rate rental housing as well as 14,809 square feet of restaurant/retail space. Phase IV of the development was completed in July 2019 and includes 53 units of market-rate rental housing as well as additional retail space on Arch Street.

UNIVERSITY OF CONNECTICUT GREATER HARTFORD CAMPUS

The University of Connecticut's ("UCONN") Greater Hartford Campus construction (Phase III) was completed in the fall of 2017. UCONN incorporated the iconic Hartford Times Building within the Front Street District into its urban campus. Classes began for the 2017/2018 academic year with 2,300 commuter students and 250 faculty members and staff. The 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.

CAPITAL REGION DEVELOPMENT AUTHORITY

Management's Discussion and Analysis (MD&A) (*Continued*)

June 30, 2020 and 2019

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 current 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, 2020 and June 30, 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current assets:		
Unrestricted cash and cash equivalents	\$9,074,435	\$7,745,383
Restricted cash and cash equivalents	18,348,713	14,601,983
Unrestricted investments	5,203,171	6,799,077
Restricted investments	630,650	2,183,170
Accounts receivable, net	1,085,515	1,207,810
Loans receivable: housing-current, net	521,276	5,447,055
Other current assets	806,305	1,136,338
Total current assets	<u>\$35,670,065</u>	<u>\$39,120,816</u>
Non-current assets:		
Restricted cash and cash equivalents	\$4,904,842	\$3,802,084
Restricted investments	934,716	1,167,430
Loans receivable-housing, net	80,963,625	71,315,976
Other assets	1,023,827	177,344
Capital assets not being depreciated:		
Construction in progress	204,302	204,467
Capital assets being depreciated:		
General Operations, net	48,246	46,634
Adriaen's Landing, net	216,913,898	226,346,264
XL Center, net	35,469,798	36,917,788
Church Street Garage, net	15,238,546	15,527,818
Total non-current assets	<u>\$355,701,800</u>	<u>\$355,505,805</u>
Total assets	<u>\$391,371,865</u>	<u>\$394,626,621</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$27,998,443	\$25,092,137
Accrued interest payable	49,771	93,203
Current portion of bonds payable	3,775,000	3,625,000
Current portion of loan payable	703,427	669,190
Total current liabilities	<u>\$32,526,641</u>	<u>\$29,479,530</u>
Non-current liabilities:		
Due to State of Connecticut-contract assistance	\$47,994,442	\$43,735,212
Bonds payable, net	68,513,926	72,404,564
Loan payable	5,540,012	6,243,439
Total non-current liabilities	<u>\$122,048,380</u>	<u>\$122,383,215</u>
Total liabilities	<u>\$154,575,021</u>	<u>\$151,862,745</u>
<u>NET POSITION</u>		
Net investment in capital assets	\$141,347,983	\$152,365,566
Restricted for:		
Housing loans	87,633,095	80,749,031
Central Utility Plant	1,451,266	1,429,334
Other	5,789,838	6,844,530
Unrestricted	574,662	1,375,415
Total net position	<u>\$236,796,844</u>	<u>\$242,763,876</u>
Total liabilities and net position	<u>\$391,371,865</u>	<u>\$394,626,621</u>

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, 2020 and June 30, 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Grants - State of Connecticut/Other:		
Operational	\$1,390,821	\$1,415,820
Development district, subsidy and other	4,858,300	4,833,300
Combined Facilities:		
Convention Center	6,998,417	10,999,781
Parking	6,111,481	7,522,081
Central utility plant	1,056,195	1,373,649
XL Center	14,579,282	20,643,715
Church Street Garage	2,422,651	2,746,401
Connecticut Regional Market	377,787	-
Front Street District	82,492	47,895
Other income (CRDA)	596,199	1,042,025
Total operating revenues	<u>\$38,473,625</u>	<u>\$50,624,667</u>
Operating expenses:		
Authority operations:		
Personnel	\$1,359,655	\$1,358,253
General and administrative	269,777	303,574
Pension expense	809,885	813,623
Combined Facilities:		
Convention Center	10,866,656	14,296,654
Parking	3,360,825	3,823,284
Central utility plant	666,902	890,474
XL Center	17,322,972	22,091,799
Church Street Garage	908,386	1,007,985
Connecticut Regional Market	203,797	-
Front Street District	83,395	94,710
Bond administration	418,422	734,182
Depreciation and amortization	13,553,273	13,355,148
Total operating expenses	<u>\$49,823,945</u>	<u>\$58,769,686</u>
Loss from operations	<u>(\$11,350,320)</u>	<u>(\$8,145,019)</u>
Non-operating revenue/(expense):		
Interest income	\$2,458,362	\$611,212
Interest expenses	(2,013,410)	(2,608,339)
Non-operating revenue/(expense), net	<u>\$444,952</u>	<u>(\$1,997,127)</u>
Loss before capital contributions and transfer	<u>(\$10,905,368)</u>	<u>(\$10,142,146)</u>
Capital contributions	\$266,466	\$2,374,583
Transfer - State of Connecticut Housing Loan Program	<u>4,671,870</u>	<u>27,087,085</u>
Change in net position	(\$5,967,032)	\$19,319,522
Net position, beginning of year	<u>\$242,763,876</u>	<u>\$223,444,354</u>
Net position, end of year	<u>\$236,796,844</u>	<u>\$242,763,876</u>

