



## **2021 – 2022 Annual Report**

# CAPITAL REGION DEVELOPMENT AUTHORITY 2021 - 2022 ANNUAL REPORT

## TABLE OF CONTENTS

	Page
Message from the Executive Director	3
CRDA Information	4 - 33
Legislative Report	34 - 45
Exhibit A: Audited Financial Statements	
Independent Auditor's Report	EA-1 - 2
Management's Discussion and Analysis	EA-3 - 14
Balance Sheets	EA-15
Statements of Revenues, Expenses and Changes in Net Position	EA-16
Statements of Cash Flows	EA-17
Notes to Financial Statements	EA-18 - 48
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 <i>Government Auditing Standards</i>	EA-49

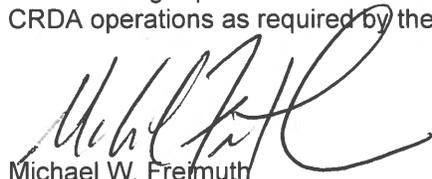
September 26, 2022

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

Fiscal Year 2021-22 was one of transition from the two-year Covid period for the Capital Region Development Authority as it re-opened the three main state venues within its purview, the Connecticut Convention Center, Pratt & Whitney Stadium at Rentschler Field and the XL Center in downtown Hartford. Each building hosted events for the first time beginning in July 2021 for P&W Stadium, August for the XL Center and September for the Convention Center. Event activity increased over the fiscal year, with more events and greater attendance but all three facilities had their share of cancelled or under-attended events that impacted revenues, staffing, and administrative operations. Ironically, P&W Stadium had one of its best 'non-UConn' revenue years, being host to major soccer and NCAA Lacrosse events. Along with operational adjustments, the Authority began a major capital assessment of the P&W Stadium in anticipation of its twentieth year and the expiration of the long-term UConn-State lease agreement. Once legislative clarity regarding the potential operation of sports betting at the XL was resolved, work began at the arena to accommodate the opportunity. Ongoing capital work to the Convention Center was also launched.

Redevelopment work continued during the fiscal year, after recovery from the construction and occupancy issues associated with the Covid epidemic. Notable among these efforts was the completion of the Bushnell South garage, freeing the nearby real estate for redevelopment; re-structuring the downtown Hilton hotel, assisting it to meet the new economy but also addressing the convention center's needs for rooms; advancing residential development in East Hartford at the former vacant Silver Lane movie plex; completing a redevelopment roadmap for the State's Regional Agriculture Market; and seeing long planned new construction projects nearing completion at the intersection of Park and Main Street as well as at Downtown Crossing in Hartford.

The following report addresses these and other initiatives and incorporates the financial report of the CRDA operations as required by the General Statutes.



Michael W. Freimuth  
Executive Director  
Capital Region Development Authority

# **Capital Region Development Authority**

100 Columbus Boulevard, Suite 500

Hartford, CT

[www.crdact.net](http://www.crdact.net)

## **2021 - 2022 Fiscal Year Report**

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

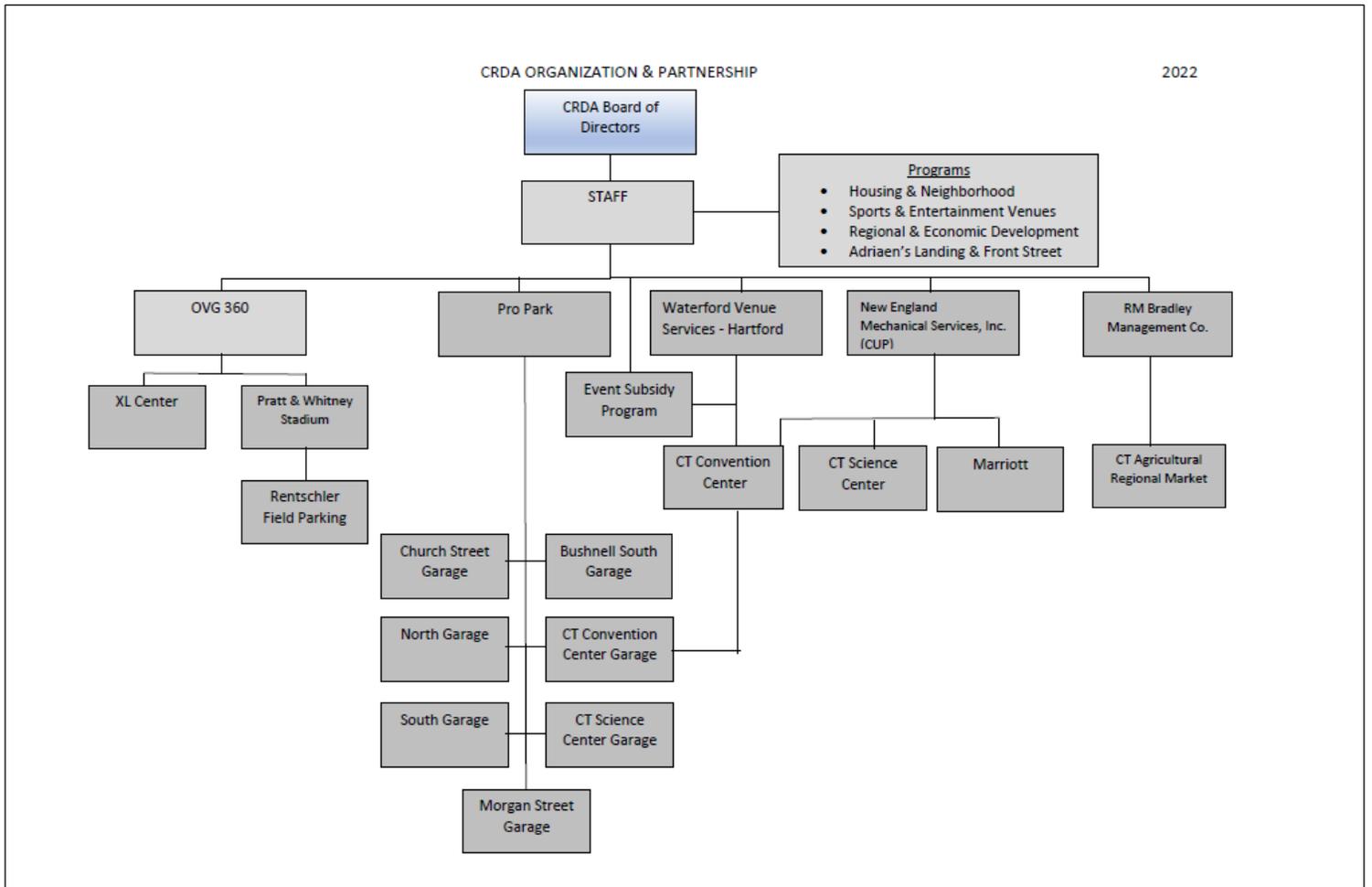
## AN ANALYSIS OF THE AUTHORITY'S SUCCESS IN ACHIEVING PURPOSES AND PLANNED ACTIVITIES



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.



# **Connecticut Convention Center (CTCC)**

Opening in 2005, the Connecticut Convention Center has served as the anchor venue of the Front Street District and is the Northeast’s most ideal location for trade shows, conventions, and business meetings. 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 seventeenth year of operation, the CTCC has attracted approximately 5.2 million guests and generated over \$115 million in revenues.



During the COVID-19 pandemic, the Convention Center served twice as an emergency hospital facility, as a vaccination center serving 102,000 people and utilized its garage as a drive through testing center serving an additional 53,000 Connecticut citizens. With the “return to normal”, the Convention Center re-opened for events in September 2021. Event scheduling and attendance remain below normal as corporate travel has not fully recovered. There remained a general hesitancy to participate and attend events in the first half of the fiscal year, improving as months passed.



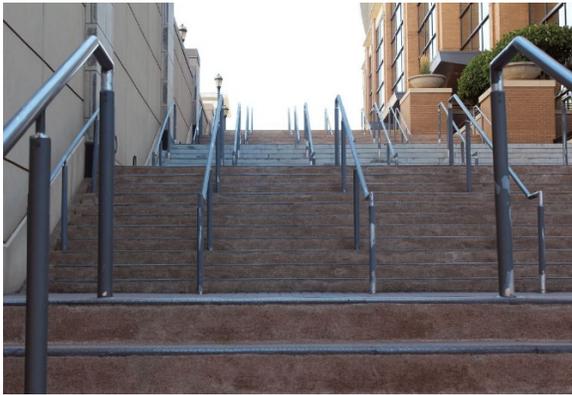
**Sistine Chapel Exhibit - CT Convention Center Exhibition Hall**



**Connecticut Flower & Garden Show February 2022**



**CT Convention Center Plaza Renovation**



**CT Convention Center Plaza Renovation Complete**

Waterproofing the Plaza area serving the Convention Center, the Marriott, and the parking garage was launched in 2021 and completed in 2022.

## ***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. Non-UConn events must produce revenues in excess of expenses and any earnings are retained by the facility. Ironically, Fiscal Year 2021-2022 produced some of the best 'non-UCONN' revenues in years totaling nearly \$1.8 million thanks to three international soccer games and the NCAA Lacrosse Finals. UCONN restarted its football calendar with 6 games and attendance at approximately 40,000 fans.



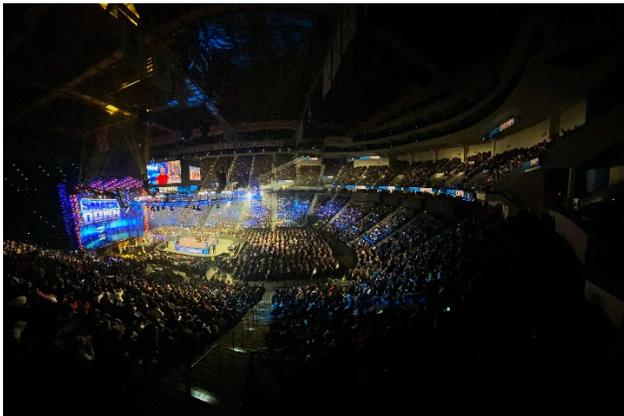
**NCAA Lacrosse Game**

Capital upgrades continue 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. The CRDA launched a major capital systems assessment during the year in anticipation of the expiration of the UCONN-OPM lease agreement and the CRDA-OPM Memorandum of Understanding (MOU) and associated agreements with Spectra.

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 gain during the year was approximately \$105,000.

## **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.



**WWE Smackdown Event**



**Monster Jam**

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.

The facility re-opened in August 2021 and began hosting its first events in nearly two years. Attendance still fell below the norm based on similar events in other years, in large part due to lost events and few if any group sales opportunities.

During the 2021-22 year, the building's operations resulted in a net revenue loss prior to State and CRDA operating subsidies of approximately \$4,100,000. This operating loss in combination with its increased cumulative vendor payables required funding subsidies from the State of Connecticut in the amount of \$5,700,000 that passed through the CRDA appropriation.

One of the most exciting opportunities for the XL Center is the addition of a sports betting operation. With the General Assembly having approved legislation governing revenues from sports betting, construction of the betting operation began in May 2022.

## **Connecticut Science Center**



The Connecticut Science Center engaged more than 440,000 people in 2021 with on-site and off-site educational experiences, including virtual services and social media program engagement created in response to the pandemic. These programs support home and school-based science learning, all while providing 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 4 million people since opening in 2009, routinely engaging visitors from every Connecticut city and town.

The Science Center is a leading resource for Connecticut educators seeking preparation for the Next Generation Science Standards and best practices in inquiry. The flagship STEM Career Connections initiative continues to create new awareness, interest, and enthusiasm for careers in science, technology, engineering, and math (STEM) in a state dependent upon a strong STEM talent pipeline. The Science Center promotes and highlights STEM practitioners in underrepresented communities, including people of color and women in science. Because these activities are integral to advancing a science and technology-ready workforce for the future, the Science Center continually highlights STEM-related, Connecticut-based jobs in all exhibits and programs.

As a leading partner in the State's Free Summer at CT Museums program, the Science Center received strong response in 2021. Robust digital programming complements its regular menu of offerings and the Center continues to offer programs that serve the needs of families, teachers and students where they are most comfortable.

State support has been a crucial element to the Science Center's stability since its inception by the CRDA and its establishment as a separate entity, and during this challenging time. 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

COVID-19 also compromised the hard-won success of the Front St. District's entertainment and restaurant scene, greatly reducing sales and street activity leading to the loss of one restaurant, compromising the changeover in the ownership and operation of both the Infinity Theatre and the Spotlight movie complex and significantly reducing operating hours for several other businesses in the district. Occupancy at the nearby Marriott also fell dramatically as did operating revenues in the area's garages.

