



2022 – 2023 Annual Report

CAPITAL REGION DEVELOPMENT AUTHORITY 2022 - 2023 ANNUAL REPORT

TABLE OF CONTENTS

	Page
Message from the Executive Director	3
CRDA Information	4 - 24
Legislative Report	25 - 37
Exhibit A: Audited Financial Statements	
Independent Auditor's Report	EA-1 - 3
Management's Discussion and Analysis	EA-4 - 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

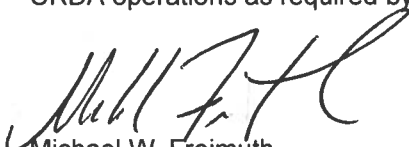
September 27, 2023

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

During fiscal year 2022-23, CRDA continued the transition from the international pandemic and its impact on the public assembly venues in its purview such as the CT Convention Center, XL Center Arena and Pratt and Whitney Stadium while the authority also confronted changes in the commercial and residential real estate sectors resulting from the Covid crisis. As attendance and events continued to improve, so did the operating budgets for the venues. Conversely, the post pandemic period of inflation in financing and construction costs hampered the agency's residential production programs with increased costs and larger gap financing requirements. Both trends continue to play out in the current fiscal year.

Nonetheless, progress was made in the last year with the re-positioning of the Hilton Hotel, the completion and occupancy of major initiatives such as Downtown North, Park and Main, and the construction of the sportsbook at the XL Center. Advancements were enjoyed in the Bushnell South development area with construction starting at 55 Elm and the selection of a developer for the vacant parcels transferred from the State to CRDA previously. New initiatives were launched in East Hartford along Silver Lane and Founders Plaza and the planned residential development advanced at the former Showcase site. The CRDA-City of Hartford Revolving Loan Fund was initiated and used to advance the environmental cleanup of a large industrial facility in Parkville and to convert two city-owned buildings downtown into housing, including a former fire house.

The attached 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

100 Columbus Boulevard, Suite 500

Hartford, CT

www.crdact.net

2022 - 2023 Fiscal Year Report

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

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

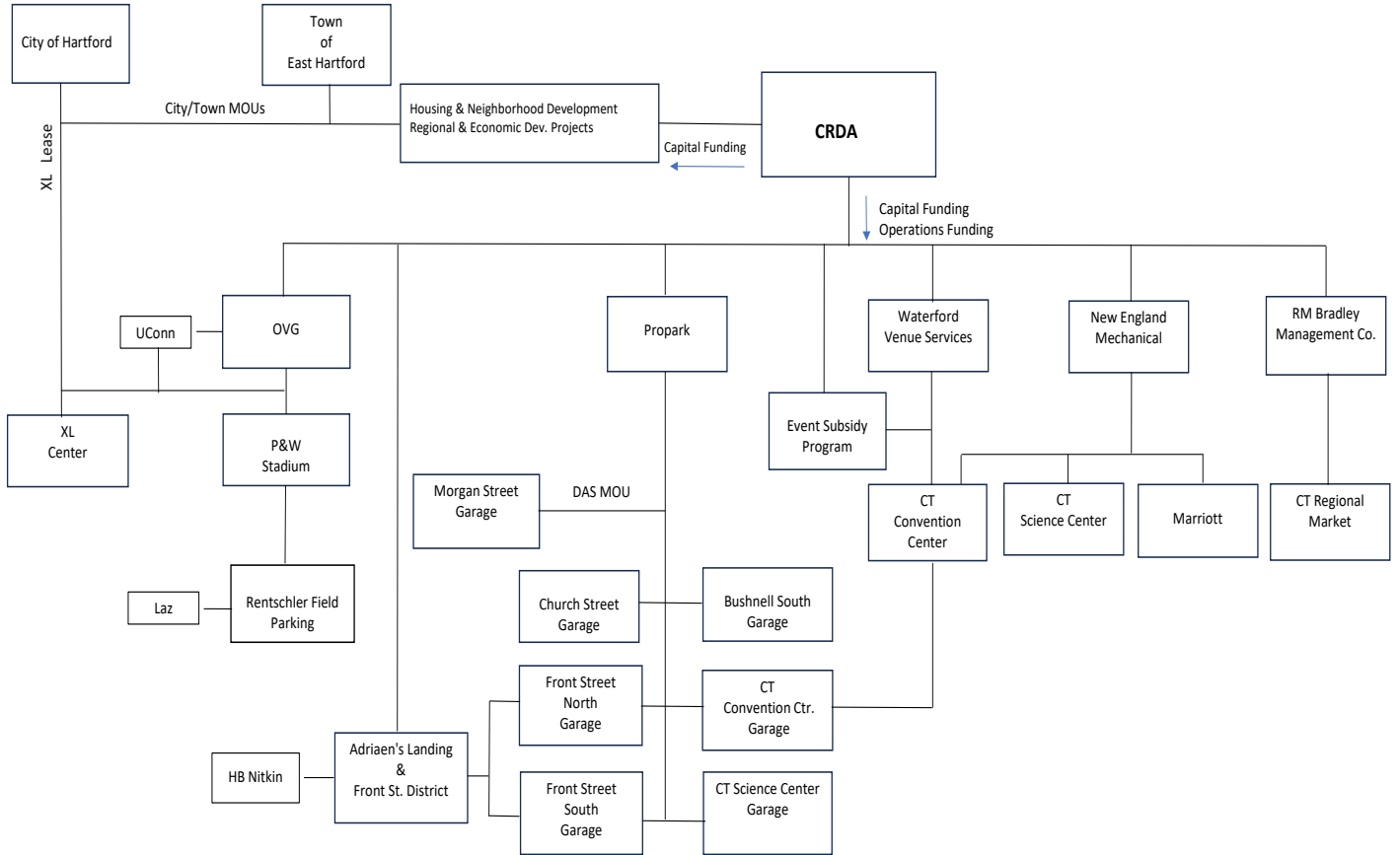


On June 15, 2012, Public Act 12-147 established the Capital Region Development Authority, (CRDA or the Authority) by changing the name of the Capital City Economic Development Authority, (CCEDA), expanding its authorities and redefining its boundaries.

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.

CRDA Organization & Partnership



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 eighteenth year of operation, the CTCC has attracted approximately 5.6 million guests and generated over \$127 million in revenues.

Fiscal Year 2022-23 saw a significant return of events and attendees, totaling 405,000 visitors. The return to pre-Covid levels continues with an expected target of 2025 for industry recovery to the pre-Covid level. Increased attendance has improved activity at the adjoining Marriott, Front Street District and the associated parking garages.



Beyond Van Gogh: The Immersive Experience



Glow Hartford November 2022

A second elevator, with access from the parking garage, was installed to serve Convention Center guests while the full replacement of three cooling towers within CRDA’s Central Utility Plant serving the Convention Center, Marriott and Science Center was completed.

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 (MOU) with the Office of Policy and Management (OPM) and Public Act 12-147. A five year renewal of the UConn lease with OPM and the associated MOU between OPM and CRDA were approved this past year.



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,

In fiscal year 2022-23, UConn football attendance began to improve and non-UConn events such as International Soccer have increased activity at the stadium. However, operating deficits continued and were mitigated with State Appropriations. With the development of adjoining land previously used by the Stadium for overflow parking, securing additional spaces has become a challenge, particularly as the number of events and number of attendees continue to increase. Consistent with the CRDA/Populous Capital Study, the General Assembly approved bond authority to begin improvements on building systems at the stadium.

Financial results of the Stadium at Rentschler Field are reported within the operations of the Office of Policy and Management contained in the Consolidated Financial Statements for the State of Connecticut and are not included within the Financial Statements of CRDA. A detailed breakdown of the Rentschler operating and capital plans are submitted each June to the General Assembly as per CGS 32-657 (a).

XL Center

The XL Center, owned by the City of Hartford and managed by CRDA in accordance with an operating agreement as a state facility, 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. In the last year, additional capital outlays were made to build a new Sportsbook facility on the Ann Street side of the building. Work to the concourse, some concessions, plaza repairs, loading dock improvements and kitchen area was also begun.



Hartford Wolf Pack



UConn Men's Basketball Championship

Substantial reconstruction of the building is necessary if the arena will continue to compete with ever more advanced arenas in the greater region. A larger planned transformation will allow for a phased construction over a period of two years, minimizing disruption in the event schedule and will focus on improvements to the lower bowl. At the end of the 2023 General Assembly Session, the next phase to renovate the XL Center was approved as was the proposal to attract private funds to assist both the building's renewal and to operate the building with a new business model. Progress with this approach continued into the new Fiscal Year.

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 defined area began in May 2022 and neared completion in mid-2023.

During fiscal year 2022-23, the building's operations resulted in a net revenue loss prior to State and CRDA operating subsidies. This operating loss in combination with its increased cumulative vendor payables required funding subsidies from the State of Connecticut that passed through the CRDA appropriation in the amount of \$1.8 million.