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Receipts from:		
Grants	\$6,249,121	\$6,249,120
Customers	33,343,693	44,473,084
Housing developers	170,730	160,672
Payments to:		
Employees	(2,409,584)	(2,170,054)
Contractors	(288,842)	-
Suppliers	(31,640,355)	(41,105,169)
Housing developers	<u>(7,058,325)</u>	<u>(31,070,345)</u>
Net cash provided by (used in) operating activities	<u>(\$1,633,562)</u>	<u>(\$23,462,692)</u>
Cash flows from investing activities:		
Interest income	\$1,829,530	\$524,484
Decrease in receivable from loan	<u>2,212,195</u>	<u>3,935,976</u>
Net cash provided by investing activities	<u>\$4,041,725</u>	<u>\$4,460,460</u>
Cash flows from non-capital financing activities:		
Transfer in - State of Connecticut Housing Loan Program	<u>\$4,671,870</u>	<u>\$27,087,085</u>
Net cash provided by non-capital financing activities	<u>\$4,671,870</u>	<u>\$27,087,085</u>
Cash flows from capital and related financing activities:		
Advances from State of Connecticut-contract assistance	\$4,259,230	\$3,585,421
Capital contributions - State of Connecticut	420,111	2,528,254
Capital contributions - other	(153,645)	(153,671)
Proceeds on bond issuance	-	16,365,000
Premium on bond issuance	-	1,821,292
Principal paid on bonds and loans	(4,409,828)	(22,021,619)
Interest paid on bonds and loans	(2,013,410)	(2,318,999)
Purchases of capital assets	<u>(2,385,091)</u>	<u>(4,590,583)</u>
Net cash used in capital and related financing activities	<u>(\$4,282,633)</u>	<u>(\$4,784,905)</u>
Net increase in cash and cash equivalents	\$2,797,400	\$3,299,948
Cash and cash equivalents, beginning of year	<u>36,299,127</u>	<u>32,999,179</u>
Cash and cash equivalents, end of year	<u>\$39,096,527</u>	<u>\$36,299,127</u>
Cash and cash equivalents, end of year:		
Unrestricted cash and cash equivalents, and investments	\$14,277,606	\$14,544,460
Restricted cash and cash equivalents, and investments (current)	18,979,363	16,785,153
Restricted cash and cash equivalents, and investments (non-current)	<u>5,839,558</u>	<u>4,969,514</u>
	<u>\$39,096,527</u>	<u>\$36,299,127</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Loss from operations	(\$11,350,320)	(\$8,145,019)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	13,553,273	13,355,148
(Increase)/decrease in operating assets:		
Accounts receivable	126,425	51,667
Other assets	18,349	95,251
Loans receivable - Housing	(6,887,595)	(30,973,061)
Increase/(decrease) in operating liabilities:		
Accounts payable and accrued expenses	<u>2,906,306</u>	<u>2,153,322</u>
Net cash provided by (used in) operating activities	<u>(\$1,633,562)</u>	<u>(\$23,462,692)</u>

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

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020 and 2019

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 14-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 3,000 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 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.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

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.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 2 – Significant Accounting Policies (*Continued*)

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. Total housing loans receivable were \$95,504,750 and \$88,358,707, net of an allowance for doubtful accounts related to certain grant and loan funding in the amount of \$14,019,849 and \$11,595,676 as of June 30, 2020 and 2019, respectively. 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 through May 2058. The Authority's interest in the housing properties is held as collateral for these loans. Accrued interest on these loans was \$1,464,212 and \$1,445,415 as of June 30, 2020 and 2019, respectively; net of an allowance for doubtful accounts of \$57,535 and \$623,547 as of June 30, 2020 and 2019, respectively.