The Front Street Lofts with 121 apartment units which was completed in 2014 enjoys a 100% occupancy rate while the 81 Arch Apartments with 53 market rate housing units and additional retail square footage on Arch Street that started leasing in July 2019 has a current occupancy rate of 96%.



Complementing Front Street, the UConn campus opened for classes during 2017/18. The campus in turn led to the establishment of a bookstore and coffee shop within the retail space of the Loft Apartment building.

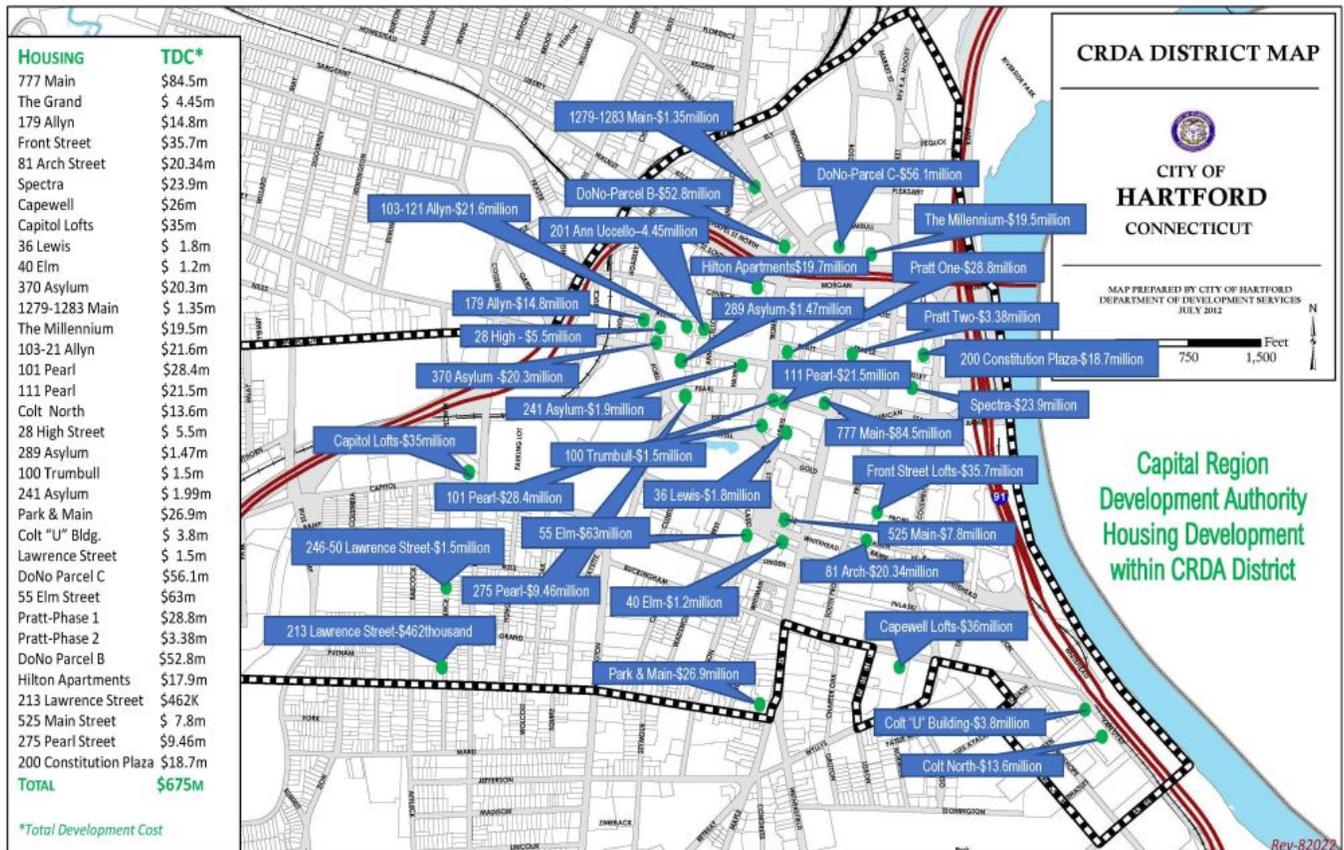


# Housing –Downtown

CRDA 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.

As of June 30, 2022, CRDA has helped to create over 2,800 units of housing with \$159 million in investments leveraging \$499 million in development. This has generated \$4.3 million in permit fees and based on before construction and as completed appraisals, it has created more than \$300 million in new property value. The median development cost per unit has been \$248,000 and the median CRDA investment has been \$64,000 per unit.

COVID-19 did impact several housing projects that were in construction during the pandemic. Material deliveries and price increases disrupted construction time schedules and costs while labor disruptions caused by the pandemic combined with these other unexpected cost pressures. Ultimately, this led to the need to restructure the development's budgets as well as delays in lease up plans. For several projects, the CRDA deferred loan interest and modified delivery dates to work through the disruptions.



CRDA District Map



**1279/1283 Main St (Before Renovations)**



**1279/1283 Main St (After Renovations)**



**103 Allyn St (Before Renovations)**



**103 Allyn St (After Renovations)**



**246 Lawrence St (Before Renovations)**



**246 Lawrence St (After Renovations)**



**777 Main St**



**201 Ann St "The Grand"**



**179 Allyn St**



**Spectra on the Plaza**



**Capewell Lofts**



**40 Elm St**



**390 Capitol Ave**



**Colt North Armory**



**Park & Main**



**28 High St**



**36 Lewis St**

CRDA Housing Approved

Project	# Units	TDC	TDC/Unit	CRDA Amt.	CRDA\$/Unit	Mkt/Aff Split	Structure	CRDA Bd. Approval	Bond Commission	Closed	Target Occupancy	Leased <sup>1</sup>
777 Main	285	\$84.5M	\$296K	\$17.7M	\$62K	80/20	\$7.5M equity \$10.2M 2nd mortgage	1/30/2013	3/13/2013	3/28/2014	Renting	98%
201 Ann/Grand	26	\$4.45M	\$202K	\$3.8M/\$750K	\$28.8K	100	Note Paid Off	3/21/2013 4/25/2013	6/21/2013	10/29/2013	Renting	86%
179 Allyn	63	\$14.89M	\$233K	\$6.5M	\$103K	80/20	\$3.25M equity, \$3.25M 2nd Loan, Refi 2022	3/21/2013 3/24/2022	6/21/2013	11/15/2013	Renting	84%
Sonesta/Spectra	190	\$23.9M	\$123K	\$2.05M	\$10.6K	85/15	* Note Paid Off	6/4/2013	6/21/2013	12/5/2013	Renting	97%
Capewell	72	\$26.1M	\$359K	\$5.0M	\$69.4K	80/20	construction financing/converted to mortgage note	1/15/2014	2/28/2014 11/16/2014	6/30/2015	Renting	96%
990 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	99%
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 <sup>4</sup>	\$61.5K	100	loan 3% 30 yr.	6/19/2014 2/18/2016	7/25/2014	2/25/2015	Renting	66%
1279-83 Main	10	\$1.35M	\$135K	\$297K	\$29.7K	100	loan 3% 25 yr.	5/21/2015 6/16/2016 11/30/2017 11/19/2020	7/28/2015	9/9/2016 9/20/2019 12/12/2020	Renting	100%
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	96%
50 Millenium	96	\$19.5M	* 2	\$6.5M	\$67.7K	100	Former Radisson, foreclosure 2/2021	10/15/2015	12/11/2015	3/31/2016	Renting	80%
81 Arch	53	\$23M	\$380K	\$5.6M	\$103.7K	100	Mezz 2% 10 yr.	10/20/2016 3/16/2017	11/15/2016	11/7/2017	Renting	95%
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	Renting	97%
111 Pearl	101	\$21.55M	\$208K	\$6.06M	\$59.47K	100	construction/perm loan 3% 30 yr.	12/8/2016	5/12/2017	11/8/2017	Renting	96%
88 (103-21) Allyn	66	\$21.1M	\$319K	\$6.6M <sup>5</sup>	\$103K	80/20	construction/perm loan 3% 5 yr.	12/8/2016 8/8/2018	2/1/2017 6/26/2019	10/31/2018	Renting	99%
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	Renting	100%
28 High	28	\$5.5M	\$196.4K	\$1.9M	\$67.8K	80/20	loan 3% 30 yr., refi 8/21	2/2/2018	2/16/2018	8/29/2018	Renting	100%
100 Trumbull	16	\$1.5M	\$93.7K	\$960K	\$60K	100	loan 3% 20 yr.	9/21/2017	2/16/2018	4/12/2018	2020/2022	97%
246-250 Lawrence	12	\$1.5M	\$125K	\$521K	\$43.4K	100	Historic bridge loan -Paid off perm loan 3% 20 yr. (291K)	10/18/2018	12/11/2018	1/4/2019	Renting	100%
Colt "U"	28	\$7M	\$269K	\$1.5M	\$53.5K	100	loan 3% 20 yr.	1/10/2019	12/18/2019	11/30/2020	Renting	100%
Pratt 1 - 99 Pratt	129	\$29.8M	\$231K	\$12M	\$93K	100	\$3M & \$9M 1% 5yr, 30yr.	10/17/2019 9/17/2020	4/16/2021 12/18/2019	4/16/2021	2022	
Pratt 2 - 18 Temple	47	\$34.9M	\$210K	\$2M	\$42.5K	90/10	New Units 47 / Total units 166 / 16 Aff. Units / 2.75% 30 yr. loan	9/17/2020	4/16/2021	10/15/2021	2022	
Park/Main	126	\$26.8	\$212K	\$8.4M	\$66.7K	80/20	20 yr. 3%, 39/87	9/20/2018	9/20/2018	6/25/2020	2021/2022	72%
DoNo "C"	270	\$56.2M	\$208K	\$11.8M	\$43.7K	90/10	3% 30 yr. 15 yr. term	9/20/2018 4/16/2020	9/20/2018	9/30/2020	2022	
55 Elm	164	\$63.3M	\$385K	\$13.5M	\$81.3K \$42.1K	80/20	2% 30 yr. Perm. \$7M 2% bridge \$6.5M 15 yr. term	3/18/2021	4/16/2021		2023	
DoNo "B"	228	\$52.8M	\$231K	\$13.6M	\$59.6K	90/10	3%, 30 yr.		12/15/2021		2023/4	
Hilton	147	\$17.9M	\$121K	\$5.9M	\$40K	80/20	3%, 30 yr.	12/3/2021	12/15/2021		2023	
<b>Summary</b>	<b>2546<sup>6</sup></b>	<b>\$640M</b>	<b>\$251K</b>	<b>\$156M</b>	<b>\$62.5K median \$64K avg.</b>	<b>87/13</b>	<b>2220 market /326 affordable</b>					

6/14/2022

<sup>1</sup> deposits and leases

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

<sup>3</sup> notes repaid

<sup>4</sup> \$16K from Housing Cap. Fund

<sup>5</sup> \$2741 w/ Front St. & Recap deals (less Silas)

<sup>6</sup> \$200K reserve via Bond Commission

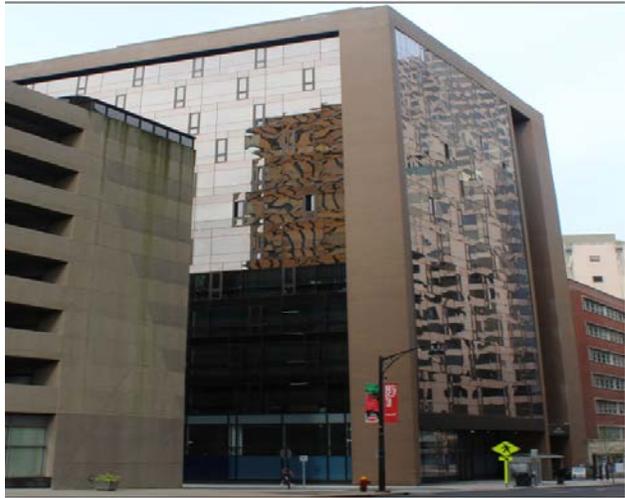
**CRDA Housing Approved - Varied Funding Sources**

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	97%
Silas Deane	111	\$27M	\$225K	\$5M	\$41.6K	Mkt	Urban Act	N/A	9/30/2016	5/24/2018	Renting	85%
289 Asylum	8	\$1.474M	\$184K	\$485K <sup>2</sup>	\$56K	Mkt	Note has been paid off.	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	01/28/2021	Renting	100%
115-117 Sigourney	4	\$1.16M	\$290K	\$200K	\$50K	Aff	\$200,000 Hist. Bridge Loan 'Heritage Homes - Affordable	12/8/2016	N/A	5/7/2018	Renting	115&117 Sold
86-88 Hawthorn	2	\$830K	\$418K	\$50K	\$25K	Aff	Heritage Homes (NINA) Aff.	5/24/2018	6/1/2018	8/13/2019	Owned	86 & 82 Sold
80-82 Hawthorn	2	\$818K	\$409K	\$200K	\$100K	Mkt	Heritage (NINA) Market	3/18/2021	6/1/2018	7/27/2021	Owned	80 & 82 Sold
213 Lawrence	3	\$462K	\$154K	\$370K	\$123K	Mkt	1st Mortgage 3% 20 Yr.	1/21/2021	N/A	2/9/2022	Owned	
525 Main Street	42	\$7.8M	\$186K	\$2.1M	\$50K	80/20	City Funds 2.5% 20 Yrs. + 1% buydown	10/21/2021	N/A		Owned	
275 Pearl	39	\$9.46M	\$242K	\$2.85M	\$73.5K	Mkt	City Funds 1.5% 20 Yrs. + 1% buydown	10/21/2021	N/A		Owned	
<b>Summary</b>	<b>336<sup>3</sup></b>											

*3/8/2022*  
<sup>1</sup> Paydown of principal from sale  
<sup>2</sup> New balance at \$485K with interest rolled on initial \$450K condo note  
<sup>3</sup> 225 Hartford 111 Regional



**370 Asylum Ave**



**Spectra 101 Pearl St**

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.