Connecticut Science Center



The Connecticut Science Center engaged more than 251,000 people in person during 2022 with hands-on educational experiences. These educational experiences support 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 Connecticut Science Center's 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 exhibits and programs.

As a leading partner in the State's free Connecticut Summer at the Museum program, the Science Center received strong response for a second year in 2022 while continuing 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. 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.

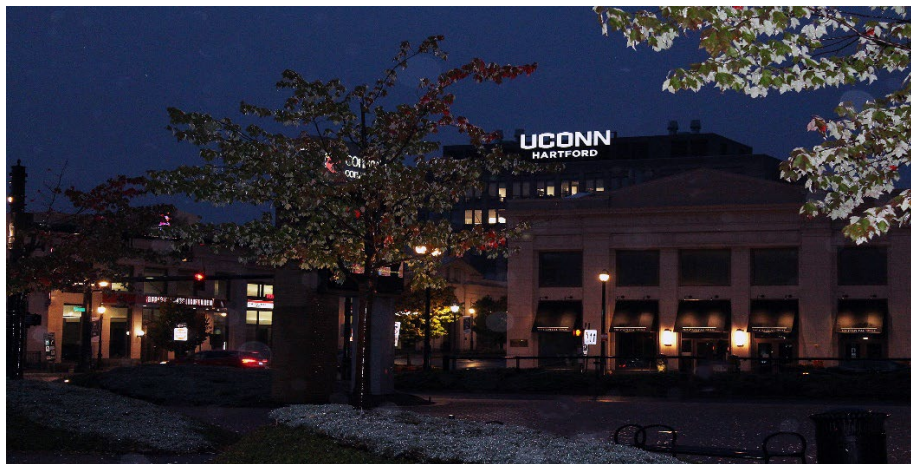
Front Street District

COVID-19 disrupted 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. Recovery accelerated in fiscal year 2022-23 with the addition of a new restaurant. CRDA also negotiated to acquire the last parcel of the original Front Street development area and began to perform environmental testing consistent with the Environmental Land Use Restrictions (ELUR).

The Front Street Lofts with 121 apartment units which was completed in 2014 enjoys a 96% 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 92%.



Complementing Front Street, the UConn campus opened for classes during fiscal year 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 and is now enjoying strong enrollment in line with initial projections for the campus.



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-19 health 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 revenue sufficient to cover their operating expenses but revenues were insufficient 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. However, as noted earlier, the development of adjoining land now requires the Stadium to secure additional spaces off-site for large and full capacity events at the stadium.

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 underway and scheduled to occur in phases over the next several years.

CRDA-Managed Parking Facilities

SITE	SPACES
CT Convention Center	2,339
CT Science Center	468
Front Street North	657
Front Street South	232
Morgan Street	2,300
Rentschler Field	10,150
Church Street	1,299
Bushnell South	412
Total	17,857

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.



Crane positioned to replace Chilled Water-Cooling Towers

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.

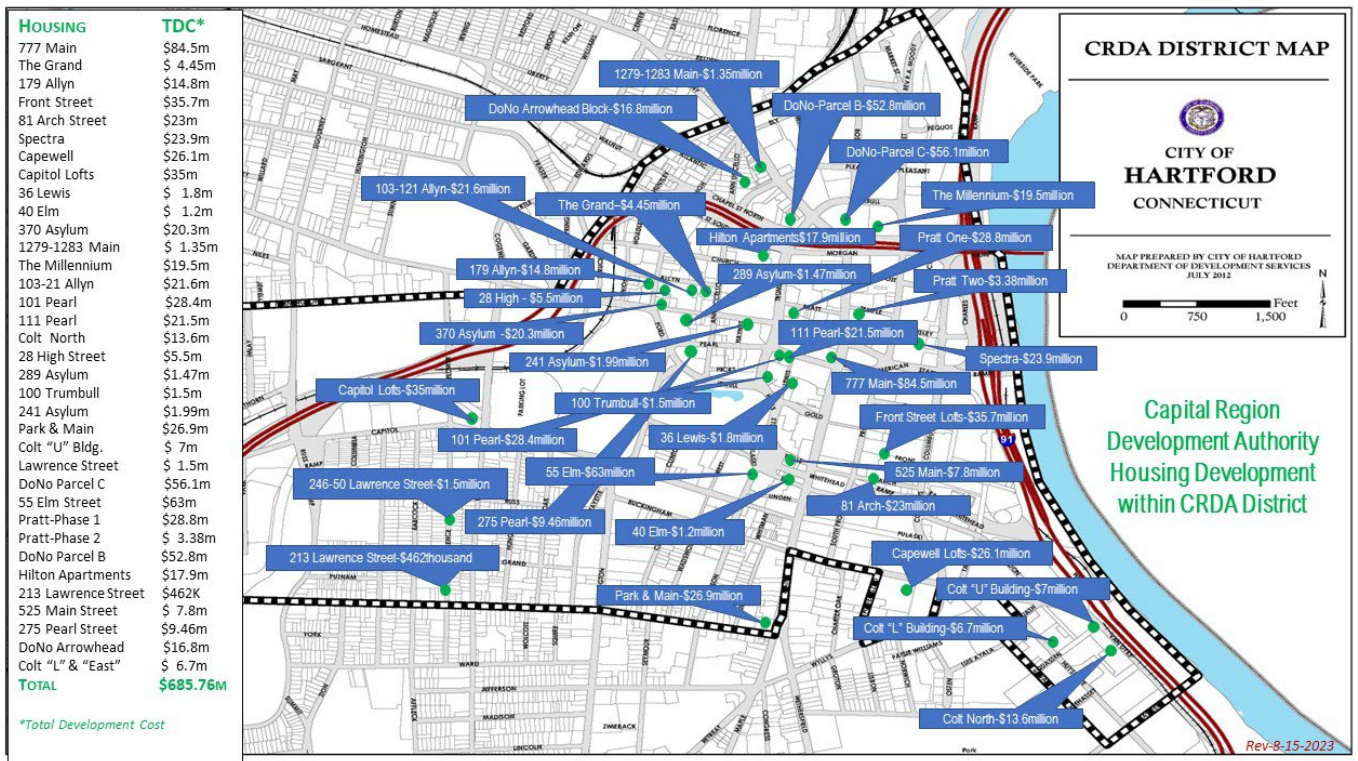
The CUP is governed by an energy sharing agreement, administrated by CRDA, between the Convention Center, Marriott Hotel and the CT Science Center whereby each party is required, among other things, to fund a certain portion of the CUP's operations, debt service and capital needs. The annual budget is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

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, 2023, CRDA has helped to create over 3,300 units of housing with \$166 million in investments leveraging \$738 million in development. This has generated millions in permit fees for the City of Hartford 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 \$205,000 and the median CRDA investment has been \$46,000 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.



CRDA District Map

During fiscal year 2022-23, interest rate and construction cost increases impacted projects in the development pipeline, prompting an increase in the required CRDA participation for such projects and increased the level of difficulty to close financing and begin construction. At the same time, market demand and pricing in the downtown continues at a high rate as evidenced by the quick lease up of recently completed projects.



525 Main Street



275 Pearl Street



Fuller Brush



29 Ashley



847 Asylum



55 Elm



DoNo Pennant



Colt "L" East



Hilton Hotel and Apartments

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 ¹
777 Main	285	\$84.5M	\$296K	\$17.7M	\$62K	80/20	\$7.5M equity \$10.2M 2nd mortgage	1/30/2013 3/21/2013	3/13/2013	3/28/2014	Renting	98%
201 Ann/Grand	26	\$4.45M	\$202K	\$3.8M/\$750K	\$28.8K	100	Note Paid Off	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	³ 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 2/16/2023	2/28/2014 11/16/2014	6/30/2015	Renting	96%
390 Capitol	112	\$35.3M	\$290K	\$7M	\$62.5K	80/20	2 loans, .5% 20 yr.	6/19/2014	3/17/2015	9/22/2015	Renting	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 ⁴	\$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	93%
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	88%
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	100%
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 ⁶	\$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 I - 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	79%
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	76%
Park/Main	126	\$26.8	\$212K	\$8.4M	\$66.7K	80/20	20 yr. 3% Park 39/Main 87	9/20/2018	9/20/2018	6/25/2020	2021/2022	90% 100%
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	95%
55 Elm	164	\$63.3M	\$385K	\$13.5M	\$81.3K \$42.1K	80/20	2% 30 yr. Perm. \$7M 2% bridge \$6.5M15 yr. term	3/18/2021	4/16/2021	12/15/2022	2024	
DoNo "B"	228	\$52.8M	\$231K	\$13.6M	\$59.6K	90/10	3%, 30 yr.		12/15/2021		2025	
Hilton	147	\$17.9M	\$121K	\$5.9M	\$40K	80/20	3%, 30 yr.	12/3/2021	12/15/2021	8/29/2022	2023	
DoNo Arrowhead Block	44	\$17M	\$395K	\$3.8M	\$88.4K	80/20	3%, 30 yr.	10/20/2022	9/1/2018			
Colt "L" "East"	45	\$6.7M	\$148.8K	\$1.5M	\$33.3K	100	3%, 20 yr.	11/17/2022	12/8/2022			
Summary	2639⁵	\$646M	\$240K	\$157.5M	\$62.5K median \$64K avg.	86/14	2356 market /366 affordable					