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.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

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. The Authority reported an allowance for doubtful accounts of \$99,114 and \$10,231 as of June 30, 2020 and 2019, respectively, related to the XL Center.

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.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

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 entity's 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 revenues, 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.

Connecticut Regional Market – Connecticut Regional Market recognizes revenue from rental fees collected from farmers, wholesalers and tenants that sell and distribute food and other agricultural products at this location.

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

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 2020 decreased to \$1,390,821 from \$1,415,820 in fiscal year 2019. 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 OPM), in accordance with the enabling legislation. During the fiscal year ended June 30, 2020, the Authority was appropriated \$4,058,300 to be expended for the Convention Center Project and \$800,000 for the XL Center. In fiscal year 2019, the Authority appropriated \$3,958,300 for the Convention Center, \$800,000 for the XL Center, and \$75,000 for the Front Street District. The Authority has had a Memorandum of Understanding with the OPM, 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. The Authority did not receive any project fees in fiscal years 2020 and 2019.

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, 2019, there were no remaining funds from this gift.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 3 – Funding (*Continued*)

The principal funding sources for the Adriaen's Landing Project consisted of general obligation bonds of the State, general fund appropriations, and \$122,500,000 from original revenue bonds and loans of the Authority. 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, 2020 and 2019, the Authority closed a total of 12 housing loan projects, providing a commitment for \$58,942,627 in loans. The Authority disbursed \$58,154,640 and \$56,961,602 in loans, respectively, by the end of the fiscal years 2020 and 2019 and recognized transfers in of these amounts from the State of Connecticut.

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. \$27,800,000 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 \$6,000,000 for one housing loan project, \$17,300,000 for the purchase of and renovations for the Church Street garage, \$1,019,997 for the purpose of renovations and improvements at the Connecticut Regional Market, and \$3,450,000 for the purpose of alterations, renovations and improvements at the XL Center.

As a result of Public Act #1, 2015, the Authority was authorized \$50,000,000 in appropriations from the State of Connecticut for the purposes and uses provided in Section 32-602 of the Connecticut General Statutes. This authorization was fully 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 \$27,844,526 for the purpose of providing 7 grants or loans to encourage residential housing development within the capital region, \$1,689,526 for the purpose of various economic development projects within the capital region and \$67,762 for the purpose of demolition and redevelopment of two Hartford Downtown North parcels.

As a result of Public Act #1, 2015, as amended, the Authority was authorized \$5,500,000 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 \$2,000,000 and \$1,675,000, respectively. Of these appropriations, the Authority has made total disbursements in the amounts of \$-0- and \$1,343,353, respectively.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 3 – Funding (*Continued*)

As a result of Public Act #1, 2015, the Authority was authorized \$50,000,000 in appropriations from the State of Connecticut for the purposes and uses provided in Section 32-602 of the Connecticut General Statutes. \$46,071,000 of this authorization was appropriated for encouraging development as provided in Section 32-602 of the Connecticut General Statutes. As of June 30, 2020, the Authority has made total disbursements in the amount of \$3,325,601 for the purpose of providing 4 grants or loans to encourage residential housing development within the capital region, \$10,000,000 for the purpose of improvements at Dillon Stadium, and \$1,567,114 for the purpose of various economic development projects within the capital region.

As a result of Public Act #2, 2017, the Authority was authorized \$50,000,000 in appropriations from the State of Connecticut for the purposes and uses provided in Section 32-602 of the Connecticut General Statutes. \$20,340,000 of this authorization was appropriated for encouraging development as provided in Section 32-602 of the Connecticut General Statutes. As of June 30, 2020, the Authority has made total disbursements in the amount of \$2,049,143 for the purpose of various economic development projects within the town of East Hartford.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 4 – Cash Deposits and Investments

Cash and cash equivalents:

Cash and cash equivalents consist of the following as of June 30, 2020 and 2019:

	2020	2019
Unrestricted:		
Cash deposits	\$9,074,435	\$7,745,383
Restricted:		
Cash deposits	\$23,253,555	\$18,404,067

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, 2020 and 2019, the Authority's bank balance of cash deposits totaled \$33,746,622 and \$27,822,770, respectively. Of those balances, the following represents the amounts exposed to custodial credit risk:

	2020	2019
Uninsured and uncollateralized	\$27,416,407	\$22,431,029
Uninsured but collateralized with securities held in the Authority's name **	2,739,112	2,369,033
Uninsured but collateralized with securities held by the pledging bank's trust department or agent but not in the Authority's name	3,075,751	2,520,374
Total	\$33,231,270	\$27,320,436

** 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.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

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

Investments

Interest rate risk

As of June 30, 2020 and 2019, the Authority's total investments consisted of \$6,768,537 and \$10,149,677, respectively, in the Short-Term Investment Fund ("STIF"). Investments in STIF include unrestricted and restricted amounts of \$5,203,171 and \$1,565,366 as of June 30, 2020, respectively, and \$6,799,077 and \$3,350,600 as of June 30, 2019, respectively. 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, 2020 and 2019, 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, 2020 and 2019.

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 STIF 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, 2020 and 2019, STIF 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, 2020 and 2019, the Authority was 100% invested in STIF, which is rated in the highest rating category by Standard & Poor's and provides daily liquidity.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 5 – Capital Assets:

Construction in progress in fiscal year 2020 consisted of building renovations and equipment at the XL Center. Additions to general operating equipment (\$25 thousand) comprised computer-related items. A total of \$1.1 million was expended during the year for alterations, renovations and improvements at the XL Center and CRDA-owned garages. Machinery and equipment totaling \$1.2 million was purchased for the Central Utility Plant, Convention Center, XL Center, and Church Street garage.

A summary of capital assets as of June 30, 2020 is as follows:

	2020			Ending Balance
	Beginning Balance	Additions	Deletions	
Capital assets not being depreciated:				
Construction in progress (CIP)	\$204,467	\$140,793	\$(140,958)	\$204,302
Capital assets being depreciated:				
General operations:				
General operating equipment	\$319,235	\$25,422	\$(7,137)	\$337,520
Less: accumulated depreciation	272,601	16,673	-	289,274
General operations, net	\$46,634	\$8,749	\$(7,137)	\$48,246
Combined facilities:				
Buildings and improvements	\$402,764,741	\$1,151,537	\$ -	\$403,916,278
Equipment and furnishings	16,189,009	1,225,080	(9,645)	17,404,444
Total Combined facilities	418,953,750	2,376,617	(9,645)	421,320,722
Less: accumulated depreciation	140,161,880	13,536,600	-	153,698,480
Combined facilities, net	\$278,791,870	\$(11,159,983)	\$(9,645)	\$267,622,242

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 5 – Capital Assets (*Continued*)

Construction in progress in fiscal year 2019 consisted of building renovations and equipment at the XL Center. In fiscal year 2014, the Authority purchased a U.S. Tennis Association/Women's Tennis Association tournament sanction. In fiscal year 2019, the Authority transferred its rights and liabilities to the tournament sanction. The sanction was presented as an intangible asset as of June 30, 2018. On July 23, 2018, the Authority entered into an agreement with the Tennis Foundation of Connecticut (“TFC”), whereby TFC assumed all liabilities associated with the tournament and therefore the intangible asset was written off as of June 30, 2019.

A summary of capital assets as of June 30, 2019 is as follows:

	2019			
	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible assets	\$600,000	\$ -	\$(600,000)	\$ -
Construction in progress (CIP)	97,462	1,087,356	(980,351)	204,467
Intangible and CIP, net	<u>\$697,462</u>	<u>\$1,087,356</u>	<u>\$(1,580,351)</u>	<u>\$204,467</u>
Capital assets being depreciated:				
General operations:				
General operating equipment	\$382,749	\$51,984	\$(115,498)	\$319,235
Less: accumulated depreciation	<u>375,461</u>	<u>6,846</u>	<u>109,706</u>	<u>272,601</u>
General operations, net	<u>\$7,288</u>	<u>\$45,138</u>	<u>\$(5,792)</u>	<u>\$46,634</u>
Combined facilities:				
Buildings and improvements	\$398,403,352	\$ 4,374,233	\$(12,844)	\$402,764,741
Equipment and furnishings	15,532,306	728,138	(71,435)	16,189,009
Total Combined facilities	413,935,658	5,102,371	(84,279)	418,953,750
Less: accumulated depreciation	<u>126,832,871</u>	<u>13,348,302</u>	<u>19,293</u>	<u>140,161,880</u>
Combined facilities, net	<u>\$287,102,787</u>	<u>\$(8,245,931)</u>	<u>\$(64,986)</u>	<u>\$278,791,870</u>

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

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 91%.