**81 Arch St**



**Hilton Hotel and Apartments**



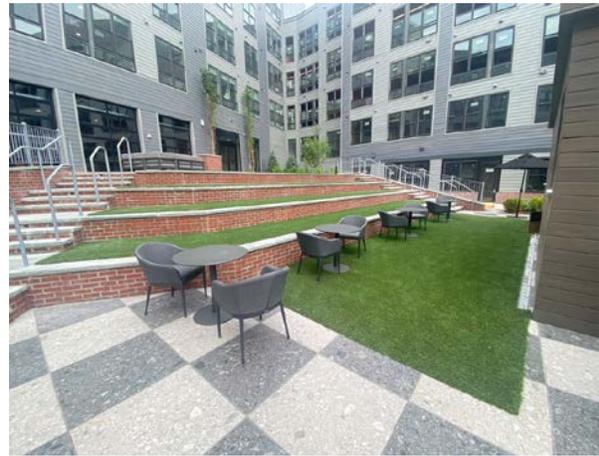
**Spectra 111 Pearl St**



**99 Pratt St**



**DoNo Parcel C (Before Renovations)**



**DoNo Parcel C (After Renovations)**

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 6/30/22, the units were as follows:

<b>PROJECT NAME:</b>	<b><u>Available</u></b>	<b><u>%Leased</u></b>
<b>Hartford 21</b>	262 units	93%
<b>Main &amp; Temple (Sage Allen)</b>	78 units	99%



*Hartford 21 Apartments*



*Main & Temple Apartments*

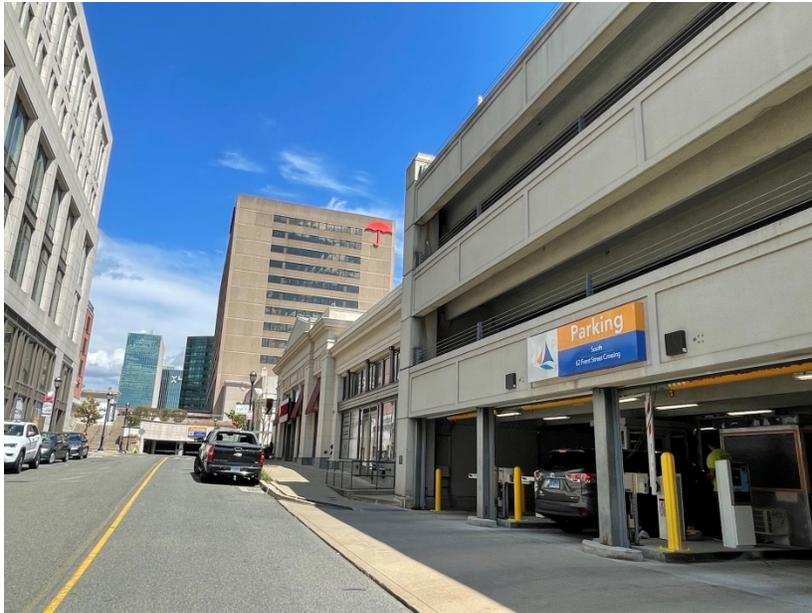
The Temple Street property (Lofts, Townhomes, Retail and Garage) changed ownership in FY20. The new development plan is to link the properties to the Pratt Street corridor and the XL Center. Forty-seven new units will be created while the overall 166-unit building will be upgraded. Ten percent of the units (16) will be affordable. The 78 Loft units will be rebranded as the SageAllen Residences, while the other 88 units will be rebranded as the SageAllen Apartments.

Occupancy of the midrise Residences building is 91%. Two of the townhouse buildings (A & D) are vacated to allow for construction, which is slated to be completed by Fall 2022, while the B & C buildings (which contain the 13 townhouse units that will remain and be renovated) are currently fully occupied.

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 nearly 18,000 parking spaces. The largest single garage managed by CRDA continues to be the facility at the Convention Center with its 2,339 spaces. Due to the lag in economic activity resulting from the COVID pandemic and the resulting reduction of employees returning to the workplace, the facilities continued to experience a significant reduction in revenue. The four garages located within the Front Street District (CTCC, North and South Garages at Front Street, and the Science Center Garage) produced \$5.38 million in revenue applied towards its operating expenses but was unable to contribute towards its outstanding revenue bond's debt service during the fiscal year.



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

Following a design build procurement in 2019, construction of a 412-space garage, designed to be expanded, at the site of the former State Health Labs was constructed and became operational. The garage will serve state employees, the nearby Bushnell Theatre and, ultimately, new residential buildings to be built in the area.



In February 2021, the CRDA issued a Request for Proposals for Parking Management Services for the parking facilities it oversees in Hartford, CT. Propark, Inc. was selected to promote, staff, administer, manage, maintain, and operate those facilities, beginning July 1, 2021 through June 30, 2026.

**CRDA-Managed Parking Facilities**

<b>SITE</b>	<b>SPACES</b>
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
Bushnell South	412
<b>Total</b>	<b>17,857</b>

# 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-Cooling Tower**



**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.

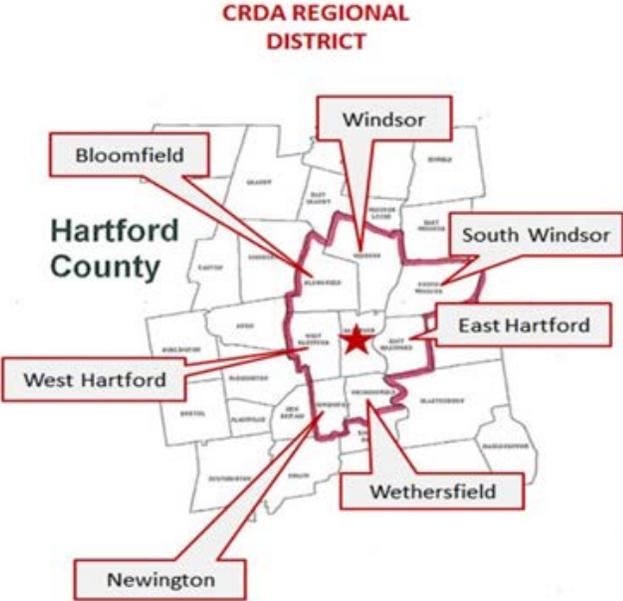
The CUP is governed by an energy sharing agreement, administrated by CRDA, between the Convention Center, Marriott Hotel and the CT Science Center whereby each party is required, among other things, to fund a certain portion of the CUP's operations, debt service and capital needs. The annual budget is \$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. In addition to the plant upgrades this past year, funding was secured for the full replacement of the three chilled water-cooling towers to be completed during the coming year.

# 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 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.

## 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 – Former Showcase Cinema Site

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 between 2019 and 2021. As of June 2022, the town had selected a developer to construct new housing and related infrastructure at the Showcase site.

### East Hartford, CT – Silver Lane Redevelopment Improvement

Utilizing a \$1 million bond authorization through the Office of Policy and Management, CRDA is working with the Town of East Hartford on a sidewalk and pedestrian bridge project along Silver Lane. The installation of sidewalks and various streetscape improvements will create a more pedestrian-friendly throughfare and contribute to the overall redevelopment of the Silver Lane corridor.

East Hartford, CT – Silver Lane Redevelopment

The town has created a redevelopment plan for the Silver Lane corridor including acquiring blighted properties. The Bond Commission approved \$10 million to begin implementation in fiscal year 2022-23.



**Silver Lane Redevelopment Study Area**

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



**CAPITAL IMPROVEMENTS**

XL Center -	\$75m
Bushnell Garage	\$17m
CT Regional Agriculture Market	\$1.4m

**OTHER**

UConn	\$140m
Dillon Stadium	\$10m
Hilton/Double Tree	\$5.1m

**NEIGHBORHOOD**

Willowcreek (Bowles Park)	\$5m
Swift Factory	\$4.3m
Brackett Knoll	\$1.5m
Asylum Hill (NINA) Fund	\$2.5m
Quirk/PAL	\$7.5m
Charter Oak Health Center	\$ 450k
Parkville Market	\$3.5m
Fuller Brush	\$5.5m
Liberty Christian Church	\$1m
Riverfront Recapture	\$1m
237 Hamilton	\$4m

#2022

**CRDA Neighborhood Regional Projects Map**

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 fiscal year 2022, a half-dozen projects progressed.

#### *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. Since the site was cleared in 2019, 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. Tenants have begun to take up residency.

#### *Brackett Knoll Housing*

The long delayed second phase of the Brackett Knoll Housing project advanced with the CRDA construction of the road system necessary to access the 14-unit subdivision. The 28 new units, of which one-half will be owner occupied, are being developed using federal housing funds and private mortgages.



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 initially 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. An additional \$1.5 million from the State Bond Commission, \$384,000 from the City of Hartford, and \$200,000 from CRDA was subsequently added to the project budget. This project was designated as a Neighborhood Security/Fellows project and supported job training and a hiring program for youth at risk.



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.



### 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 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 and has successfully paid its CRDA loan.



### Heritage Homes

CRDA assisted Northside Institutions Neighborhood Association (NINA) to renovate and newly construct home ownership opportunities in the Asylum Hill area including the renovation of two historic properties on Sigourney Street and the construction of new home ownership row houses on Hawthorn Street.

### City of Hartford MOU

CRDA entered an MOU (Memorandum of Understanding) with the City of Hartford to administer, on the city's behalf, a series of city financed redevelopment projects in 2022. The effort was just getting underway at the end of the 2021-2022 fiscal year.

## **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.

During 2020-2021, CRDA committed to the conversion of 55 Elm Street from former state offices into 164 housing units, working with the new owners who acquired the property as well as undeveloped land in Bushnell South. This past year, CRDA in partnership with the Bushnell Theatre, private owners and the City of Hartford completed a master plan study for the area to guide continued public and private investment in the area.

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.

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. The recently completed Bushnell South garage will serve state employees, the nearby Bushnell Theatre and, ultimately, new residential buildings to be built in the area.

At the end of the fiscal year, CRDA had issued an RFQ (Request for Quote) for a preferred developer for the first phase of the Bushnell South Plan.



CT 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 officially transferred to CRDA on March 4, 2019.

CRDA continued capital upgrades at the market property that were initiated in 2018. Fiscal year 2022 capital projects consisted of property vegetation management as well as continuing building structural repairs. Long term master planning of the property in partnership with the State Department of Agriculture was completed in 2022.



## LEGISLATIVE REPORT

The 2021-2022 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 2022 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. In fiscal years 2020 and 2021, \$10,000,000 per year was established to be made available as a grant-in-aid to East Hartford for the purposes of general economic development activities. In fiscal year 2021, an additional \$10,000,000 was established to encourage economic development outside the CRDA’s district. In fiscal year 2022, \$50,000,000 was established to provide for the purposes and uses provided in Section 32-602 of the Connecticut General Statutes.