6/16/2023

¹ deposits and leases

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

³ notes repaid

⁴ \$16K from Housing Cap. Fund

⁵ 3366 including recap and neighborhood deals

⁶ \$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 ²	\$56K	Mkt	Note has been paid off.	12/8/2016 03/22/2018	N/A	6/13/2018 01/28/2021	Renting	100%
241 Asylum	4	\$1.99M	\$150K	\$200K	\$50K	Mkt	construction note 5 yr., Capital Funds	12/8/2016	N/A	5/7/2018	Renting	100%
115-117 Sigourney	4	\$1.16M	\$290K	\$200K	\$50K	Aff	\$200,000 Hist. Bridge Loan ¹ Heritage Homes - Affordable	5/24/2018	6/1/2018	8/13/2019	Owned	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	\$900K	\$300K	\$410K	\$126K	Mkt	1st Mortgage 3% 25 Yr.	11/17/2022 1/21/2021	N/A	5/5/2023 2/9/2022	Owned	100%
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	12/21/2022	2024	
275 Pearl	35	\$9.46M	\$242K	\$2.86M	\$73.5K	Mkt	City Funds 1.5% 20 Yrs. + 1% buydown	10/21/2021	N/A	2/15/2023	2024	
Bedford Commons	84	\$21.3M	\$250K	\$1M	\$12K	Aff	City Funds 2% Loan co-term with CHFA	10/20/2022	N/A		2023	
MLK	155	\$62M	\$243K	\$4.8M	\$31K	55/45	\$2.5M CRDA Loan 2% \$2.38M City Loan 2%	11/17/2022	4/6/2023		2025	
29 Ashley	1	\$565K	\$565K	\$150K	\$150K	Aff	Heritage \$50K Loan Heritage \$100K Grant	2/16/2023	6/1/2018	5/25/2023	2023	
847 Asylum	3	\$1.87M	\$623K	\$300K	\$100K	Aff	Heritage \$150K Loan Heritage \$150K Grant	2/16/2023	6/1/2018	5/25/2023	2024	
Fuller Brush	153	\$42.6M	\$278K	\$2,000,000 \$3,500,000 \$3,000,000	\$130K \$228K \$196K	Mkt/Aff	\$8.5M initial Loans 2% 30 yr. bridge historic & perm Two notes CRDA/City	5/19/2022	7/29/2022		2025	
235 Hamilton Part 2	235	\$91.6M	\$389K	\$8.5M	\$361K	Mkt	Loan to accompany City revolving Fund Loan of \$4M	3/16/2023	4/6/2023		2025	
Summary	963³											

6/12/2023
¹ Paydown of note from sale
² New balance at \$485K with interest rolled on initial \$450K condo note
³ 380 Hartford 111 Regional, 84 rehab

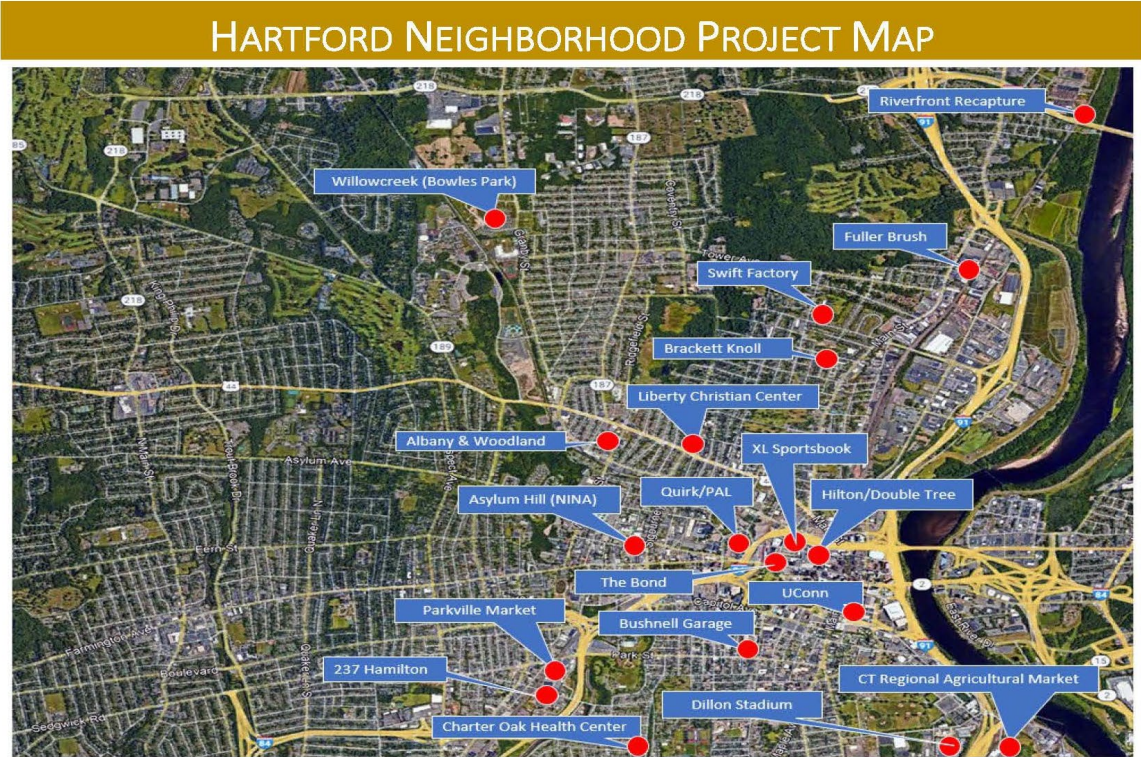
The housing pipeline is delivering a mix of units to the marketplace, attempting to serve multiple price points and unit size demands. CRDA is also spreading its risk by offering rehabilitated units, new construction, high amenity properties and other less elaborate high rises and walk ups. Historic 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.

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, 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.

A latent result of the pandemic has been the increased vacancy of commercial office space within the central business district as well as the greater Hartford region. It is expected that many of these properties will become candidates for conversion to residential use and will look to CRDA to assist in this transformation in the coming year.

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.



NEIGHBORHOOD

- Willowcreek
- Swift Factory
- Brackett Knoll
- Asylum Hill (NINA)
- Quirk/PAL
- Charter Oak Health
- Parkville Market
- Fuller Brush
- Liberty Christian Center
- Riverfront Recapture
- 237 Hamilton

CAPITAL IMPROVEMENTS

- Bushnell Garage
- CT Regional Market
- XL Center Sportsbook

OTHER

- UConn
- Hilton/Double Tree
- The Bond
- Dillon Stadium

CRDA Neighborhood Regional Projects Map

In the State's fiscal years 2015-16 and 2016-17 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 2015-16 were to be targeted to the City's Promise Zone area.

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 repaid 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. In fiscal year 2022-23, two additional projects were launched.

City of Hartford MOU

CRDA entered an MOU with the City of Hartford to administer, on the city's behalf, a series of city financed redevelopment projects in 2022. The \$29 million fund has assisted the environmental cleanup at 235-7 Hamilton Street and the reconstruction of 525 Main and 275 Pearl (former firehouse) into 77 units of housing.

CT Regional (Agricultural) Market

As a real estate development entity, CRDA was tasked by the General Assembly with the challenge to redevelop the agricultural market previously 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. Long term master planning of the property in partnership with the State Department of Agriculture was completed in 2022. The property is now earning a small net profit and carries its cost thereby reducing reliance on State operational subsidy.



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

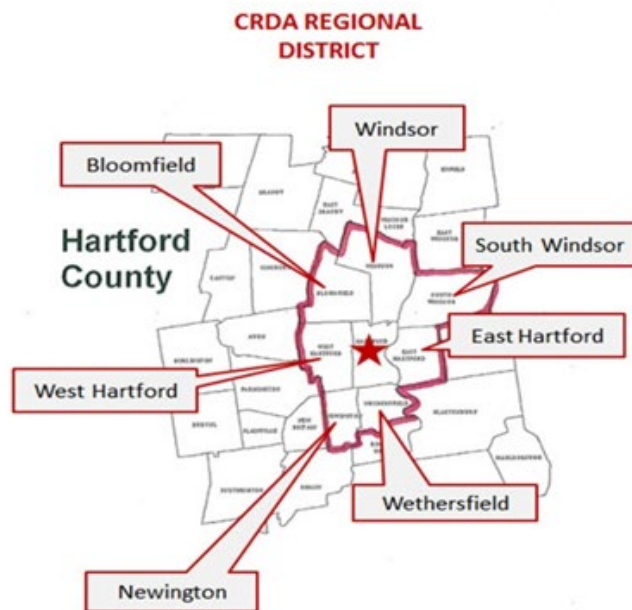
Showcase Cinema
Goodwin College- Drainage Improvements
Silver Lane Improvements
Founders Plaza
Great River Park
Neighborhood Property Improvements

NEWINGTON

National Welding Site

WETHERSFIELD

The Borden



East Hartford, CT – Former Showcase Cinema Site

The State Bond Commission previously 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. The town selected a developer to construct new housing and related infrastructure at the Showcase site and remaining funds in this account will be used to help this project.