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 MOU 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 \$41,048,000. 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. Accumulative interest pertaining to the property has been received from CHFA totaling \$54,803 through June 30, 2020.

On November 16, 2018, Elizon DB Transfer Agent, LLC ("Elizon") purchased the CHFA First Mortgage Loan from CHFA. Subsequently, Elizon entered into an arrangement with 18 Temple Street, LLC and a new joint venture known as LAZ Temple, LLC ("LAZ Temple") for 18 Temple Street, LLC to convey the property directly to LAZ Temple by deed in lieu of foreclosure. LAZ Temple intends to renovate and reposition the property that will result in the creation of an additional 62 residential units. The CRDA Board resolved on November 21, 2019 that following 1.) a transfer by CHFA of its interest in the Temple Loan and the Second Priority Loan Documents to CRDA pursuant to the terms of the MOU and 2.) the DECD's release of its collateral assignment of the Second Mortgage Loan Documents and CHFA's obligations under the Assistance Agreement (the Loan Assignment), the Authority would release all Second Priority Loan Documents, including the Second Mortgage, in order to become a "special member" of SGS/LAZ Temple Investors with a subordinated equity interest in SGS/LAZ Tax Investor, LLC under terms and conditions deemed appropriate by CRDA.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

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 OPM 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 \$9,000,000 in any calendar year.

For the fiscal years 2020 and 2019, amounts available from parking and energy fee revenues to reimburse the State for contract assistance payments were \$4,259,229 and \$3,585,421, respectively, less than the amount required to fully reimburse the State (*See Note 8*). It is anticipated that for the fiscal year 2021, a shortfall of approximately \$4,200,000 will occur. The Authority remains obligated to repay these amounts that currently total \$47,994,442 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, 2020 and 2019, the Authority was authorized to issue bonds and other obligations up to \$122,500,000 and 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.

On September 13, 2018, the Authority issued a fifth series of its Parking and Energy Fee Revenue Bonds, 2018 Refunding Bonds, with a par amount of \$16,365,000 in an aggregate principal amount of not more than the remaining outstanding principal amount of the prior bonds, for the purposes of paying the cost of refunding the 2008 Series D and, with the net premium received on the sale of the 2018 Refunding Bonds, paying the costs of issuance of the new bond series. In connection with the bond refunding, the Authority amended its Supplemental Indenture Agreement and Contract for Assistance Agreement.

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.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 8 – Long Term Debt (*Continued*)

Bonds Payable (*Continued*)

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.

Changes in bonds payable (in 000's) were as follows for the year ended June 30, 2020:

<u>Issue</u>	<u>Balance, July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2020</u>
2004 Series B, variable rate bonds \$57,470,000 due from June 2017 to June 2034 (interest rates ranging from 1% - 2.5%)	\$ 51,350	\$ -	\$ 2,245	\$ 49,105
2005 Series C, fixed rate bonds \$15,000,000 due from June 2008 to June 2029 (interest rate 5.0%)	7,445	-	745	6,700
2018 Refunding Series fixed rate bonds \$16,365,000 due from September 2018 to June 2034 (interest rates ranging from 3.0% - 5.0%)	15,500	-	635	14,865
Subtotal	74,295	-	3,625	70,670
Premium	1,735	-	116	1,619
Bonds payable	<u>\$ 76,030</u>	<u>\$ -</u>	<u>\$ 3,741</u>	<u>\$ 72,289</u>

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

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, 2019:

Issue	Balance, July 1, 2018	Increases	Decreases	Balance, June 30, 2019
2004 Series B, variable rate bonds \$57,470,000 due from June 2017 to June 2034 (interest rates ranging from 1% - 2.5%)	\$ 53,490	\$ -	\$ 2,140	\$ 51,350
2005 Series C, fixed rate bonds \$15,000,000 due from June 2008 to June 2029 (interest rate 5.0%)	8,160	-	715	7,445
2008 Series D fixed rate bonds \$22,500,000 due from June 2010 to June 2034 (interest rates ranging from 3.5% - 5.75%)-Redeemed September 2018	17,665	-	17,665	-
2018 Refunding Series fixed rate bonds \$16,365,000 due from September 2018 to June 2034 (interest rates ranging from 3.0% - 5.0%)	-	16,365	865	15,500
Subtotal	79,315	16,365	21,385	74,295
Premium	-	1,821	86	1,735
Bond discount, 2009 Series D	(286)	-	(286)	-
Bonds payable	\$ 79,029	\$ 18,186	\$ 21,185	\$ 76,030

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 8 – Long Term Debt (*Continued*)

Bonds Payable (*Continued*)

All outstanding bonds are direct private placement debt.