<b>Special Revenue Bond Fund</b>				
<b>Year Authorized</b>	<b>Total Authorized</b>	<b>Total Allocated FY 2022</b>	<b>Total Allocated as of 6/30/22</b>	<b>Total Unallocated as of 6/30/22</b>
2014	\$60,000,000	\$ 0	\$58,942,627	\$ 1,057,373
2015	\$30,000,000	\$ 0	\$28,250,000	\$ 1,750,000
2016	\$50,000,000	\$ 0	\$50,000,000	\$ 0
2017	\$50,000,000	\$ 0	\$46,071,000	\$ 3,929,000
2018	\$50,000,000	\$ 0	\$41,340,000	\$ 8,660,000
2019	\$50,000,000	\$ 25,100,000	\$25,100,000	\$24,900,000
2020	\$10,000,000	\$ 10,000,000	\$10,000,000	\$ 0
2021	\$20,000,000	\$ 0	\$ 0	\$20,000,000
2022	\$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:

<b>TOTAL BONDING AUTHORIZATIONS FOR CAPITAL CITY PROJECT</b>						
<b>Project</b>	<b>FY 98</b>	<b>FY 99</b>	<b>FY 00</b>	<b>FY 01</b>	<b>FY 03</b>	<b>Total</b>
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 <sup>A</sup>
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 <sup>B</sup>
<b>Totals</b>	<b>\$31,000,000</b>	<b>\$241,000,000</b>	<b>\$24,000,000</b>	<b>\$23,880,000</b>	<b>\$7,000,000</b>	<b>\$326,880,000</b>

**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.

<b>TOTAL BONDING RECOMMENDATIONS FOR CAPITAL CITY PROJECTS</b>			
	<b>Total Authorized</b>	<b>Total Allocated FY 2018-19</b>	<b>Total Allocated as of 6/30/18</b>
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 <sup>C</sup>	\$ -	\$ 19,880,000
Downtown Housing	\$ 35,000,000	\$ -	\$ 35,000,000
Demolition/Rehabilitation	\$ 25,000,000	\$ -	\$ 25,000,000
Parking	\$ 12,000,000 <sup>D</sup>	\$ -	\$ 12,000,000
<b>Totals</b>	<b>\$449,380,000</b>	<b>\$-</b>	<b>\$449,380,000</b>

**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, 2021 through June 30, 2022 fiscal year. These payments occurred in the ordinary course of operations.

1390-1400 Park Street, LLC	99 Pratt Street Holdings, LLC	ADT Commercial, LLC
Assured Partners	Bank of America	Barclay Water Management, Inc.
Blue Hills Civic Association	Bond Development, LLC	BSC Group Connecticut, Inc.
Bushnell Management Services	CohnReznick, LLP	Colt Gateway, LLC
Connecticut Natural Gas Corporation Dime Oil, LLC	Consigli Construction Co., Inc. Dimeo Construction Company	Desman, Inc. EDF Energy Services, LLC
Eversource	Frank Capasso & Sons, Inc.	Freeman Companies, LLC
Hartford Athletic, LLC	Howe Engineers, Inc.	HR&A Advisors, Inc.
IT Direct, LLC	Laz Temple, LLC	Macchi Engineers, Inc.
Manafort Brothers, Inc.	New England Mechanical	Newfield Construction, Inc.
Nina Properties, LLC	Oak View Group	Palker Excavating
Park & Main	Populous Architects, P.C.	Possidento Therrein Electrical Contractors, LLC
Propark, Inc.	Pullman & Comley, LLC	Quisenberry Arcari Malik, LLC
Riverfront Recapture, Inc.	RMS Dono, LLC	Robinson & Cole
Sage Intacct, Inc.	Sage Software, Inc.	SCI Architects, PC
Shipman & Goodwin, LLP	Siemens Industry, Inc.	SLR International Corporation
SourceOne	Spectra Top, LLC	State of CT - DAS
Tabacco and Sons Builders, Inc.	Tenant Sales and Service Company	The Hartford
The Lincoln National Life Insurance Co. TIBA Parking, LLC	The Metropolitan District Commission Toraal Development, LLC	Three-Way Communications, Inc. Town of East Hartford
Trane	Tri State Materials Testing Lab, LLC	Verizon Wireless
Vulcan Security Technologies, Inc. Xerox Corporation	Waterford Venue Services Hartford, LLC Zuvic, Inc.	Wolverine Property, LLC

During the July 1, 2021 through June 30, 2022 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	Advance Plumbing & Heating, Inc.	Allan S Goodman, Inc.
Amadeus Hospitality	American Medical Response	Anthem Blue Cross & Blue Shield
Anthem Life	Beebe Landscape Services, Inc.	Beecher Carlson/Master Trust
B-G Mechanical Services, Inc.	Block, Inc.	Bobcat of CT
Boston Gourmet Chef's, Inc.	Budget Printers & Embroiderers	Capitol Equipment & Marine
Carmine's Frozen Pizza	C&C Janitorial Supplies, Inc.	Centimark Corporation
Ceridian HCM, Inc.	Chaves Bakery II, Inc.	Cintas Fire Protection
City Fish Market	City of Hartford	Classic Entertainment & Sports
CLR CT Labor Resources	Cogent Communications, Inc.	CohnReznick, LLP
CNG	Connecticon, LLC	Connecticut Radio, Inc.
Construction & General Laborers' Corporate Payment Systems	Control Systems, Inc.	CT Conventions & Sports Bureau
	CT Dept of Revenue Services	CT Distributors, Inc.
CVENT, Inc.	CWPM	Daktronics
Daniel Delmastro	Dell Marketing, L.P.	Demartino Store Fixture Co.
Demers Exposition Services, Inc.	Door and Security Solutions	Dugmore & Duncan Group
Eastern Bag & Paper Co.	EDF Energy Services, LLC	Elm City Capital, LLC
Environmental Systems Corporation	Envision Design, LLC	Eversource
Falvey Linen & Uniform of CT	Farmington Metal Fabrication	Fast Signs
Flow Tech, Inc.	Freshpoint	Frontier
Grainger	H.O. Penn Machinery Company	Hartford Distributors

Hartford Downtown Marriott	Hartford Truck Equipment	Hartley & Parker Limited
Hilton Hartford	John Annino	Jordan Paige
Kittredge Equipment Company	Kinsley Power Systems	Kone
Laz Parking DBA	Lex Products Corporation	Lutron Services, Co.
M.G. Backflow Testing	New England Mechanical	Northeast Beverage Corporation of CT
Omar Coffee Company	Otis Elevator Company	Overhead Door Co
Pepsi-Cola	PFG Springfield	Propark, Inc.
Pure Water Partners, LLC	R&B Ceramic Tile, Inc.	Rem Industrial Solutions
Schindler Elevator Corporation	Sitecrafting, Inc.	Smart Care Equipment Solutions
Staples	Star Distributors	Sysco Food Services of CT
Tennant Sales & Service Co.	TEZHQ, Inc.	The Main Connection of CT LLC
The Metropolitan District	The Walker Group	Three Way Communications
Total Communications	Travelers	Uniguest
United Rentals	Verizon Wireless	Warehouse Store Fixture Co.
Waterford Hotel Group	Waterford Venue Services Hartford, LLC	Wattsaver Lighting Products

## ***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.

Allied Universal Security Services	Cintas Fire	Eversource
Propark, Inc		

## ***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.	Advance Security Integration	Aero All Gas Co.
All Waste, Inc.	American Medical Response	Athletica Sports Systems
Audacy Operations, Inc.	Automated Logic Construction	Barclay Water Management Inc.
Braman	Bruno Massaro & Sons, Inc.	Carbonhouse
Centerline Interiors, Inc.	CentiMark Corporation	Cimco Refridgeration, Inc.
City of Hartford	CohnReznick, LLP	Comcast and Other Affiliated Businesses
Connecticut Mason Contractors, Inc.	Contemporary Services Corporation	CSC Hood & Duct Services
Dalene Flooring	EBP Supply Solutions	Effectv
Eversource	Frontier	Geiger Engineers
Go Graphix	Grainger	H.O. Penn Machinery Company
Home Depot	Horner Flooring	Howe Engineers Inc.
Hussey Seating Co.	iHeartMedia	Impact Training, LLC
Industrial Technical Services	Just-Rite Equipment	Kone
Lamar Companies	Lauretano Sign Group	Les Vetements SP Apparel, Inc.
Maybury Material Handling	McPhee Electric, LTD.	Metropolitan Interactive, LTD
Mitsubishi Electric	New England Mechanical	Nicks Enterprises, LLC
Northland Trumbull Block, LLC	Nowsta, Inc.	Outfront Media
Ovations Food Services, LP	Paciolan, Inc.	Peopleready, Inc.
Pitney Bowes Global Financial	Powerstation, LLC	Safehold Special Risk, Inc.
Schindler Elevator Corporation	Southpaw Live, LLC	Square, Inc.
Starlift Equipment Co., Inc.	State of CT	Steam Trap Systems, N.A., LLC
Success Brands	Sunbelt Rentals	The Hartford Steam Company
The Metropolitan District Commission	Unifirst Corporation	United Rentals
Verizon Wireless	Victor Advertising Service, LLC	W&M Fire Protection Services
Wattsaver	WTNH	WVIT

## **CT REGIONAL MARKET VENDOR LISTING**

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

AAA Pavement	ADT	Air Temp
AJ Beliveau	CNG	CT Convention Center
State of CT - DAS Fleet	Dime Oil	Eversource
iHeart Media	Master Building Cleaners	Propark, Inc.
PTE	RM Bradley	State of CT - Dept of Agriculture
Tabacco Brothers	The Metropolitan District Commission	

**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.	Chapman and Cutler LLP
Reid & Reige	Soeder & Associates	S&P Global Ratings
US Bank National Association		

➤ **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, 2022:

<b>NAME</b>	<b>RACE/ETHNICITY</b>	<b>GENDER</b>	<b>BOARD POSITION</b>
Suzanne Hopgood	White	Female	Chairman/Governor Appointee *
Andy Bessette	White	Male	Vice Chairman/Governor Appointee *
OPM Secretary Jeffrey Beckham	White	Male	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 Michael P. Walsh	White	Male	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
Randal Davis	Black	Male	Member/Hartford Mayor Appointee
Andrew Diaz-Matos	White/Hispanic	Male	Member/Hartford Mayor Appointee

\* Executive Committee member

## **CRDA Staff**

As of June 30, 2022, the Authority has a staff of eleven full-time and one half-time employees. They are as follows:

<b>NAME</b>	<b>RACE</b>	<b>GENDER</b>	<b>OCCUPATION</b>
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 makeup<sup>1</sup>.

### **Connecticut Convention Center**

Total employees =	210
Total Hartford residents =	62 (30%)
Total minority (male) =	64 (31%)
Total female employees =	100 (48%)
Total minority (female) =	33 (16%)

### **Convention Center Parking Facilities (Propark)**

Total employees =	77
Total Hartford residents =	26 (34%)
Total minority (male) =	52 (68%)
Total female employees =	15 (20%)
Total minority (female) =	14 (18%)

### **Hartford Marriott Downtown**

Total employees =	152
Total Hartford residents =	48 (32%)
Total minority (male) =	48 (32%)
Total female employees =	86 (57%)
Total minority (female) =	63 (41%)

### **Connecticut Science Center**

Total employees =	89
Total Hartford residents =	10 (11%)
Total minority (male) =	9 (10%)
Total female employees =	52 (58%)
Total minority (female) =	18 (20%)

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<sup>1</sup> Entities are as follows: Connecticut Convention Center; Convention Center Parking Facilities (Propark); the Hartford Marriott Downtown; and the Connecticut Science Center

## Independent Auditor's Report

To the Board of Directors  
Capital Region Development Authority

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Capital Region Development Authority (the “Authority”), a component unit of the State of Connecticut, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Capital Region Development Authority as of June 30, 2022 and 2021 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.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

The Authority’s management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Capital Region Development Authority’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *Auditor’s Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Capital Region Development Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Capital Region Development Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages EA - 4 through EA - 14 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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*

Management is responsible for the other information included in the Authority's Annual Report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2022 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.

*CohnReznick LLP*

Hartford, Connecticut  
September 26, 2022

# CAPITAL REGION DEVELOPMENT AUTHORITY

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

June 30, 2022 and 2021

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, 2022 and 2021. 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.