East Hartford, CT – Silver Lane Redevelopment Improvement

Utilizing a \$1 million bond authorization through the Office of Policy and Management, CRDA completed a sidewalk and pedestrian bridge project along Silver Lane. The installation of this sidewalk creates a more pedestrian-friendly thoroughfare and contributes 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 through CRDA and the property known as Silver Lane Plaza was acquired by the Town.



Silver Lane Redevelopment Study Area

East Hartford, CT - Riverfront Drainage

The General Assembly authorized \$10 million in each fiscal year 2016-20 and 2017-18 to CRDA to be invested in the Town of East Hartford. Several projects were completed, including the installation of a new storm water drainage system in and around the Goodwin College area to facilitate that area's redevelopment. A third segment of the water drainage system, near Kings Court, is underway, to be completed in late 2023.

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 CT Regional (Agricultural) Market on Reserve Road (see page 21).

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. 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 became available for redevelopment. CRDA solicited development teams and selected The Michael Organization (TMO) to redevelop the vacant parcels. As the year progressed, TMO began its due diligence and predevelopment work.

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.



LEGISLATIVE REPORT

The 2022-2023 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 2023 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, 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 2023, \$35,000,000 was established to provide for the purposes and uses provided in Section 32-602 of the Connecticut General Statutes provided that \$10,000,000 be made available as a grant-in-aid to East Hartford for the purposes of general economic development activities.

Special Revenue Bond Fund				
Year Authorized	Total Authorized	Total Allocated FY 2023	Total Allocated as of 6/30/23	Total Unallocated as of 6/30/23
2014	\$60,000,000	\$ 0	\$58,942,627	\$ 1,057,373
2015	\$30,000,000	\$ 500,000	\$28,750,000	\$ 1,250,000
2016	\$50,000,000	\$ 0	\$50,000,000	\$ 0
2017	\$50,000,000	\$ 0	\$46,071,000	\$ 3,929,000
2018	\$50,000,000	\$ 5,500,000	\$46,840,000	\$ 3,160,000
2019	\$50,000,000	\$ 18,000,000	\$43,100,000	\$ 6,900,000
2020	\$10,000,000	\$ 0	\$10,000,000	\$ 0
2021	\$20,000,000	\$ 0	\$ 0	\$20,000,000
2022	\$50,000,000	\$ 1,500,000	\$1,500,000	\$48,500,000
2023	\$35,000,000	\$ 0	\$ 0	\$35,000,000

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

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

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

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

➤ **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, 2022 through June 30, 2023 fiscal year. These payments occurred in the ordinary course of operations.

55 Elm LLC	237 Hamilton I LLC	ABH Plumbing & Heating LLC
Aerial Lighting and Electric Inc.	AGO Development LLC	Alliance All Trades Inc.
All State Construction Inc.	American Floor Covering Inc.	Architectural Glazing System Inc.
Architectural Stone LLC	Assured Partners	Bank of America
Barclay Water Management Inc.	BSC Group Connecticut Inc.	Cintas Fire Protection
CohnReznick LLP	CompassMSP LLC	Connecticut Natural Gas Corporation
Desman Inc.	Dimeo Construction Company	Earthworks Excavating & Landscaping Inc.
EDF Energy Services LLC	Environmental Partners LLC	EnVision Design LLC
EP Construction LLC DBA Marin Group	Event Day Services Management	Eversource
Frank Capasso & Sons Inc.	Hartford Athletic LLC	Howe Engineers Inc.
Interior Drywall Systems Construction LLC	Juice Bar Charger	Manafort Brothers Inc.
Mather Corporation	McCarthy Concrete Inc.	National Water Main Cleaning Co.
New England Mechanical	Oak View Group	Park & Main
Populous Architects P.C.	Pullman & Comley LLC	Riverfront Recapture Inc.

ReliaStar Life Insurance Co.	Robinson & Cole	Sage Intacct Inc.
Sage Software Inc.	SCI Architects PC	Shipman & Goodwin LLP
Siemens Industry Inc.	SLR International Corporation	SREP HTFD OZ LLC
Tabacco and Sons Builders Inc.	Tenant Sales and Service Company	The Hartford
The Lincoln National Life Insurance Co.	The Metropolitan District Commission	Thorton Tomasetti
Three-Way Communications Inc.	Town of East Hartford	Trane
Transystems	TRC Environmental Corporation	Tri State Materials Testing Lab LLC
Verizon Wireless	Waterford Venue Services LLC	Wolverine Property LLC
Wood Smith Henning & Berman LLP	WW Spectra 275 LLC	WW Spectra 525 LLC
Zuvic Inc.		

During the July 1, 2022 through June 30, 2023 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.

4Imprint Inc.	Ace Janitorial Supplies Co. Inc.	Adtech Systems
Advance Plumbing & Heating Inc.	Advanced Power Services LLC	Allan S Goodman Inc.

Amadeus Hospitality	American Overhead Doors Inc.	Anthem Blue Cross & Blue Shield
Anthem Life	Aztec Technologies	Bandwango Inc.
Barnwell House of Tires Inc.	Bedrock Communications Inc.	Beebe Landscape Services Inc.
Beecher Carlson/Master Trust	B-G Mechanical Services Inc.	Boston Gourmet Chef's Inc.
Brinks 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	CLR CT Labor Resources
Cogent Communications Inc.	CohnReznick LLP	CNG
Connect	Connecticon LLC	Connecticut Radio Inc.
Connecticut Science Center	Construction & General Laborers'	Control Tech
Corporate Payment Systems	CT Conventions & Sports Bureau	CT Dept of Revenue Services
CT Distributors Inc.	Cummins Sale and Service	CVENT Inc.
CWPM	Darvonda Nurseries LTD	Dell Marketing L.P.
Demers Exposition Services Inc.	Door and Security Solutions	Dugmore & Duncan Group
EDF Energy Services LLC	Elm City Capital LLC	Environmental Systems Corporation
Envision Design LLC	Eversource	Express Services Inc.
Falvey Linen & Uniform of CT	Fast Signs	Flow Tech Inc.
Freshpoint	Frontier	Full Power Radio
FW Webb	Ginza	Giovanni's
Glow Gardens	Go Graphix	Grainger
Green Mountain Concert Services Inc.	Hartford Distributors	Hartford Downtown Marriott
Hartford Truck Equipment	Hartley & Parker Limited	Hiresanta LLC
Horizon Hospitality Association Inc.	Imperial Dade	Integrated Technical Systems Inc.
John Annino	Jordan Paige	Kittredge Equipment Company
Kloter Farms	Kone	Launch Gift Cards Inc.
Laz Parking DBA	Liftruck Parts and Service	Lutron Services Co.
M.G. Backflow Testing	Mamava Inc.	MC Management Inc.

Mcmellon J Oross LLC	Michael Southworth	MTS Seating
Myzone Media, Inc.	New England Door Closer, Inc.	New England Mechanical
Northeast Beverage Corporation of CT	Npower Construction	Oasis Charger Corporation
Omar Coffee Company	Otis Elevator Company	Overhead Door Co
Parts Town, LLC	Pasquariello Electric Corporation	Pepsi-Cola
PFG Springfield	Propark Inc.	Pure Water Partners LLC
R&B Ceramic Tile Inc.	Rebel Interactive Group LLC	Rem Industrial Solutions
Restaurant Supply, LLC	Sarracco Mechanical Services	Sico America Inc.
Skyline	Smart Care Equipment Solutions	Spectrotel
Star Distributors	Sunshine Laundry	Swan Associates, Inc.
Sysco Food Services of CT	Tempositions Inc.	Tennant Sales & Service Co.
Tez Technology Inc.	Toledo Ticket Co.	The Gold Group
The Main Connection of CT LLC	The Metropolitan District	Three Way Communications
Tiba Parking Systems	Torrco	Transfer Enterprises
Travelers	Tri-State Façade Services	Twin Modular Services Inc.
Uline	Uniguest	USA Waste and Recycling Inc.
United Staging and Rigging	Vancord	Verizon Wireless
W.B. Mason Company Inc.	Waterford Hotel Group	Waterford Venue Services Hartford LLC
Wattsaver Lighting Products	Willco Sales and Service Inc.	