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, 2020 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
2021	\$1,430	\$1,078	\$2,508	\$2,345	\$1,053	\$3,398
2022	1,495	1,007	2,502	2,445	1,007	3,452
2023	1,590	932	2,522	2,520	959	3,479
2024	1,695	853	2,548	2,595	908	3,503
2025	1,675	768	2,443	2,800	857	3,657
2026-2030	8,750	2,486	11,236	16,750	3,422	20,172
2031-2034	4,930	637	5,567	19,650	1,412	21,062
	<u>\$21,565</u>	<u>\$7,761</u>	<u>\$29,326</u>	<u>\$49,105</u>	<u>\$9,618</u>	<u>\$58,723</u>

Year ending June 30:	Total Debt Service		
	Principal	Interest	Total
2021	\$3,775	\$2,131	\$5,906
2022	3,940	2,014	5,954
2023	4,110	1,891	6,001
2024	4,290	1,761	6,051
2025	4,475	1,625	6,100
2026-2030	25,500	5,908	31,408
2031-2034	24,580	2,049	26,629
	<u>\$70,670</u>	<u>\$17,379</u>	<u>\$88,049</u>

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

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, July 10, 2015, and July 3, 2018, 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, 2021, 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 .76% per annum through August 27, 2018 and .66% 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 \$364,817 and \$384,808 in fiscal years 2020 and 2019, 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 \$35,999 and \$37,443 in fiscal years 2020 and 2019, respectively.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 8 – Long Term Debt (*Continued*)

Loans Payable

On June 30, 2004, the Authority entered into a Construction and Term Loan agreement with the Travelers Indemnity Company ("Travelers") to provide up to \$12,500,000 in funding for a parking garage. No advances were made under this agreement because the Authority had constructed the garage using other funds. On March 24, 2008, the Authority entered into an Amended and Restated Term Loan Agreement with Travelers, at which time the entire \$12,500,000 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. The loan matures on December 1, 2027.

All outstanding notes from direct borrowings contain an event of default that changes the timing of repayment of outstanding amounts to become immediately due if the Authority is unable to make payment.

Changes in the loan payable (in 000's) were as follows for the year ended June 30, 2020:

	Balance, July 1, 2019	Increases	Decreases	Balance, June 30, 2020
Traveler's Loan Payable	\$6,913	\$ -	\$670	\$6,243
	<u>\$6,913</u>	<u>\$ -</u>	<u>\$670</u>	<u>\$6,243</u>

Changes in the loan payable (in 000's) were as follows for the year ended June 30, 2019:

	Balance, July 1, 2018	Increases	Decreases	Balance, June 30, 2019
Traveler's Loan Payable	\$7,549	\$ -	\$636	\$6,913
	<u>\$7,549</u>	<u>\$ -</u>	<u>\$636</u>	<u>\$6,913</u>

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
2021	\$703	\$296
2022	740	260
2023	777	222
2024	817	183
2025	859	141
2026-2028	2,347	155
	<u>\$6,243</u>	<u>\$1,257</u>

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

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 Reporting 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 IIA

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 9 – Pension Plans (*Continued*)

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.

A Hybrid Plan member may elect at the time of retirement to receive a one-time lump sum payment in lieu of receipt of the monthly defined benefits described in the plan. The lump sum payment received will include the employee's contributions plus a five percent (5%) employer match plus any transferred funds used by a former ARP member to buy into the Hybrid Plan and four percent (4%) interest applied to both employee and employer contributions as well as any transferred funds. Interest is credited from July 1 following commencement of contributions and compounded annually.

Funds used by an alternate retirement program ("ARP") member to buy-in to the Hybrid Plan are not eligible for the five percent employer match. By electing receipt of this lump sum payment, the member will relinquish his/her right to any further benefit from SERS including his/her eligibility for retiree health insurance unless the member converts the "cash out" to a periodic annuity payment as would be required under the ARP.

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, 2020 and 2019 was \$1,520,813 and \$1,358,253, respectively.

The Authority has made total pension payments in the amounts of \$809,885 and \$813,623 to the State of Connecticut and recorded as Authority operations expense in the accompanying Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2020 and 2019, respectively.

Administrative costs of the plan are funded by the State.