### 2022 FINANCIAL HIGHLIGHTS

- Total assets exceeded total liabilities and deferred inflow of resources by \$285.585 million at June 30, 2022. The net position of the Authority totaled \$9.883 million unrestricted, \$129.189 million restricted, and \$146.513 million net investment in capital assets.
- The loss from operations for the year ended June 30, 2022 is \$11,151,127. Although the CRDA venues re-opened during the fiscal year after the State shutdown due to COVID was lifted, there remained a general hesitancy with the public and corporate guests to attend events. The loss of event revenue contributed to the need for supplemental financial support from the State to maintain and secure the facilities.
- The Convention Center's 2022 net operating loss on a contractual basis was \$4,583,869, including Coronavirus relief fund revenue. The facility re-opened to the general public in September 2021 and hosted 71 events during the fiscal year with an attendance of over 215,000 participants.
- CRDA parking facilities reported net operating income on a contractual basis of \$552,742. This is the result of limited transient and guest parking from the activity of the Convention Center, Science Center, and the Front Street District. These facilities are continuing to see a reduction in revenues due to the lag in economic activity and employees returning to the workplace.
- The XL Center's 2022 net operating loss on a contractual basis was \$4,020,289, including Coronavirus relief fund revenue and excluding depreciation of \$3,291,066. Similar to the other CRDA venues, the XL Center re-opened in August with limited public events. The facility continued to serve as the home ice rink for the AHL Hartford Wolfpack team as well as hosting UConn men's and women's basketball and men's hockey games.

## CAPITAL REGION DEVELOPMENT AUTHORITY

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

June 30, 2022 and 2021

#### **2021 FINANCIAL HIGHLIGHTS**

- Total assets exceeded total liabilities and deferred inflow of resources by \$248.871 million at June 30, 2021. The net position of the Authority totaled \$3.484 million unrestricted, \$106.683 million restricted, and \$138.704 million net investment in capital assets.
- The loss from operations for the year ended June 30, 2021 is \$12,174,713. The CRDA venues remained closed to events for the entire fiscal year due to the State shutdown, although COVID-related services including testing, vaccinations as well as food distribution were provided at these facilities. The loss of event revenue contributed to the need for supplemental financial support from the State to maintain and secure the facilities.
- The Convention Center's 2021 net operating loss on a contractual basis was \$5,027,983, including Coronavirus relief fund revenue. The facility served twice on stand-by as an emergency hospital and as the State's largest mass vaccination center.
- CRDA parking facilities reported net operating income on a contractual basis of \$1,176,921. As COVID-19 eliminated 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 Convention Center garage was utilized as a drive through COVID-19 testing center.
- The XL Center's 2021 net operating loss on a contractual basis was \$4,007,748, including Coronavirus relief fund revenue and excluding depreciation of \$2,350,802. Similar to the other CRDA venues, the XL Center did not operate with public events. However, it did serve as the training facility and home ice rink for the AHL Hartford Wolfpack team with 13 fan-less games.

CAPITAL REGION DEVELOPMENT AUTHORITY

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

June 30, 2022 and 2021

The following table summarizes the condensed Balance Sheets as of June 30, 2022, 2021 and 2020.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>ASSETS:</b>			
Current assets	\$44,641,463	\$39,545,557	\$37,777,156
Noncurrent assets:			
Restricted cash and cash equivalents	5,011,751	5,543,247	4,904,842
Restricted investments	938,246	935,714	934,716
Loans receivable-housing	115,633,169	93,732,141	80,963,625
Lease receivable, non-current	19,880,165	22,179,198	24,438,552
Other assets	2,039,155	1,519,460	1,023,827
Capital assets, net	273,139,902	265,580,055	267,874,790
Total assets	<u>\$461,283,851</u>	<u>\$429,035,372</u>	<u>\$417,917,508</u>
<b>LIABILITIES:</b>			
Current liabilities	\$31,779,691	\$33,529,476	\$32,526,641
Non-current liabilities	121,740,069	122,196,417	122,048,380
Total liabilities	<u>\$153,519,760</u>	<u>\$155,725,893</u>	<u>\$154,575,021</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Leases	22,179,199	24,438,552	26,545,643
<b>NET POSITION:</b>			
Net investment in capital assets	\$146,512,588	\$138,704,223	\$141,347,983
Restricted	129,189,542	106,683,263	94,874,199
Unrestricted	9,882,762	3,483,441	574,662
Total net position	<u>\$285,584,892</u>	<u>\$248,870,927</u>	<u>\$236,796,844</u>
Total liabilities, deferred inflow of resources and net position	<u>\$461,283,851</u>	<u>\$429,035,372</u>	<u>\$417,917,508</u>

## CAPITAL REGION DEVELOPMENT AUTHORITY

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

June 30, 2022 and 2021

#### **2022 BALANCE SHEET ANALYSIS**

- Total assets as of June 30, 2022 increased by \$32.249 million or 7.5% compared to the same period in 2021.
- Current assets increased by \$5.096 million or 12.9% primarily due to timing differences with funding housing and regional initiative projects off-set with a reduction in the current portion of accrued housing loan interest.
- Non-current assets increased by \$27.153 million or 7.0% as the result of an increase in housing loans receivable and the addition of a new parking facility, partially offset with greater capital asset depreciation.
- Total liabilities decreased by \$2.206 million when compared to the prior year. This decrease was due to timing differences with funding housing and regional initiative projects as well as an increase in the obligation to the state for contract assistance that was offset by a reduction in the bonds and loan payable.

#### **2021 BALANCE SHEET ANALYSIS**

- Total assets as of June 30, 2021 increased by \$11.118 million or 3% compared to the same period in 2020.
- Current assets increased by \$1.768 million or 5% primarily due to timing differences with funding housing, regional initiative projects, and lease receivable.
- Non-current assets increased by \$9.349 million or 2% 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 \$1.151 million when compared to the prior year. This increase was due to timing differences with funding housing and regional initiative projects as well as an increase in the obligation to the state for contract assistance that was offset by a reduction in the bonds and loan payable.
- Deferred inflow of resources increased due to new accounting guidance on leases.

CAPITAL REGION DEVELOPMENT AUTHORITY

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

June 30, 2022 and 2021

The following table summarizes the changes in net position for the fiscal years ended June 30, 2022, 2021 and 2020.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenues:			
Grants - State of Connecticut			
Operational	\$1,390,821	\$1,390,821	\$1,390,821
Development district, subsidy and other	11,823,012	8,858,300	4,858,300
Coronavirus relief fund revenue	5,277,691	1,947,945	-
Combined Facilities	27,722,308	7,476,744	31,628,305
Other operating income	524,955	728,605	596,199
Total operating revenues	<u>\$46,738,787</u>	<u>\$20,402,415</u>	<u>\$38,473,625</u>
Operating expenses:			
Personnel and general	\$1,975,572	\$1,849,135	\$1,629,432
Pension expense	1,052,517	903,075	809,885
Coronavirus relief fund expenses	5,277,691	1,947,945	-
Combined Facilities	34,864,730	14,269,550	33,831,355
Depreciation and amortization expense	14,719,404	13,607,423	13,553,273
Total operating expenses	<u>\$57,889,914</u>	<u>\$32,577,128</u>	<u>\$49,823,945</u>
Loss from operations	<u>\$(11,151,127)</u>	<u>\$(12,174,713)</u>	<u>\$(11,350,320)</u>
Non-operating revenue (expense):			
Interest income	\$614,786	\$2,309,241	\$2,458,362
Interest expense	(1,267,093)	(1,342,370)	(2,013,410)
Non-operating revenue (expense), net	<u>\$(652,307)</u>	<u>\$966,871</u>	<u>\$444,952</u>
Loss before transfers in - State of Connecticut	\$(11,803,434)	\$(11,207,842)	\$(10,905,368)
Capital contributions	26,767,488	10,861,590	266,466
Transfer - State of Connecticut Housing Loan Program	21,749,911	12,420,335	4,671,870
Change in net position	\$36,713,965	\$12,074,083	\$(5,967,032)
Net position, beginning of year	<u>\$248,870,927</u>	<u>\$236,796,844</u>	<u>\$242,763,876</u>
Net position, end of year	<u><u>\$285,584,892</u></u>	<u><u>\$248,870,927</u></u>	<u><u>\$236,796,844</u></u>

## CAPITAL REGION DEVELOPMENT AUTHORITY

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

June 30, 2022 and 2021

#### **2022 OPERATING ACTIVITY HIGHLIGHTS**

- Operational grant revenue, primarily derived from appropriations from the State of Connecticut in the amount of \$13.214 million, provided funding for the operations of the Authority (\$1,390,821), the Convention Center Project (\$6,122,922) which included the operations of the Convention Center, and the XL Center (\$5,700,090).
- 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. In fiscal years 2018 and 2019, the State of Connecticut authorized an additional \$40 million per year. As of June 30, 2022, the Authority closed a total of thirty-two housing loan projects providing a commitment for \$135,138,332 in loans. \$132,432,301 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 \$20,245,564 in fiscal year 2022 when compared to fiscal year 2021 driven by the CRDA venues re-opening during the fiscal year after the State shutdown due to COVID was lifted. The following net operating results by facility were derived in fiscal year 2022: Convention Center \$(4,583,869), Parking \$552,742, Central utility plant \$398,977, XL Center \$(4,020,289), Church Street garage \$801,698, Connecticut Regional Market \$230,846, Bushnell South garage \$(192,140), and Front Street District \$1,339.
- The Authority saw increases in expenses associated with depreciation and amortization expense of \$1,111,981 and increases in Combined Facilities expenses of \$20,595,180 associated with the CRDA venues re-opening during the fiscal year after the State shutdown due to COVID was lifted.

## CAPITAL REGION DEVELOPMENT AUTHORITY

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

June 30, 2022 and 2021

#### **2021 OPERATING ACTIVITY HIGHLIGHTS**

- Operational grant revenue, primarily derived from appropriations from the State of Connecticut in the amount of \$10.249 million, provided funding for the operations of the Authority (\$1,390,821), the Convention Center Project (\$6,058,300) which included the operations of the Convention Center, and the XL Center (\$2,800,000).
- 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, 2021, the Authority closed a total of thirty housing loan projects providing a commitment for \$132,935,625 in loans. \$109,789,271 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 \$24,151,561 in fiscal year 2021 when compared to fiscal year 2020 driven by the CRDA venues remaining closed for events due to the state COVID-19 shutdown. The following net operating results by facility were derived in fiscal year 2021: Convention Center \$(5,027,983), Parking \$1,176,921, Central utility plant \$180,180, XL Center \$(4,007,748), Church Street garage \$1,110,939, Connecticut Regional Market \$188,336 and Front Street District \$(22,823).
- The Authority saw increases in expenses associated with depreciation and amortization expense of \$54,150 and decreases in Combined Facilities expenses of \$19,561,805 associated with the CRDA venues remaining closed for events due to the state COVID-19 shutdown.

CAPITAL REGION DEVELOPMENT AUTHORITY

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

June 30, 2022 and 2021

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Authority's investment in capital assets as of June 30, 2022 and 2021 totaled \$273,139,902 and \$265,580,055, 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, 2022 increased by \$7,559,847, and resulted from the depreciation of the capital assets (\$14.7 million) offset by the capitalization of assets (\$22.3 million).

A total of \$1,552,780, \$2,302,134, and \$10,963 was expended during fiscal year 2022 for the purpose of alterations, renovations and improvements at the XL Center, CRDA-owned parking garages, and the Central Utility Plant, respectively. In addition, \$16,698,596 was expended for the purpose of constructing a new parking garage and \$448,781 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>2022</u>	<u>2021</u>	<u>2020</u>
Construction in progress	\$1,267,394	\$91,202	\$204,302
General operating equipment	30,870	45,596	48,246
Buildings, equipment and furnishings	<u>271,841,638</u>	<u>265,443,257</u>	<u>267,622,242</u>
Total	<u>\$273,139,902</u>	<u>\$265,580,055</u>	<u>\$267,874,790</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 4.0%. The Authority earns a loan closing fee upon issuance of the loans. As of June 30, 2022 and 2021, the Authority closed a total of thirty-two and thirty housing loan projects, respectively, providing a commitment for \$135,138,332 and \$132,935,625 in loans. \$132,432,301 and \$109,789,271 of these commitments had been disbursed at the end of the fiscal years 2022 and 2021, respectively, with \$115,633,169 and \$93,905,235 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, 2022 and 2021

#### **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, 2022 and 2021, the Authority received contract assistance in the amount of \$4,546,534 and \$4,942,852, respectively.

Scheduled debt repayments reduced the bonded debt outstanding of the Authority to \$62,955,000 and \$66,895,000, respectively, at the end of the fiscal years 2022 and 2021.