CHURCH STREET GARAGE VENDOR LISTING

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

Advance Plumbing & Heating	Allied Universal Security Services	B-G Mechanical Service Inc.
Cintas Fire	Eversource	Frontier
McMellon J. Oross LLC	Propark Inc.	Schindler Elevator Corporation
Tiba Inc.	The Metropolitan District	W. B. Mason Co. 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.	Amazon	American Hockey League
American Medical Response	Arena Wear LLC	Athletica Sports Systems
Audacy Operations Inc.	Automated Logic Construction	Automatic Door Doctor Inc.
Barclay Water Management Inc.	Blue Sky Sports & Entertainment	Braman
Bruno Massaro & Sons Inc.	Carbonhouse	CCM Hockey US Inc.
CentiMark Corporation	Cimco Refridgeration Inc.	City of Hartford
CohnReznick LLP	Comcast and Other Affiliated Businesses	Contemporary Services Corporation
Crest Mechanical Services Inc.	Dalene Flooring	Diversified Buidling Services LLC
Effectv	Eversource	Fletcher Sewer & Drain, Inc.
Frontier	Georgia Expo	Go Graphix
Grainger	Hibu	H.O. Penn Machinery Company
Home Depot	iHeartMedia	ISA International Inc.
Jamination Production Inc.	Jet Ice	JLA Equipment Distributors
Johnson Controls	Just-Rite Equipment	Kone
Lamar Companies	Learfield	Madison Square Gardend LP
Maybury Material Handling	McPhee Electric LTD.	Metrohartford Alliance Inc.
Metropolitan Interactive LTD	Minutemen Press of Hartford	Mitsubishi Electric
Moutain West Series of Lockton Companies LLC	New England Mechanical	Nicks Enterprises LLC
Northland Trumbull Block LLC	Outfront Media	Ovations Food Services LP
Paciolan Inc.	Peopleready Inc.	PFP Sports & Celebrity Talent Agency

Piedmont Plastics #032	Powerhawke Inc.	Powerstation LLC
Prevent Advisors LLC	PRG Scenic Technologies New York	RICOH USA Inc.
Rinkboards Inc.	Schindler Elevator Corporation	Something Inked
SP Apparel Inc.	Starlift Equipment Co. Inc.	State of CT
Steam Trap Systems N.A. LLC	Success Brands	Sunbelt Rentals
The Hartford Courant	The Hartford Steam Company	The Metropolitan District Commission
Toshiba Global Commerce Solutions Inc.	Unifirst Corporation	Verizon Wireless
Victor Advertising Service LLC	Violent Gentlemen	W&M Fire Protection Services
Wattsaver	WB Mason Co. Inc.	WCCT
Westfarms	WFSB	Wind River Environmental LLC
WTIC - TV	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:

AJ Beliveau	CNG	CT Community Nonprofit
CT Convention Center	DAS Fleet	Dime Oil
Eversource	iheart Media	Laz Parking
Premier Building Associates	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.

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, 2023:

NAME	RACE/ETHNICITY	GENDER	BOARD POSITION
Vacant	Vacant	Vacant	Chairman/Governor Appointee *
Andy Bessette	White	Male	Acting Chairman-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 Alexandra Daum	White	Female	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, 2023, the Authority has a staff of ten full-time and one half-time employees. They are as follows:

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

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, 2023 and 2022, 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, 2023 and 2022 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 25, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Hartford, Connecticut
September 25, 2023

CAPITAL REGION DEVELOPMENT AUTHORITY

Management's Discussion and Analysis (MD&A)

June 30, 2023 and 2022

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, 2023 and 2022. 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 Annual Comprehensive 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.

2023 FINANCIAL HIGHLIGHTS

- Total assets exceeded total liabilities and deferred inflow of resources by \$306.047 million at June 30, 2023. The net position of the Authority totaled \$10.256 million unrestricted, \$142.076 million restricted, and \$153.715 million net investment in capital assets.
- The loss from operations for the year ended June 30, 2023 is \$14,089,762. CRDA venues saw an increase in events held as public COVID-related hesitancy decreased. However, the continued loss of event revenue contributed to the need for supplemental financial support from the State to maintain the facilities and attract future events.
- The Convention Center's 2023 net operating loss on a contractual basis was \$1,942,150, including American Rescue Plan Act revenue. The venue hosted 108 events during the fiscal year with an attendance of over 405,000 participants. Event rental revenue as well as food and beverage revenues increased significantly over prior year.
- CRDA parking facilities reported net operating income on a contractual basis of \$901,902. This is due to parking revenues derived 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 employees returning to the workplace.
- The XL Center's 2023 net operating loss on a contractual basis was \$1,764,110, including American Rescue Plan Act revenue and excluding depreciation of \$3,446,844. The loss was primarily the result of the underperforming concert industry as well as the increased costs associated with the food and beverage market. 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, 2023 and 2022

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, 2023 and 2022

The following table summarizes the condensed Balance Sheets as of June 30, 2023, 2022 and 2021.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
ASSETS:			
Current assets	\$62,003,159	\$44,641,463	\$39,545,557
Noncurrent assets:			
Restricted cash and cash equivalents	5,065,458	5,011,751	5,543,247
Restricted investments	722,666	938,246	935,714
Loans receivable-housing	128,386,865	115,633,169	93,732,141
Lease receivable, non-current	19,024,780	19,880,165	22,179,198
Other assets	2,415,920	2,039,155	1,519,460
Capital assets, net	281,136,239	273,139,902	265,580,055
Intangible assets, net	1,617,300	-	-
Total assets	<u>\$500,372,387</u>	<u>\$461,283,851</u>	<u>\$429,035,372</u>
LIABILITIES:			
Current liabilities	\$48,953,033	\$31,779,691	\$33,529,476
Non-current liabilities	123,608,560	121,740,069	122,196,417
Total liabilities	<u>\$172,561,593</u>	<u>\$153,519,760</u>	<u>\$155,725,893</u>
DEFERRED INFLOW OF RESOURCES			
Leases	<u>\$21,764,292</u>	<u>\$22,179,199</u>	<u>\$24,438,552</u>
NET POSITION:			
Net investment in capital assets	\$153,714,512	\$146,512,588	\$138,704,223
Restricted	142,076,370	129,189,542	106,683,263
Unrestricted	10,255,620	9,882,762	3,483,441
Total net position	<u>\$306,046,502</u>	<u>\$285,584,892</u>	<u>\$248,870,927</u>
Total liabilities, deferred inflow of resources and net position	<u>\$500,372,387</u>	<u>\$461,283,851</u>	<u>\$429,035,372</u>

CAPITAL REGION DEVELOPMENT AUTHORITY

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

June 30, 2023 and 2022

2023 BALANCE SHEET ANALYSIS

- Total assets as of June 30, 2023 increased by \$39.089 million or 8.5% compared to the same period in 2022.
- Current assets increased by \$17.362 million or 38.9% primarily due to timing differences with funding housing projects and a new municipality-funded housing project program as well as increases in the fiscal year-end balances of venue escrowed accounts. In addition, \$2.3 million in fiscal year 2023 state deficiency funding which was appropriated, but not disbursed to CRDA as of June 30, 2023 is included in this balance.
- Non-current assets increased by \$21.73 million or 5.2% as the result of an increase in housing loans receivable, addition of subscription-based information technology agreements, and XL Center capital additions, partially offset with greater capital asset depreciation.
- Total liabilities increased by \$19.04 million when compared to the prior year. This increase was due to timing differences with funding housing 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.

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.

CAPITAL REGION DEVELOPMENT AUTHORITY

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

June 30, 2023 and 2022

The following table summarizes the changes in net position for the fiscal years ended June 30, 2023, 2022 and 2021.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues:			
Grants - State of Connecticut			
Operational	\$1,265,821	\$1,390,821	\$1,390,821
Development district, subsidy and other	6,383,300	11,823,012	8,858,300
Coronavirus relief fund (ARPA) revenue	1,978,666	5,277,691	1,947,945
Combined Facilities	40,875,728	27,722,308	7,476,744
Other operating income	955,367	524,955	728,605
Total operating revenues	<u>\$51,458,882</u>	<u>\$46,738,787</u>	<u>\$20,402,415</u>
Operating expenses:			
Personnel and general	\$1,915,716	\$1,975,572	\$1,849,135
Pension expense	1,108,001	1,052,517	903,075
Coronavirus relief fund (ARPA) expenses	1,978,666	5,277,691	1,947,945
Combined Facilities	44,869,678	34,864,730	14,269,550
Depreciation and amortization expense	15,676,583	14,719,404	13,607,423
Total operating expenses	<u>\$65,548,644</u>	<u>\$57,889,914</u>	<u>\$32,577,128</u>
Loss from operations	<u>\$(14,089,762)</u>	<u>\$(11,151,127)</u>	<u>\$(12,174,713)</u>
Non-operating revenue (expense):			
Interest income	\$2,662,271	\$614,786	\$2,309,241
Interest expense	(2,165,364)	(1,267,093)	(1,342,370)
Non-operating revenue (expense), net	<u>\$496,907</u>	<u>\$(652,307)</u>	<u>\$966,871</u>
Loss before transfers in - State of Connecticut	\$(13,592,855)	\$(11,803,434)	\$(11,207,842)
Capital contributions	21,281,959	26,767,488	10,861,590
Transfer - State of Connecticut Housing Loan Program	12,772,506	21,749,911	12,420,335
Change in net position	\$20,461,610	\$36,713,965	\$12,074,083
Net position, beginning of year	<u>\$285,584,892</u>	<u>\$248,870,927</u>	<u>\$236,796,844</u>
Net position, end of year	<u><u>\$306,046,502</u></u>	<u><u>\$285,584,892</u></u>	<u><u>\$248,870,927</u></u>