The total net pension liability of the SERS as of June 30, 2019 was \$22.812 billion, the most recent available reporting provided by the Plan. The portion that was associated with the Authority totaled approximately \$7,320,906 or approximately 0.032% (an increase of .003% from the prior measurement date) of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 9 – Pension Plans (*Continued*)

determined by an actuarial valuation as of June 30, 2019. 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 \$1,097,976 for the year ended June 30, 2019.

As of June 30, 2019, 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
<u>\$1,578,323,000</u>	42.82%	<u>\$505,063</u>	<u>\$506,511</u>	0.032%

The components of the net pension liability of the Authority based on the Authority's proportionate share of 0.032% as of June 30, 2019, the latest measurement date for which plan information is currently available is as follows:

Total pension liability	\$11,548,140
Plan fiduciary net position	<u>4,227,234</u>
Net pension liability	<u>\$7,320,906</u>

Plan fiduciary net position as a percentage of the total pension liability was 36.79% as of June 30, 2019.

The total pension liability in the June 30, 2019 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.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 9 – Pension Plans (*Continued*)

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	4.1
Fixed Income (Core)	8.0	1.3
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

Deferred Outflows/Inflows of Resources: Deferred inflows and outflows of resources represent 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 deferred outflows of resources for the difference between expected and actual experience, the net difference between projected and actual investment earnings on the plan's investments, changes in assumptions, changes in proportion and differences between employer contributions and proportionate share of contributions total \$1,643,190 and \$1,172,070, respectively, as of June 30, 2019 and June 30, 2018. The net deferred outflows are expected to be amortized over the next five years in the amounts of \$620,549, \$434,163, \$254,777, \$230,250 and \$103,451.

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.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 9 – Pension Plans (*Continued*)

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, 2019	\$8,743,109	\$7,320,906	\$6,134,559

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.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 10 – Other Post-employment Benefits

Plan Description

Employees of the Authority participate in the State of Connecticut State Employees' Other Post-employment Benefits Plan ("SEOPEBP"), which is administered by the State Comptroller's Healthcare Policy and Benefits Division under the direction of the Connecticut 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 OPEB costs. Actuarial valuations are performed on the SEOPEBP as a whole. 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. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions for the June 30, 2019 valuation for the reporting period June 30, 2020 was not available as of the date of this report. Therefore, the Authority did not update the information within this footnote as of June 30, 2020 and is presenting information as of June 30, 2019.

The SEOPEBP provides various insurance benefits for retired participants under this single-employer defined benefit OPEB plan. The plan provides healthcare and life insurance benefits to eligible retired State employees and their spouses.

Contributions

The plan is primarily funded on a pay-as-you-go basis. The contribution requirements of the State are established and may be amended by the State legislature, or by agreement between the State and employee unions, upon approval by the State legislature. The Authority's portion of the contributions was \$270,358 and \$225,910 for the years ended June 30, 2019 and 2018, respectively.

Net OPEB liability

The total net OPEB liability of the SEOPEBP as of June 30, 2018 was \$17.264 billion, the most recent available reporting provided by the Plan. The portion that was associated with the Authority totaled approximately \$5,820,692 or approximately 0.034% (same allocation as the prior measurement date) of the total estimated net OPEB liability. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The portion of the net OPEB 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.

Discount rate

The discount rate used to measure the total OPEB liability was 3.95%. The projection of cash flows used to determine the discount rate assumed that the Authority's contributions will be made at rates equal to the actuarially determined contribution rates. The discount rate at June 30, 2018 increased to 3.95% from 3.68% at June 30, 2017.

Actuarial methods and assumptions

For the June 30, 2018 actuarial valuation, the valuation method used was the entry age normal actuarial cost method. The actuarial assumptions include a 6.90% investment rate of return, which is the rate of the expected long-term investment returns calculated based on the funding policy of the plan at the valuation date.

The annual healthcare cost trend was 4.5% and the remaining amortization period is 20 years.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 10 – Other Post-employment Benefits (*Continued*)

Actuarial methods and assumptions (*Continued*)

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Sensitivity of the Net OPEB liability to changes in the discount rate

The following presents the Authority's proportional share of the net OPEB liability, calculated using the discount rate of 3.95%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.95%) or 1-percentage-point higher (4.95%) than the current rate:

	1% Decrease (2.95%)	Current Discount Rate (3.95%)	1% Increase (4.95%)
Net OPEB Liability As of June 30, 2018	\$6,751,577	\$5,820,692	\$5,064,753

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the Authority's proportional share of the net OPEB liability, calculated using the healthcare cost trend rate of 4.50%, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

	1% decrease (3.50%)	Current trend rate (4.50%)	1% increase (5.50%)
Net OPEB liability	\$ 4,957,881	\$ 5,820,692	\$ 6,913,998

Note 11 – 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.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 11 – Commitments and Contingencies (*Continued*)

Lease agreements (*Continued*)

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 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 10-year period with two 5-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 2020 and 2019, 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 prior five lease years in the amount of \$13,000,000 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.