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 2022 and 2021, the Authority had a loan payable to The Travelers Indemnity Company of \$4,800,835 and \$5,540,250, respectively. The loan payable decreased by \$739,415 and \$703,189 in 2022 and 2021, 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, 2022 and 2021

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

**Long-Term Debt**

**As of June 30, 2022, 2021 and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Due to State of Connecticut:			
- contract assistance	\$57,483,828	\$52,937,294	\$47,994,442
Bonds payable	64,342,651	68,398,289	72,288,926
Loans payable	4,800,835	5,540,250	6,243,439
Total	<u>\$126,627,314</u>	<u>\$126,875,833</u>	<u>\$126,526,807</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 Propark, Inc. To date, several restaurants have opened at Front Street including The Capital Grille, Spotlight Theatre and Bistro, Infinity Music Hall & Bistro, and Bear's Smokehouse BBQ.

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 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, 2022 and 2021

#### **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](http://www.crdact.net).

CAPITAL REGION DEVELOPMENT AUTHORITY

Balance Sheets

June 30, 2022 and June 30, 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current assets:		
Unrestricted cash and cash equivalents	\$14,341,104	\$9,357,822
Restricted cash and cash equivalents	19,545,828	19,889,893
Unrestricted investments	6,605,653	5,086,796
Restricted investments	465,580	481,927
Accounts receivable, net	867,435	732,700
Lease receivable	2,299,034	2,259,354
Loans receivable: housing-current, net	21,977	173,094
Other current assets	494,852	1,563,971
Total current assets	<u>\$44,641,463</u>	<u>\$39,545,557</u>
Non-current assets:		
Restricted cash and cash equivalents	\$5,011,751	\$5,543,247
Restricted investments	938,246	935,714
Lease receivable, non-current	19,880,165	22,179,198
Loans receivable-housing, net	115,633,169	93,732,141
Other assets	2,039,155	1,519,460
Capital assets not being depreciated:		
Construction in progress	1,267,394	91,202
Capital assets being depreciated:		
General Operations, net	30,870	45,596
Adriaen's Landing, net	197,895,794	208,282,492
XL Center, net	40,935,485	42,548,420
Church Street Garage, net	16,311,763	14,612,345
Bushnell South Garage, net	16,698,596	-
Total non-current assets	<u>\$416,642,388</u>	<u>\$389,489,815</u>
Total assets	<u>\$461,283,851</u>	<u>\$429,035,372</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$26,655,786	\$28,388,185
Accrued interest payable	59,060	43,379
Current portion of bonds payable	4,110,000	3,940,000
Current portion of loan payable	777,245	739,415
Coronavirus relief fund deferred revenue	177,600	418,497
Total current liabilities	<u>\$31,779,691</u>	<u>\$33,529,476</u>
Non-current liabilities:		
Due to State of Connecticut-contract assistance	\$57,483,828	\$52,937,294
Bonds payable, net	60,232,651	64,458,288
Loan payable	4,023,590	4,800,835
Total non-current liabilities	<u>\$121,740,069</u>	<u>\$122,196,417</u>
Total liabilities	<u>\$153,519,760</u>	<u>\$155,725,893</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Leases	<u>\$22,179,199</u>	<u>\$24,438,552</u>
<u>NET POSITION</u>		
Net investment in capital assets	\$146,512,588	\$138,704,223
Restricted for:		
Housing loans	122,065,122	100,315,209
Central Utility Plant	1,611,644	1,890,721
Other	5,512,776	4,477,333
Unrestricted	9,882,762	3,483,441
Total net position	<u>\$285,584,892</u>	<u>\$248,870,927</u>
Total liabilities, deferred inflow of resources and net position	<u>\$461,283,851</u>	<u>\$429,035,372</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, 2022 and June 30, 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Grants - State of Connecticut/Other:		
Operational	\$1,390,821	\$1,390,821
Development district, subsidy and other	11,823,012	8,858,300
Coronavirus relief fund revenue	455,291	1,947,945
American Rescue Plan Act funds	4,822,400	-
Combined Facilities:		
Convention Center	5,698,236	9,464
Parking	5,377,864	3,032,083
Central utility plant	1,455,491	1,056,887
XL Center	12,371,429	656,748
Church Street Garage	1,848,736	1,821,769
Bushnell South Garage	5,527	-
CT Regional Market	872,560	839,629
Front Street District	92,465	60,164
Other income (CRDA)	524,955	728,605
Total operating revenues	<u>\$46,738,787</u>	<u>\$20,402,415</u>
Operating expenses:		
Authority operations:		
Personnel	\$1,732,904	\$1,560,394
General and administrative	242,668	288,741
Coronavirus relief fund expenses	455,291	1,947,945
American Rescue Plan Act expenses	4,822,400	-
Pension expense	1,052,517	903,075
Combined Facilities:		
Convention Center	10,282,105	5,037,447
Parking	4,825,122	1,855,162
Central utility plant	1,056,514	876,706
XL Center	16,391,718	4,664,496
Church Street Garage	1,047,038	710,830
Bushnell South Garage	197,667	-
CT Regional Market	641,714	651,294
Front Street District	91,126	82,988
Bond administration	331,726	390,627
Depreciation and amortization	14,719,404	13,607,423
Total operating expenses	<u>57,889,914</u>	<u>32,577,128</u>
Loss from operations	<u>(\$11,151,127)</u>	<u>(\$12,174,713)</u>
Non-operating revenue/(expense):		
Interest income	\$614,786	\$2,309,241
Interest expenses	(1,267,093)	(1,342,370)
Non-operating revenue (expense), net	<u>(\$652,307)</u>	<u>\$966,871</u>
Loss before capital contributions and transfer	<u>(\$11,803,434)</u>	<u>(\$11,207,842)</u>
Capital contributions	\$26,767,488	\$10,861,590
Transfer - State of Connecticut Housing Loan Program	<u>21,749,911</u>	<u>12,420,335</u>
Change in net position	\$36,713,965	\$12,074,083
Net position, beginning of year	<u>\$248,870,927</u>	<u>\$236,796,844</u>
Net position, end of year	<u>\$285,584,892</u>	<u>\$248,870,927</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Receipts from:		
Grants	\$18,491,524	\$12,197,066
Customers	19,950,992	8,558,164
Housing developers	2,172,732	1,009,780
Payments to:		
Employees	(2,524,666)	(2,841,172)
Suppliers	(34,305,268)	(15,173,365)
Housing developers	(23,922,643)	(13,691,894)
Net cash used in operating activities	<u>(\$20,137,329)</u>	<u>(\$9,941,421)</u>
Cash flows from investing activities:		
Interest income	\$1,027,555	\$902,619
Decrease in receivable from loan	-	261,780
Net cash provided by investing activities	<u>\$1,027,555</u>	<u>\$1,164,399</u>
Cash flows from non-capital financing activities:		
Transfer in - State of Connecticut Housing Loan Program	\$21,749,911	\$12,420,335
Net cash provided by non-capital financing activities	<u>\$21,749,911</u>	<u>\$12,420,335</u>
Cash flows from capital and related financing activities:		
Advances from State of Connecticut-contract assistance	\$4,546,534	\$4,942,852
Capital contributions - State of Connecticut	26,921,132	11,015,235
Capital contributions - Other	(153,644)	(153,645)
Premium on bond issuance	(115,638)	(115,636)
Principal paid on bonds and loans	(4,679,415)	(4,478,189)
Interest paid on bonds and loans	(1,267,093)	(1,342,370)
Purchases of capital assets	(22,279,250)	(11,312,688)
Net cash provided by (used in) capital and related financing activities	<u>\$2,972,626</u>	<u>(\$1,444,441)</u>
Net increase in cash and cash equivalents	\$5,612,763	\$2,198,872
Cash and cash equivalents, beginning of year	41,295,399	39,096,527
Cash and cash equivalents, end of year	<u>\$46,908,162</u>	<u>\$41,295,399</u>
Cash and cash equivalents, end of year:		
Unrestricted cash and cash equivalents, and investments	\$20,946,757	\$14,444,618
Restricted cash and cash equivalents, and investments (current)	20,011,408	20,371,820
Restricted cash and cash equivalents, and investments (non-current)	5,949,997	6,478,961
	<u>\$46,908,162</u>	<u>\$41,295,399</u>
Reconciliation of operating loss to net cash used in operating activities:		
Loss from operations	(\$11,151,127)	(\$12,174,713)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	14,719,404	13,607,423
(Increase)/decrease in operating assets:		
Accounts receivable	(134,735)	352,815
Other assets	(88,564)	146,930
Loans receivable - Housing	(21,749,911)	(12,682,115)
Increase/(decrease) in operating liabilities:		
Accounts payable and accrued expenses	(1,732,396)	808,239
Net cash used in operating activities	<u>(\$20,137,329)</u>	<u>(\$9,941,421)</u>

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

# CAPITAL REGION DEVELOPMENT AUTHORITY

## Notes to Financial Statements

June 30, 2022 and 2021

### 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, 2022 and 2021

#### 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, 2022 and 2021

### 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 \$131,293,173 and \$108,973,663, net of an allowance for doubtful accounts related to certain grant and loan funding in the amount of \$15,638,027 and \$15,068,428 as of June 30, 2022 and 2021, 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 4.0% 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 \$2,168,918 and \$2,806,905 as of June 30, 2022 and 2021, respectively; net of an allowance for doubtful accounts of \$0 as of June 30, 2022 and 2021.

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, 2022 and 2021

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 \$49,773 and \$83,586 as of June 30, 2022 and 2021, respectively, related to the XL Center.

Other Assets – Other Assets include inventory, prepaid expenses, accrued interest receivable 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, 2022 and 2021

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.

*Coronavirus Relief Fund Revenue* – The Authority recognizes revenue from the Coronavirus Relief Fund grant as services are provided or expenses incurred. Any unspent revenue has been recognized as deferred revenue.

*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.

Change in accounting principle and restatement

For 2022, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Authority's 2022 financial statements but had no effect on the beginning net position of the Authority since the deferred inflows equal the amount of the lease receivable.

The implementation of GASB Statement No. 87 had the following effect on net position as reported July 1, 2020:

Net position July 1, 2020	\$ 236,796,844
Adjustments	
Lease receivable	26,545,643
Deferred inflows - leases	<u>(26,545,643)</u>
Restated net position July 1, 2020	<u>\$ 236,796,844</u>

# CAPITAL REGION DEVELOPMENT AUTHORITY

## Notes to Financial Statements *(Continued)*

June 30, 2022 and 2021

### 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 2022 remained at \$1,390,821 since fiscal year 2020. 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, 2022, the Authority was appropriated \$6,122,922 to be expended for the Convention Center Project and \$5,700,090 for the XL Center. In fiscal year 2021, the Authority appropriated \$5,558,300 for the Convention Center and \$3,300,000 for the XL Center.

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, 2022 and 2021, the Authority closed a total of 12 housing loan projects, providing a commitment for \$58,942,627 in loans. The Authority disbursed \$58,817,625 in loans by the end of the fiscal years 2022 and 2021 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. \$28,250,000 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, \$1,436,311 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 \$38,495,067 for the purpose of providing 8 grants or loans to encourage residential housing development within the capital region and \$7,500,000 for the purpose of various economic development projects within the capital region.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements *(Continued)*

June 30, 2022 and 2021

Note 3 – Funding *(Continued)*

As a result of Public Act #1, 2015, as amended, the Authority was authorized \$7,900,000 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 \$5,500,000 and \$2,400,000, respectively. Of these appropriations, the Authority has made disbursements in the amounts of \$3,825,474 and \$2,124,137, respectively.

As a result of Public Act #1, 2015, as amended, the Authority was also 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, 2022, the Authority has made total disbursements in the amount of \$13,447,609 for the purpose of providing 8 grants or loans to encourage residential housing development within the capital region, \$10,000,000 for the purpose of improvements at Dillon Stadium, and \$5,783,840 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. \$41,340,000 of this authorization was appropriated for encouraging development as provided in Section 32-602 of the Connecticut General Statutes. As of June 30, 2022, the Authority has made total disbursements in the amount of \$15,500,000 for the purpose of providing 3 grants or loans to encourage residential housing development within the capital region and \$3,838,257 for the purpose of various economic development projects within the town of East Hartford.

As a result of Public Act #2, 2017, the Authority was also authorized \$1,500,000 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 \$1,000,000 and \$500,000, respectively. Of these appropriations, the Authority has made disbursements in the amounts of \$252,000 and \$234,539, respectively.

As a result of Public Act #2, 2017, the Authority was also authorized \$40,000,000 in appropriations from the State of Connecticut for the purpose of alterations, renovations and improvements at the XL Center. As of June 30, 2022, the Authority has made disbursements in the amount of \$15,204,439.