CAPITAL REGION DEVELOPMENT AUTHORITY

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

June 30, 2023 and 2022

2023 OPERATING ACTIVITY HIGHLIGHTS

- Operational grant revenue, primarily derived from appropriations from the State of Connecticut in the amount of \$7.649 million, provided funding for the operations of the Authority (\$1,265,821), the Convention Center Project (\$4,183,300) which included the operations of the Convention Center, and the XL Center (\$2,200,000).
- 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. In fiscal years 2018 and 2019, the State of Connecticut authorized an additional \$40 million per year. As of June 30, 2023, the Authority closed a total of thirty-six housing loan projects providing a commitment for \$166,388,331 in loans. \$151,811,618 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 \$13,153,420 in fiscal year 2023 when compared to fiscal year 2022 driven by the CRDA venues operating for the entire fiscal year 2023 compared to a partial fiscal year 2022 after the State shutdown due to COVID was lifted. The following net operating results by facility were derived in fiscal year 2023: Convention Center \$(3,295,080), Parking \$1,166,243, Central utility plant \$450,655, XL Center \$(2,310,514), Church Street garage \$137,264, Connecticut Regional Market \$411,404, Bushnell South garage \$(311,378), and Front Street District \$77,902.
- The Authority saw increases in expenses associated with depreciation and amortization expense of \$957,179 and increase in Combined Facilities expenses of \$10,004,948 associated with the CRDA venues operating for the entire fiscal year 2023 compared to a partial fiscal year 2022 after the State shutdown due to COVID was lifted.

CAPITAL REGION DEVELOPMENT AUTHORITY

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

June 30, 2023 and 2022

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, 2023 and 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's investment in capital assets as of June 30, 2023 and 2022 totaled \$282,753,539 and \$273,139,902, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes general operating equipment, buildings and leasehold improvements, building equipment and furnishings, construction in progress and intangibles. The Authority's investment in capital assets at June 30, 2023 increased by \$9,613,637, and resulted from the depreciation and amortization of the capital assets (\$15.7 million) offset by the capitalization of assets (\$25.3 million).

A total of \$11,536,248, \$7,343,714, and \$3,204 was expended during fiscal year 2023 for the purpose of alterations, renovations and improvements at the XL Center, CRDA-owned parking garages including the Front St District, and the Central Utility Plant, respectively. In addition, \$1,944,942 of machinery and equipment was purchased for the Central Utility Plant, Convention Center, XL Center, and CRDA-owned parking garages and \$1,940,760 was expended as subscription-based information technology arrangement for parking garages system. The Central Utility Plant and parking garages utilized their respective capital reserve funds as well as state bond commission funds for these purchases.

Capital Assets, Net of Accumulated Depreciation

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Intangibles	\$1,617,300	-	-
Construction in progress	3,786,765	\$1,267,394	\$91,202
General operating equipment	17,240	30,870	45,596
Buildings, equipment and furnishings	<u>277,332,234</u>	<u>271,841,638</u>	<u>265,443,257</u>
Total	<u>\$282,753,539</u>	<u>\$273,139,902</u>	<u>\$265,580,055</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, 2023 and 2022, the Authority closed a total of thirty-six and thirty-two housing loan projects, respectively, providing a commitment for \$166,388,331 and \$135,138,332 in loans. \$151,811,618 and \$132,432,301 of these commitments had been disbursed at the end of the fiscal years 2023 and 2022, respectively, with \$128,427,652 and \$115,655,146 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, 2023 and 2022

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, 2023, and 2022, the Authority received contract assistance in the amount of \$6,120,761 and \$4,546,534, respectively.

Scheduled debt repayments reduced the bonded debt outstanding of the Authority to \$58,845,000 and \$62,955,000, respectively, at the end of the fiscal years 2023 and 2022.

The Authority's 2004 Series B revenue bonds are rated AA-/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 AA- by Standard & Poor's Corporation and Fitch Ratings.

Additional information on the Authority's bonded debt can be found in Note 7 of this report.

Loans Payable

At the end of fiscal years 2023 and 2022, the Authority had a loan payable to The Travelers Indemnity Company of \$4,023,589 and \$4,800,835, respectively. The loan payable decreased by \$777,246 and \$739,415 in 2023 and 2022, respectively, due to principal repayments made during the two fiscal years.

Additional information on the Authority's loans payable can be found in Note 7 of this report.

CAPITAL REGION DEVELOPMENT AUTHORITY

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

June 30, 2023 and 2022

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

Long-Term Debt

As of June 30, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Due to State of Connecticut:			
- contract assistance	\$63,604,589	\$57,483,828	\$52,937,294
Bonds payable	60,117,013	64,342,651	68,398,289
Loans payable	4,023,589	4,800,835	5,540,250
Total	<u>\$127,745,191</u>	<u>\$126,627,314</u>	<u>\$126,875,833</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, Plan b Burger Bar, El Pollo Guapo, 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, 2023 and 2022

TRAVELERS LOAN

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

CONNECTICUT SCIENCE CENTER GARAGE

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

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

CAPITAL REGION DEVELOPMENT AUTHORITY

Balance Sheets

June 30, 2023 and June 30, 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets:		
Unrestricted cash and cash equivalents	\$14,166,363	\$14,341,104
Restricted cash and cash equivalents	28,838,370	19,545,828
Unrestricted investments	8,930,519	6,605,653
Restricted investments	3,428,536	465,580
Accounts receivable, net	755,496	867,435
Lease receivable	2,739,512	2,299,034
Loans receivable: housing-current, net	40,787	21,977
Due from State of Connecticut	2,250,000	-
Other current assets	853,576	494,852
Total current assets	<u>\$62,003,159</u>	<u>\$44,641,463</u>
Non-current assets:		
Restricted cash and cash equivalents	\$5,065,458	\$5,011,751
Restricted investments	722,666	938,246
Lease receivable, non-current	19,024,780	19,880,165
Loans receivable-housing, net	128,386,865	115,633,169
Other assets	2,415,920	2,039,155
Capital assets not being depreciated:		
Construction in progress	3,786,765	1,267,394
Capital assets being depreciated:		
General Operations, net	17,240	30,870
Adriaen's Landing, net	191,511,527	197,895,794
XL Center, net	49,595,102	40,935,485
Church Street Garage, net	19,805,456	16,311,763
Bushnell South Garage, net	16,420,149	16,698,596
Intangible assets being amortized:		
Right-To-Use Parking System Arrangements, net	1,617,300	-
Total non-current assets	<u>\$438,369,228</u>	<u>\$416,642,388</u>
Total assets	<u>\$500,372,387</u>	<u>\$461,283,851</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$42,393,245	\$26,655,786
Accrued interest payable	106,923	59,060
Current portion of bonds payable	4,290,000	4,110,000
Current portion of loan payable	817,011	777,245
Coronavirus relief fund deferred revenue	698,934	177,600
Parking System Arrangements	646,920	-
Total current liabilities	<u>\$48,953,033</u>	<u>\$31,779,691</u>
Non-current liabilities:		
Due to State of Connecticut-contract assistance	\$63,604,589	\$57,483,828
Bonds payable, net	55,827,013	60,232,651
Loan payable	3,206,578	4,023,590
Parking System Arrangements	970,380	-
Total non-current liabilities	<u>\$123,608,560</u>	<u>\$121,740,069</u>
Total liabilities	<u>\$172,561,593</u>	<u>\$153,519,760</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Leases	<u>\$21,764,292</u>	<u>\$22,179,199</u>
<u>NET POSITION</u>		
Net investment in capital assets	\$153,714,512	\$146,512,588
Restricted for:		
Housing loans	128,427,651	122,065,122
Central Utility Plant	1,072,041	1,611,644
Other	12,576,678	5,512,776
Unrestricted	10,255,620	9,882,762
Total net position	<u>\$306,046,502</u>	<u>\$285,584,892</u>
Total liabilities, deferred inflow of resources and net position	<u>\$500,372,387</u>	<u>\$461,283,851</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, 2023 and June 30, 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Grants - State of Connecticut/Other:		
Operational	\$1,265,821	\$1,390,821
Development district, subsidy and other	6,383,300	11,823,012
Coronavirus relief fund revenue	-	455,291
American Rescue Plan Act funds	1,978,666	4,822,400
Combined Facilities:		
Convention Center	11,760,417	5,698,236
Parking	6,691,285	5,377,864
Central utility plant	1,570,967	1,455,491
XL Center	18,388,221	12,371,429
Church Street Garage	1,224,919	1,848,736
Bushnell South Garage	47,534	5,527
CT Regional Market	1,068,874	872,560
Front Street District	123,511	92,465
Other income (CRDA)	955,367	524,955
Total operating revenues	\$51,458,882	\$46,738,787
Operating expenses:		
Authority operations:		
Personnel	\$1,849,549	\$1,732,904
General and administrative	66,167	242,668
Coronavirus relief fund expenses	-	455,291
American Rescue Plan Act expenses	1,978,666	4,822,400
Pension expense	1,108,001	1,052,517
Combined Facilities:		
Convention Center	15,055,497	10,282,105
Parking	5,525,042	4,825,122
Central utility plant	1,120,312	1,056,514
XL Center	20,698,735	16,391,718
Church Street Garage	1,087,655	1,047,038
Bushnell South Garage	358,912	197,667
CT Regional Market	657,470	641,714
Front Street District	45,609	91,126
Bond administration	320,446	331,726
Depreciation and amortization	15,676,583	14,719,404
Total operating expenses	\$65,548,644	\$57,889,914
Loss from operations	(\$14,089,762)	(\$11,151,127)
Non-operating revenue/(expense):		
Interest income	\$2,662,271	\$614,786
Interest expenses	(2,165,364)	(1,267,093)
Non-operating revenue (expense), net	\$496,907	(\$652,307)
Loss before capital contributions and transfer	(\$13,592,855)	(\$11,803,434)
Capital contributions	\$21,281,959	\$26,767,488
Transfer - State of Connecticut Housing Loan Program	12,772,506	21,749,911
Change in net position	\$20,461,610	\$36,713,965
Net position, beginning of year	\$285,584,892	\$248,870,927
Net position, end of year	\$306,046,502	\$285,584,892