On November 8, 2017, the Authority entered into a site lease with FSD Arch Street, LLC for Tract IV 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.

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 1-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, 2020 and 2019 were \$211,926 and \$207,364, 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 1-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, 2020 and 2019 were \$126,905 and \$124,173, respectively.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 11 – 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, 2020, cancelable by the Authority after the completion of the third year. Fees paid under this agreement totaled \$443,591 and \$484,343 for the fiscal years ended June 30, 2020 and 2019, 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, 2020 and 2019 were \$391,137 and \$385,079, 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 was extended eighteen months and will terminate on June 30, 2021. Fees paid for management of the Parking Facilities totaled \$83,187 and \$83,184 for the years ended June 30, 2020 and 2019, respectively.
- Parking management agreement for the Church Street Parking Garage – On June 23, 2015, the Authority acquired the Church Street Parking Garage (the "Garage"). The management agreement's term expires on June 30, 2021, cancellable by CRDA after the completion of the third year. Fees paid under this agreement totaled \$12,731 and \$12,360 for the years ended June 30, 2020 and 2019, respectively.

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 \$616,949 for fiscal years 2020 through 2026. The Authority records these subsidies as a reduction to revenues once contracts are executed in the year the services are provided. In fiscal years 2020 and 2019, \$118,064 and \$295,523, respectively, was paid. These subsidies generated approximate tax revenue for the State of \$500,000 and \$1,600,000, respectively, for the same period of time. When COVID-19 hit Connecticut and the state shutdown in mid-March, the remaining events for the fiscal year were cancelled. The inability of the Convention Center to operate for the remainder of the fiscal year as a result of the state shutdown significantly impacted the state tax generation for fiscal year 2020 compared to prior years.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 11 – Commitments and Contingencies (*Continued*)

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 14-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 12 – Development Costs

During the year ended June 30, 2020, 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 capital project expenditures funded by the Church Street Garage and refurbishments for the Old State House. Such costs totaled \$288,842 and are reported as development costs in the accompanying Statements of Revenues, Expenses and Changes in Net Position. No development costs were incurred in the year ended June 30, 2019.

Note 13 – 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 14 – 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, 2020 and 2019, respectively.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2020 and 2019

Note 14 – Segment Information (*Continued*)

Condensed Statements of Revenues, Expenses and Changes in Net Position		
	2020	2019
Pledged revenues:		
Parking:		
Bond pledge	\$5,111,857	\$6,522,457
Traveler's loan pledge	999,624	\$999,624
Total Parking	\$6,111,481	\$7,522,081
Energy	\$2,632,921	\$3,044,572
Other	\$5,052	\$4,122
Total pledged revenues	\$8,749,455	\$10,570,775
Operating expenses:		
Parking	\$3,360,825	\$3,823,283
Energy	\$1,632,811	\$1,912,370
Other	\$418,421	\$734,182
Total operating expenses	\$5,412,057	\$6,469,835
Net revenue over expenses	\$3,337,398	\$4,100,940
Available for the Traveler's loan repayment	\$999,624	\$999,624
Available for debt service	\$2,337,774	\$3,101,316

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

Note 15 – Litigation

On June 28, 2019, a Company instituted foreclosure proceedings against the owner of the property formerly known as the Radisson Hotel (Hartford – 50 Morgan LLC) as well as the Authority. The result of such pending litigation may result in a judgment that would materially affect the Authority's financial position. However, no liability has been recorded as the amount is not reasonably estimable as of the date of this report.

Except as provided above, as of June 30, 2020, 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 16 – Contingencies

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. The Authority is not able to reliably estimate the length or severity of this outbreak. If the length of the outbreak and related effects on the Authority's operations continues for an extended period of time, there could be a loss of revenue and other material adverse effects to the Authority's financial position, results of operations, and cash flows.

Note 17 – Subsequent Events

Subsequent events were evaluated through September 18, 2020, which is the date the financial statements were available to be issued.

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
Capital Region Development Authority

We have audited, in accordance with the 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, 2020, 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 18, 2020.

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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hartford, Connecticut
September 18, 2020