As a result of Public Act #178, 2018, the Authority was authorized \$16,000,000 in appropriations from the State of Connecticut for the purpose of construction of a parking garage for the Bushnell South area of Hartford. As of June 30, 2022, the Authority has made disbursements in the amount of \$15,698,596.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2022 and 2021

Note 4 – Cash Deposits and Investments

Cash and cash equivalents:

Cash and cash equivalents consist of the following as of June 30, 2022 and 2021:

	2022	2021
Unrestricted:		
Cash deposits	\$14,341,104	\$9,357,822
Restricted:		
Cash deposits	\$24,557,579	\$25,433,140

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, 2022 and 2021, the Authority's bank balance of cash deposits totaled \$39,926,062 and \$35,347,386, respectively. Of those balances, the following represents the amounts exposed to custodial credit risk:

	2022	2021
Uninsured and uncollateralized	\$35,234,425	\$30,021,429
Uninsured but collateralized with securities held in the Authority's name **	-	1,220,364
Uninsured but collateralized with securities held by the pledging bank's trust department or agent but not in the Authority's name	3,992,606	3,363,492
Total	<u>\$39,227,031</u>	<u>\$34,605,285</u>

\*\* 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. This agreement terminated on February 7, 2022.

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, 2022 and 2021

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

Investments

*Interest rate risk*

As of June 30, 2022 and 2021, the Authority's total investments consisted of \$8,009,479 and \$6,504,437, respectively, in the Short-Term Investment Fund ("STIF"). Investments in STIF include unrestricted and restricted amounts of \$6,605,653 and \$1,403,826 as of June 30, 2022, respectively, and \$5,086,796 and \$1,417,641 as of June 30, 2021, 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, 2022 and 2021, 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, 2022 and 2021.

*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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021

Note 5 – Capital Assets

Construction in progress in fiscal year 2022 consisted of building renovations and equipment at the Central Utility Plant, XL Center, and Church Street and Bushnell South Parking Garages. Additions to general operating equipment (\$9 thousand) comprised computer-related items. A total of \$20.7 million was expended during the year for renovations and improvements at the XL Center, CRDA-owned garages, and Bushnell South Parking garage. Machinery and equipment totaling \$440 thousand was purchased for the Central Utility Plant, CRDA-owned garages, Convention Center, and XL Center.

A summary of capital assets as of June 30, 2022 is as follows:

	2022			Ending Balance
	Beginning Balance	Additions	Deletions	
Capital assets not being depreciated:				
Construction in progress (CIP)	\$91,202	\$1,244,738	\$(68,546)	\$1,267,394
Capital assets being depreciated:				
General operations:				
General operating equipment	\$357,423	\$ 9,190	\$ -	\$366,613
Less: accumulated depreciation	311,827	23,916	-	335,743
General operations, net	\$45,596	\$(14,726)	\$ -	\$30,870
Combined facilities:				
Buildings and improvements	\$414,873,848	\$20,654,277	\$ -	\$435,528,125
Equipment and furnishings	17,852,759	439,591	-	18,292,350
Total Combined facilities	432,726,607	21,093,868	-	453,820,475
Less: accumulated depreciation	167,283,350	14,695,487	-	181,978,837
Combined facilities, net	\$265,443,257	\$6,398,381	\$ -	\$271,841,638

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2022 and 2021

Note 5 – Capital Assets (Continued)

Construction in progress in fiscal year 2021 consisted of building renovations and equipment at the XL Center. Additions to general operating equipment (\$19 thousand) comprised computer-related items. A total of \$10.9 million was expended during the year for renovations and improvements at the XL Center and CRDA-owned garages. Machinery and equipment totaling \$487 thousand was purchased for the Central Utility Plant, Convention Center, XL Center, and Church Street garage.

A summary of capital assets as of June 30, 2021 is as follows:

	2021			Ending Balance
	Beginning Balance	Additions	Deletions	
Capital assets not being depreciated:				
Construction in progress (CIP)	\$204,302	\$479,735	\$(592,835)	\$91,202
Capital assets being depreciated:				
General operations:				
General operating equipment	\$337,520	\$19,903	\$ -	\$357,423
Less: accumulated depreciation	289,274	22,553	-	311,827
General operations, net	\$48,246	\$(2,650)	-	\$45,596
Combined facilities:				
Buildings and improvements	\$403,916,278	\$ 10,967,714	\$(10,144)	\$414,873,848
Equipment and furnishings	17,404,444	487,143	(38,828)	17,852,759
Total Combined facilities	421,320,722	11,454,857	(48,972)	432,726,607
Less: accumulated depreciation	153,698,480	13,584,870	-	167,283,350
Combined facilities, net	\$267,622,242	\$(2,130,013)	\$(48,972)	\$265,443,257

## CAPITAL REGION DEVELOPMENT AUTHORITY

### Notes to Financial Statements (*Continued*)

June 30, 2022 and 2021

#### 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 93%.

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 bore 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 of \$54,803 pertaining to the property was received from CHFA through June 30, 2020. There were no payments received in fiscal years 2021 and 2022.

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 47 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, 2022 and 2021

#### Note 6 – Contingent Assets (*Continued*)

Following the change in ownership, CRDA has worked with the new owners to reposition the property. The Temple Street property currently includes Loft Units, Townhome Units, Retail Stores, and a Garage. On September 17, 2020, CRDA approved a conventional loan of \$2,000,000 at an interest rate of 2.75% over 30 years to the property that was authorized by the State Bond Commission on April 16, 2021. The new capital structure includes a \$25 million conventional loan, \$7 million in private equity, a \$2 million C-PACE contribution and the aforementioned CRDA \$2 million note. Forty seven (47) new units will be created while the overall 166 unit building will be upgraded. Ten percent (10%) of the units (16) will be affordable. The CRDA loan closed on October 14, 2021.

#### 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 2022 and 2021, amounts available from parking and energy fee revenues to reimburse the State for contract assistance payments were \$4,546,534 and \$4,942,852, respectively, less than the amount required to fully reimburse the State (*See Note 8*). It is anticipated that for the fiscal year 2023, a shortfall of approximately \$5,100,000 will occur. The Authority remains obligated to repay these amounts that currently total \$57,483,828 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, 2022 and 2021, 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.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2022 and 2021

Note 8 – Long-Term Debt (Continued)

Bonds Payable (Continued)

The revenue bonds are secured by a pledge of parking and energy fee revenues (except for parking revenues from the Travelers parking agreement which are pledged for the Travelers loan), as well as certain other funds on deposit with the trustee, and are due in various installments through 2034. These revenues are available first to pay expenses of the parking facilities and the Central Utility Plant, then for deposits towards debt service, for deposits to an operating expense reserve and a surplus fund, reimbursement to the State for any payments under the Contract not already reimbursed, any reserve established for renewal and replacement and, thereafter, are available for use by the Authority, including the funding of the Connecticut Convention Center.

Pursuant to the Contract, in each year following completion of the Convention Center Project, the Authority is required to establish fees and charges such that the pledged revenues, after payment of operating expenses, are equal to 1.20 times debt service. At this time, the Convention Center Project is not considered completed. So long as payments required to be made pursuant to the Contract for Financial Assistance are being made, a failure to meet this requirement is not an event of default with respect to any series of bonds secured by such Contract for Financial Assistance.

Changes in bonds payable (in 000's) were as follows for the year ended June 30, 2022:

Issue	Balance, July 1, 2021	Increases	Decreases	Balance, June 30, 2022
2004 Series B, variable rate bonds \$57,470,000 due from June 2017 to June 2034 (interest rates ranging from 1% - 2.5%)	\$ 46,760	\$ -	\$ 2,445	\$ 44,315
2005 Series C, fixed rate bonds \$15,000,000 due from June 2008 to June 2029 (interest rate 5.0%)	5,930	-	805	5,125
2018 Refunding Series fixed rate bonds \$16,365,000 due from September 2018 to June 2034 (interest rates ranging from 3.0% - 5.0%)	14,205	-	690	13,515
Subtotal	66,895	-	3,940	62,955
Premium	1,503	-	116	1,387
Bonds payable	\$ 68,398	\$ -	\$ 4,056	\$ 64,342

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2022 and 2021

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, 2021:

Issue	Balance, July 1, 2020	Increases	Decreases	Balance, June 30, 2021
2004 Series B, variable rate bonds \$57,470,000 due from June 2017 to June 2034 (interest rates ranging from 1% - 2.5%)	\$ 49,105	\$ -	\$ 2,345	\$ 46,760
2005 Series C, fixed rate bonds \$15,000,000 due from June 2008 to June 2029 (interest rate 5.0%)	6,700	-	770	5,930
2018 Refunding Series fixed rate bonds \$16,365,000 due from September 2018 to June 2034 (interest rates ranging from 3.0% - 5.0%)	14,865	-	660	14,205
Subtotal	70,670	-	3,775	66,895
Premium	1,619	-	116	1,503
Bonds payable	\$ 72,289	\$ -	\$3,891	\$ 68,398

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2022 and 2021

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, 2022 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
2023	\$1,590	\$932	\$2,522	\$2,520	\$113	\$2,633
2024	1,695	853	2,548	2,595	106	2,701
2025	1,675	768	2,443	2,800	100	2,900
2026	1,775	684	2,459	2,900	93	2,993
2027	1,880	595	2,475	3,000	85	3,085
2028-2032	7,385	1,643	9,028	20,350	297	20,647
2033-2034	2,640	201	2,841	10,150	39	10,189
	<u>\$18,640</u>	<u>\$5,676</u>	<u>\$24,316</u>	<u>\$44,315</u>	<u>\$833</u>	<u>\$45,148</u>

Year ending June 30:	Total Debt Service		
	Principal	Interest	Total
2023	\$4,110	\$1,045	\$5,155
2024	4,290	959	5,249
2025	4,475	868	5,343
2026	4,675	777	5,452
2027	4,880	680	5,560
2028-2032	27,735	1,940	29,675
2033-2034	12,790	240	13,030
	<u>\$62,955</u>	<u>\$6,509</u>	<u>\$69,464</u>

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements *(Continued)*

June 30, 2022 and 2021

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 BofA Securities, Inc. 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 BofA Securities, Inc. 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 \$262,467 and \$340,871 in fiscal years 2022 and 2021, 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 \$32,732 and \$34,322 in fiscal years 2022 and 2021, respectively.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2022 and 2021

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, 2022:

	Balance, July 1, 2021	Increases	Decreases	Balance, June 30, 2022
Traveler's Loan Payable	\$5,540	\$ -	\$739	\$4,801
	<u>\$5,540</u>	<u>\$ -</u>	<u>\$739</u>	<u>\$4,801</u>

Changes in the loan payable (in 000's) were as follows for the year ended June 30, 2021:

	Balance, July 1, 2020	Increases	Decreases	Balance, June 30, 2021
Traveler's Loan Payable	\$6,243	\$ -	\$703	\$5,540
	<u>\$6,243</u>	<u>\$ -</u>	<u>\$703</u>	<u>\$5,540</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
2023	\$777	\$222
2024	817	183
2025	859	141
2026	903	97
2027	949	51
2028	496	7
	<u>\$4,801</u>	<u>\$701</u>

# CAPITAL REGION DEVELOPMENT AUTHORITY

## Notes to Financial Statements (*Continued*)

June 30, 2022 and 2021

### 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

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2022 and 2021

Note 9 – Pension Plans (*Continued*)

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 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, 2022 and 2021 was \$1,732,904 and \$1,560,394, respectively.

The Authority has made total pension payments in the amounts of \$1,052,517 and \$903,075 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, 2022 and 2021, respectively.

Administrative costs of the plan are funded by the State.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2022 and 2021

Note 9 – Pension Plans (*Continued*)

The total net pension liability of the SERS as of June 30, 2021 was \$21.264 billion, the most recent available reporting provided by the Plan. The portion that was associated with the Authority totaled \$7,053,842 or approximately 0.033% (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 determined by an actuarial valuation as of June 30, 2021. 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 \$762,797 for the year ended June 30, 2021.

As of June 30, 2021, 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>\$1,786,903,000</u>	<u>77.71%</u>	<u>\$762,797</u>	<u>\$592,764</u>	<u>0.033%</u>

The components of the net pension liability of the Authority based on the Authority's proportionate share of 0.033% as of June 30, 2021, the latest measurement date for which plan information is currently available, is as follows:

Total pension liability	\$12,653,667
Plan fiduciary net position	<u>5,599,825</u>
Net pension liability	<u><u>\$7,053,842</u></u>

Plan fiduciary net position as a percentage of the total pension liability was 44.55% as of June 30, 2021.