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, 2023 and June 30, 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from:		
Grants	\$9,627,787	\$18,491,524
Customers	27,115,591	19,950,992
Housing developers	489,938	2,172,732
Payments to:		
Employees	(3,134,462)	(2,524,666)
Suppliers	(18,567,519)	(34,305,268)
Housing developers	(13,262,443)	(23,922,643)
Net cash provided by (used in) operating activities	<u>\$2,268,892</u>	<u>(\$20,137,329)</u>
Cash flows from investing activities:		
Interest income	<u>\$2,317,338</u>	<u>\$1,027,555</u>
Net cash provided by investing activities	<u>\$2,317,338</u>	<u>\$1,027,555</u>
Cash flows from non-capital financing activities:		
Transfer in - State of Connecticut Housing Loan Program	<u>\$12,772,506</u>	<u>\$21,749,911</u>
Net cash provided by non-capital financing activities	<u>\$12,772,506</u>	<u>\$21,749,911</u>
Cash flows from capital and related financing activities:		
Advances from State of Connecticut-contract assistance	\$6,120,761	\$4,546,534
Capital contributions - State of Connecticut	21,435,604	26,921,132
Capital contributions - Other	(153,645)	(153,644)
Premium on bond issuance	(115,637)	(115,638)
Principal paid on bonds and loans	(4,887,245)	(4,679,415)
Interest paid on bonds and loans	(2,165,364)	(1,267,093)
Purchases of capital assets	(23,349,460)	(22,279,250)
Net cash provided by (used in) capital and related financing activities	<u>(\$3,114,986)</u>	<u>\$2,972,626</u>
Net increase in cash and cash equivalents	\$14,243,750	\$5,612,763
Cash and cash equivalents, beginning of year	<u>46,908,162</u>	<u>41,295,399</u>
Cash and cash equivalents, end of year	<u>\$61,151,912</u>	<u>\$46,908,162</u>
Cash and cash equivalents, end of year:		
Unrestricted cash and cash equivalents, and investments	\$23,096,882	\$20,946,757
Restricted cash and cash equivalents, and investments (current)	32,266,906	20,011,408
Restricted cash and cash equivalents, and investments (non-current)	5,788,124	5,949,997
	<u>\$61,151,912</u>	<u>\$46,908,162</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Loss from operations	(\$14,089,762)	(\$11,151,127)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	15,676,583	14,719,404
(Increase)/decrease in operating assets:		
Accounts receivable	(2,138,060)	(134,735)
Other assets	(342,693)	(88,564)
Loans receivable - Housing	(12,772,505)	(21,749,911)
Increase/(decrease) in operating liabilities:		
Accounts payable and accrued expenses	15,935,329	(1,732,396)
Net cash provided by (used in) operating activities	<u>\$2,268,892</u>	<u>(\$20,137,329)</u>
Significant noncash capital and financing activities		
Capital assets included in liabilities	<u>\$1,940,760</u>	<u>\$ -</u>

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

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2023 and 2022

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, 2023 and 2022

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, 2023 and 2022

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 \$135,977,652 and \$131,293,173, net of an allowance for doubtful accounts related to certain grant and loan funding in the amount of \$7,550,000 and \$15,638,027 as of June 30, 2023 and 2022, 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 June 2104. The Authority's interest in the housing properties is held as collateral for these loans. Accrued interest on these loans was \$2,561,714 and \$2,168,918 as of June 30, 2023 and 2022, respectively, net of an allowance for doubtful accounts of \$0 as of June 30, 2023 and 2022.

Leases Receivable - A lease receivable and a deferred inflow of resources is recognized for long-term leases. Total leases receivable and deferred inflow of resources were \$21,764,292 and \$ 22,179,199 as of June 30, 2023 and 2022, respectively.

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

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

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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 \$0 and \$49,773 as of June 30, 2023 and 2022, 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, 2023 and 2022

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 and American Rescue Plan Act funds– The Authority recognizes revenue from these grants 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.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements *(Continued)*

June 30, 2023 and 2022

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 was \$1,265,821 and \$1,390,821 for the years ended June 30, 2023 and 2022, respectively. 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, 2023, the Authority was appropriated \$4,183,300 to be expended for the Convention Center Project and \$2,200,000 for the XL Center. In fiscal year 2022, the Authority appropriated \$6,122,922 for the Convention Center and \$5,700,090 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 7*). 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, 2023 and 2022, 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 2023 and 2022 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. \$28,750,000 of this authorization was appropriated for encouraging development as provided in Section 32-602 of the Connecticut General Statutes. Of these appropriations, the Authority has made total disbursements in the amount of \$6,000,000 for one housing loan project, \$17,300,000 for the purchase of and renovations for the Church Street garage, \$1,435,189 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, 2023 and 2022

Note 3 – Funding *(Continued)*

As a result of Public Act #1, 2015, as amended, the Authority was authorized \$9,000,000 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 \$6,000,000 and \$3,000,000, respectively. Of these appropriations, the Authority has made disbursements in the amounts of \$5,130,568 and \$2,381,418, 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, 2023, the Authority has made total disbursements in the amount of \$14,622,098 for the purpose of providing 9 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 \$100,000,000 in appropriations from the State of Connecticut for the purposes and uses provided in Section 32-602 of the Connecticut General Statutes. \$89,940,000 of this authorization was appropriated for encouraging development as provided in Section 32-602 of the Connecticut General Statutes. As of June 30, 2023, the Authority has made total disbursements in the amount of \$33,704,828 for the purpose of providing 6 grants or loans to encourage residential housing development within the capital region, \$130,464 for the purpose of various economic development projects within the capital region, and \$4,611,279 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 \$3,000,000 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 \$1,850,000 and \$1,150,000, respectively. Of these appropriations, the Authority has made disbursements in the amounts of \$1,678,274 and \$427,120, 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, 2023, the Authority has made disbursements in the amount of \$27,961,404.

As a result of Public Act #2, 2017, the Authority was also authorized \$20,000,000 in appropriations from the State of Connecticut for the purpose of alterations, renovations and improvements to parking garages in Hartford and infrastructure renovations and improvements to the Front Street District in the amount of \$10,000,000 each, of which \$10,000,000 and \$5,000,000 were appropriated, respectively. Of these appropriations, the Authority has made disbursements in the amounts of \$6,736,967 and \$3,188,890, respectively.

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, 2023, the Authority has made disbursements in the amount of \$15,848,318.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Note 3 – Funding (Continued)

As a result of Public Act #1, 2020, the Authority was authorized \$10,000,000 in appropriations from the State of Connecticut for the purpose of various economic development projects within the town of East Hartford. This authorization was fully appropriated. Of these appropriations, the Authority has made total disbursements in the amount of \$4,535,000.

As a result of Public Act #118, 2022, 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. \$1,500,000 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 no disbursements.