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.50%
Salary increases	3.00% - 11.50% (includes inflation)
Investment rate of return	6.90% (includes inflation)

Mortality rates were based on the Pub-2010 Above Median Mortality Tables (Amount-weighted) projected generationally with MP-2020 improvement scale.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2022 and 2021

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
Domestic Equity Fund	20.0%	5.4%
Developed Market Int'l Stock Fund	11.0	6.4
Emerging market (Non-U.S) Fund	9.0	8.6
Core Fixed Income Fund	13.0	0.8
Emerging Market Debt Fund	5.0	3.8
High Yield Bond Fund	3.0	3.4
Real Estate Fund	19.0	5.2
Private Equity	10.0	9.4
Private Credit	5.0	6.5
Alternative Investments	3.0	3.1
Liquidity Fund	2.0	-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 \$588,590 and \$934,659, respectively, as of June 30, 2021 and June 30, 2020. The net deferred outflows are expected to be amortized over the next five years in the amounts of \$247,987, \$223,257, \$94,536, \$(27,909) and \$50,719.

*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, 2022 and 2021

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, 2021	\$8,572,344	\$7,053,842	\$5,787,606

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

Defined Contribution Pension Plan

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

Note 10 – 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, 2021 valuation for the reporting period June 30, 2022 is as follows.

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 \$302,412 and \$311,279 for the years ended June 30, 2022 and 2021, respectively.

## CAPITAL REGION DEVELOPMENT AUTHORITY

### Notes to Financial Statements (*Continued*)

June 30, 2022 and 2021

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

##### Net OPEB liability

The total net OPEB liability of the SEOPEBP as of June 30, 2021 was \$19.527 billion, the most recent available reporting provided by the Plan. The portion that was associated with the Authority totaled \$6,802,832 or approximately 0.035% (a .001% decrease from 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, 2021. 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.

##### 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 OPEB benefits resulting from changes in the components of the OPEB's net pension liability. These amounts are deferred and amortized as a component of OPEB expense. The Authority's share of deferred (inflows)/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 (\$759,188) and \$677,753, respectively, as of June 30, 2021 and 2020. The net deferred inflows are expected to be amortized over the next five years in the amounts of (\$45,391), \$4,404, (\$290,623), (\$371,720) and (\$55,858).

##### Discount rate

The discount rate used to measure the total OPEB liability was 2.31%. 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, 2021 decreased to 2.31% from 2.38% at June 30, 2020.

##### Actuarial methods and assumptions

For the June 30, 2021 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 17 years.

The long-term expected rate of return on OPEB 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:

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2022 and 2021

Note 10 – Other Post-employment Benefits (Continued)

Actuarial methods and assumptions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.6%
Developed Market Int'l Stock Fund	11.0	6.0
Emerging market (Non-U.S) Fund	9.0	7.9
Real Estate Fund	10.0	4.5
Private Equity	10.0	7.3
Alternative Investments	7.0	2.9
Core Fixed Income	16.0	2.1
High Yield Bond Fund	6.0	4.0
Emerging Market Bond Fund	5.0	2.7
Inflation Linked Bond Fund	5.0	1.1
Liquidity Fund	1.0	0.4

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 2.31%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.31%) or 1-percentage-point higher (3.31%) than the current rate:

	1% Decrease (1.31%)	Current Discount Rate (2.31%)	1% Increase (3.31%)
Net OPEB Liability As of June 30, 2021	\$8,074,754	\$6,802,832	\$5,792,771

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	\$ 5,718,344	\$ 6,802,832	\$ 8,206,575

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2022 and 2021

Note 11 – Leases

Lease agreements are summarized as follows:

Lessee	Description	Payment Terms	Expiration Date	Renewal Options	Monthly Payment at June 30, 2022	Balance at June 30, 2022
Fowler & Hunting Realty I, LLC	Land	30 years 20 days	8/30/2030	n/a	\$ 1,000	\$ 98,000
Travelers Indemnity Company	Parking	29 years 4 months	9/30/2033	n/a	various	20,899,178
Various tenants	Tenants	3 - 5 years	2023-2025	n/a	various	682,021
Outfront Media Group LLC	Billboard	5 years 11 months	12/31/2026	one successive period of 5 years	greater of 80% gross receipts collected or \$100,000 minimum annual guarantee	500,000
						\$ 22,179,199

On August 10, 2000, the CT Marketing Authority, a subsidiary entity of the Connecticut Department of Agriculture, and Fowler & Hunting Realty I, LLC entered into a land lease for property located at the Connecticut Regional Market in the amount of \$12,000 per year with an expiration date of August 30, 2030. The Authority assumed this lease on behalf of the Connecticut Department of Agriculture in October 2018 when the Connecticut Regional Market property was conveyed to the Authority.

On June 30, 2004, amended December 23, 2009, the Authority and the Travelers Indemnity Company entered into a lease for the employees of the Travelers Indemnity Company to park in CRDA garages located within the Adriaen's Landing district with an expiration date of September 30, 2033. The lease payments vary throughout the term of the lease.

The Authority entered into numerous leases with tenants located within the Connecticut Regional Market. The leases contain expiration dates with a range from August 31, 2022 through August 31, 2025. The lease payments vary throughout the term of the leases.

On January 29, 2021, the Authority entered into a lease with Outfront Media Group LLC for advertising rental pertaining to billboards located on land within the Connecticut Regional Market. The lease has an annual lease payment of the greater of \$100,000 or 80% of gross receipts collected. The lease expires on December 31, 2026 with the right to renew for one successive period of five years.

Lease revenue recognized under the agreements totaled \$2,259,354 and \$2,107,091 for the years ended June 30, 2022 and 2021, respectively.

Annual revenues and requirements to amortize the long-term receivables are as follows:

Year Ending June 30	Lease Revenue
2023	\$ 2,299,034
2024	2,089,851
2025	2,059,180
2026	1,965,763
2027	1,956,243
2028-2032	9,418,469
2033-2034	2,390,659
	\$ 22,179,199

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2022 and 2021

Note 11 – Leases (*Continued*)

There is no lease receivable or deferred inflow of resources recorded on the following leases as the lease nature and terms do not meet the requirements of the GASB No. 87 disclosure:

On September 1, 2005, the Authority and the Phoenix Life Insurance Company entered into a lease agreement, amended June 1, 2014 for the employees of the Phoenix Life Insurance Company to park up to 225 automobiles at the CT Science Center Garage. The lease has an expiration date of August 31, 2025 with the right to renew for six successive periods of five years each. The lease payments vary dependent on the number of parkers per month.

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

On November 3, 2008, the Authority and the State of Connecticut entered into a site lease with the HBN Front Street District, Inc. ("HBN") for Tract I of the 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 2022 and 2021, 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 June 1, 2017, the Authority and the University of Connecticut entered into a lease for the employees of the University of Connecticut to park 65 automobiles in the Front St North Garage with an expiration date of May 31, 2067 with the right to renew for four successive periods of ten years each. The lease payments vary throughout the term of the lease.

## CAPITAL REGION DEVELOPMENT AUTHORITY

### Notes to Financial Statements (*Continued*)

June 30, 2022 and 2021

#### Note 11 – Leases (*Continued*)

On August 1, 2017, the Authority and the University of Connecticut entered into a lease for the employees and students of the University of Connecticut to park 100 automobiles in the CT Science Center Garage with an expiration date of July 31, 2067 with the right to renew for four successive periods of ten years each. The lease payments vary throughout the term of the lease.

On August 1, 2017, the Authority and the University of Connecticut entered into a lease for up to 195 employees and up to 400 students of the University of Connecticut to park automobiles in the CT Convention Center Garage with up to 2,500 key cards to be issued at a single time. The lease expires on July 31, 2067 with the right to renew for four successive periods of ten years each. The lease payments vary throughout the term of the lease.

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.

#### Note 12 – Commitments and Contingencies

##### 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. The 5-year agreement that was entered into effective July 1, 2017 was amended on February 25, 2021 with a new expiration date of June 30, 2023. Fees paid for fiscal years ended June 30, 2022 and 2021 were \$221,132 and \$215,529, 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. The 5-year agreement that was entered into effective July 1, 2017 was amended on February 25, 2021 with a new expiration date of June 30, 2023. Catering and concession fees paid for the fiscal years ended June 30, 2022 and 2021 were \$132,418 and \$86,041, respectively.
- Central Utility Plant ("CUP") operations and maintenance agreement - The agreement's original term expired on September 30, 2020 and was extended on September 21, 2020 with a new expiration date of June 30, 2021. A new 5-year agreement, cancelable by the Authority after the completion of the third year, was entered into effective July 1, 2021. Fees paid under this agreement totaled \$567,437 and \$349,767 for the fiscal years ended June 30, 2022 and 2021, 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.

## CAPITAL REGION DEVELOPMENT AUTHORITY

### Notes to Financial Statements (*Continued*)

June 30, 2022 and 2021

#### Note 12 – Commitments and Contingencies (*Continued*)

##### Management and other agreements (*Continued*)

- Facilities management agreement for the XL Center - The original management agreement's term expires on June 30, 2023, cancelable by the Authority for default or special termination events as defined by the agreement. The agreement was amended on February 24, 2021 with a new expiration date of June 30, 2025. Fees paid for fiscal years ended June 30, 2022 and 2021 were \$309,301 and \$295,699, 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, Church Street Parking Garage and Bushnell South Parking Garage - A new 5-year agreement, cancelable by the Authority after the completion of the third year, was entered into effective July 1, 2021 with an expiration date of June 30, 2026. No management fees are due under the agreement. Fees paid for management of the Adriaen's Landing Parking Facilities and Church Street Garage totaled \$79,489 and \$13,113, respectively, for the year ended June 30, 2021.

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 \$315,500 for fiscal years 2023 through 2027. The Authority records these subsidies as a reduction to revenues once contracts are executed in the year the services are provided. In fiscal year 2022, \$159,672 was paid. These subsidies generated approximate event gross revenues of \$2.0 million and tax revenue for the State of \$126,000 for the same period of time. No subsidies were paid during fiscal year 2021 due to the inability of the Convention Center to operate with events during the fiscal year as a result of the state shutdown due to COVID-19.

##### 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

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2022 and 2021

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, 2022 and 2021, respectively.

Condensed Statements of Revenues, Expenses and Changes in Net Position		
	2022	2021
Pledged revenues:		
Parking:		
Bond pledge	\$4,378,240	\$2,032,459
Traveler's loan pledge	999,624	999,624
Total Parking	\$5,377,864	\$3,032,083
Energy	\$2,974,409	\$2,226,491
Other	\$4,138	\$4,652
Total pledged revenues	\$8,356,411	\$5,263,226
Operating expenses:		
Parking	\$4,825,122	\$1,855,162
Energy	\$1,995,116	\$1,503,834
Other	\$331,726	\$390,627
Total operating expenses	\$7,151,964	\$3,749,623
Net revenue over expenses	\$1,204,447	\$1,513,603
Available for the Traveler's loan repayment	\$999,624	\$999,624
Available for debt service	\$204,823	\$513,979

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. As a result of such foreclosure, the court entered a judgment that extinguished CRDA's Note and Mortgage in the amount of \$6,500,000. This note had a 100% allowance and was fully reserved as of June 30, 2020.

In 2016, Mr. David Squillante filed a complaint against CRDA for negligent misrepresentation, inter alia, concerning his application for a housing loan for the property located at 279 Asylum Street in Hartford. Mr. Squillante claims more than \$5,000,000 in damages. On March 15, 2019, CRDA was granted a motion for summary judgment in the matter. On November 9, 2021, the CT Appellate Court confirmed the CT Superior Court's final judgement in favor of CRDA. The matter is now considered closed.

## CAPITAL REGION DEVELOPMENT AUTHORITY

### Notes to Financial Statements *(Continued)*

June 30, 2022 and 2021

#### Note 15 – Litigation *(Continued)*

On January 24, 2022, Civic Mind LLC filed a complaint alleging that CRDA and certain board members and staff, in their individual capacity, committed Fraud and Tortious Interference of Business Expectations, amongst other things, during its role in conducting an RFP for the use of Dillon Stadium. Legal representation has filed an appearance on behalf of the named defendants and has begun the defense of this matter.

On January 24, 2022, Civic Mind LLC filed a complaint alleging that Michael Freimuth, in his individual capacity, committed Fraud and Tortious Interference of Business Expectations, amongst other things, in his role in conducting an RFP for the use of Dillon Stadium. Legal representation has filed an appearance on behalf of Mr. Freimuth and has begun the defense of this matter.

Except as provided above, as of June 30, 2022, 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 26, 2022, 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 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 Capital Region Development Authority (the "Authority"), a component unit of the State of Connecticut, as of and for the year ended June 30, 2022, 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 26, 2022.

Report on 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") as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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.

*CohnReznick LLP*

Hartford, Connecticut  
September 26, 2022