Note 4 – Cash Deposits and Investments

Cash and cash equivalents:

Cash and cash equivalents consist of the following as of June 30, 2023 and 2022:

	2023	2022
Unrestricted:		
Cash deposits	\$14,166,363	\$14,341,104
Restricted:		
Cash deposits	\$33,903,828	\$24,557,579

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, 2023, and 2022, the Authority's bank balance of cash deposits totaled \$49,593,380 and \$39,926,062 respectively. Of those balances, the following represents the amounts exposed to custodial credit risk:

	2023	2022
Uninsured and uncollateralized	\$43,884,042	\$35,234,425
Uninsured but collateralized with securities held by the pledging bank's trust department or agent but not in the Authority's name	4,959,338	3,992,606
Total	<u>\$48,843,380</u>	<u>\$39,227,031</u>

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, 2023 and 2022

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

Investments

Interest rate risk

As of June 30, 2023 and 2022, the Authority's total investments consisted of \$13,081,721 and \$8,009,479, respectively, in the Short-Term Investment Fund ("STIF"). Investments in STIF include unrestricted and restricted amounts of \$8,930,519 and \$4,151,202 as of June 30, 2023, and \$6,605,653 and \$1,403,826 as of June 30, 2022. 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, 2023 and 2022, 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, 2023 and 2022.

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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022

Note 5 – Capital Assets

Construction in progress in fiscal year 2023 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 (\$2 thousand) comprised computer-related items. A total of \$18.9 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 \$1.9 million was purchased for the Central Utility Plant, CRDA-owned garages, Convention Center, and XL Center.

A summary of capital assets as of June 30, 2023 is as follows:

	2023			Ending Balance
	Beginning Balance	Additions	Deletions	
Intangibles				
Right-To-Use Parking System Arrangements	\$ -	\$1,940,760	\$ -	\$1,940,760
Less: accumulated amortization	-	323,460	-	323,460
Intangibles, net	<u>\$ -</u>	<u>\$1,603,670</u>	<u>\$ -</u>	<u>\$1,617,300</u>
Capital assets not being depreciated:				
Construction in progress (CIP)	<u>\$1,267,394</u>	<u>\$3,686,399</u>	<u>\$(1,167,028)</u>	<u>\$3,786,765</u>
Capital assets being depreciated:				
General operations:				
General operating equipment	\$366,613	\$ 1,980	\$ -	\$368,593
Less: accumulated depreciation	335,743	15,610	-	351,353
General operations, net	<u>\$30,870</u>	<u>\$(13,630)</u>	<u>\$ -</u>	<u>\$17,240</u>
Combined facilities:				
Buildings and improvements	\$435,528,125	\$18,883,167	\$ -	\$454,411,292
Equipment and furnishings	18,292,350	1,944,942	-	20,237,292
Total Combined facilities	453,820,475	20,828,109	-	474,648,584
Less: accumulated depreciation	181,978,837	15,337,513	-	197,316,350
Combined facilities, net	<u>\$271,841,638</u>	<u>\$5,490,596</u>	<u>\$ -</u>	<u>\$277,332,234</u>

The Authority implemented Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements, in fiscal year 2023. The Authority has five system arrangements that require recognition under GASBS No. 96. The Authority now recognizes a subscription-based information technology arrangements (SBITA) liability and an intangible right-to-use asset for TIBA parking system.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Note 5 – Capital Assets (Continued)

The parking system arrangement, TIBA, is a three-year agreement initiated in fiscal year 2023 with a quarterly payment ranging from \$17,652 to \$67,290, depending on the parking garage location. The arrangement provides for an automatic one-year renewal period following lapse of the initial term and it is cancellable within 90-day written notice. Additionally, the arrangement provides for an option to purchase the equipment. Total amortization expense expected in the next three years is \$646,920, \$646,920 and 323,460, respectively.

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			
	Beginning Balance	Additions	Deletions	Ending Balance
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, 2023 and 2022

Note 6 – 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 2023 and 2022, amounts available from parking and energy fee revenues to reimburse the State for contract assistance payments were \$6,120,761 and \$4,546,534, respectively, less than the amount required to fully reimburse the State (*See Note 7*). It is anticipated that for the fiscal year 2024, a shortfall of approximately \$6,200,000 will occur. The Authority remains obligated to repay these amounts that currently total \$63,604,589 without interest, from parking and energy fee revenues as and if amounts are available.

Note 7 – 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, 2023 and 2022, the Authority was authorized to issue bonds and other obligations up to \$122,500,000 and has issued four series of its Parking and Energy Fee Revenue Bonds in the original aggregate principal amount of \$110,000,000 and a loan agreement with the Travelers Indemnity Company of \$12,500,000. Proceeds from the bonds provided financing for the construction of the Adriaen's Landing Project.

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

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

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Note 7 – Long-Term Debt (Continued)

Bonds Payable (Continued)

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

Changes in bonds payable (in 000's) were as follows for the year ended June 30, 2023:

Issue	Balance, July 1, 2022	Increases	Decreases	Balance, June 30, 2023
2004 Series B, variable rate bonds \$57,470,000 due from June 2017 to June 2034 (interest rates ranging from 1% - 2.5%)	\$ 44,315	\$ -	\$ 2,520	\$ 41,795
2005 Series C, fixed rate bonds \$15,000,000 due from June 2008 to June 2029 (interest rate 5.0%)	5,125	-	855	4,270
2018 Refunding Series fixed rate bonds \$16,365,000 due from September 2018 to June 2034 (interest rates ranging from 3.0% - 5.0%)	13,515	-	735	12,780
Subtotal	62,955	-	4,110	58,845
Premium	1,387	-	115	1,272
Bonds payable	\$ 64,342	\$ -	\$ 4,225	\$ 60,117

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Note 7 – Long-Term Debt (Continued)

Bonds Payable (Continued)

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, 2023 and 2022

Note 7 – 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, 2023 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
2024	\$1,695	\$853	\$2,548	\$2,595	\$1,070	\$3,665
2025	1,675	768	2,443	2,800	1,003	3,803
2026	1,775	684	2,459	2,900	932	3,832
2027	1,880	595	2,475	3,000	858	3,858
2028	1,940	501	2,441	3,150	781	3,931
2029-2033	6,710	1,274	7,984	22,200	2464	24,664
2034	1,375	69	1,444	5,150	131	5,281
	<u>\$17,050</u>	<u>\$4,744</u>	<u>\$21,794</u>	<u>\$41,795</u>	<u>\$7,239</u>	<u>\$49,034</u>

Year ending June 30:	Total Debt Service		
	Principal	Interest	Total
2024	\$4,290	\$1,923	\$6,213
2025	4,475	1,771	6,246
2026	4,675	1,616	6,291
2027	4,880	1,453	6,333
2028	5,090	1,282	6,372
2029-2033	28,910	3,738	32,648
2034	6,525	200	6,725
	<u>\$58,845</u>	<u>\$11,983</u>	<u>\$70,828</u>

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements *(Continued)*

June 30, 2023 and 2022

Note 7 – 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, July 3, 2018 and July 29, 2021, 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 25, 2024, 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 8% per annum.

The Authority is required to pay to the Bank an annual fee for the liquidity agreement equal to .56% per annum through July 28, 2021 and .52% 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 \$248,512 and \$262,467 in fiscal years 2023 and 2022, 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 \$31,020 and \$32,732 in fiscal years 2023 and 2022, respectively.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Note 7 – 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, 2023:

	Balance, July 1, 2022	Increases	Decreases	Balance, June 30, 2023
Traveler's Loan Payable	\$4,801	\$ -	\$777	\$4,024
	<u>\$4,801</u>	<u>\$ -</u>	<u>\$777</u>	<u>\$4,024</u>

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>

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
2024	\$817	\$183
2025	859	141
2026	903	97
2027	949	51
2028	496	7
	<u>\$4,024</u>	<u>\$479</u>

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2023 and 2022

Note 7 – Long-Term Debt (*Continued*)

SBITA Liability

\$1,940,760 has been recorded as intangible right-to-use parking system arrangements in the capital assets. Due to the implementation of GASB Statement No. 96, these arrangements for parking system met the criteria of a SBITA; thus, requiring it to be recorded by the Authority as intangible assets and a SBITA liability. These assets will be amortized over the lease term. If the lease is renewed, the related equipment will stay at the end of the arrangement term and software will be updated. There are no residual value guarantees in the arrangement provisions. The parking system arrangement will end in 2026.

A summary of the principal amounts for the remaining arrangements includes the following principal payments:

Year Ending June 30	
2024	\$ 646,920
2025	646,920
2026	<u>323,460</u>
	<u>\$ 1,617,300</u>

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2023 and 2022

Note 8 – 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 Annual Comprehensive 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, 2023 and 2022

Note 8 – 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 may not 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, 2023 and 2022 was \$1,849,549 and \$1,732,904, respectively.

The Authority has made total pension payments in the amounts of \$1,108,001 and \$1,052,517 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, 2023 and 2022, respectively.

Administrative costs of the plan are funded by the State.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

Note 8 – Pension Plans (Continued)

The total net pension liability of the SERS as of June 30, 2022 was \$22.053 billion, the most recent available reporting provided by the Plan. The portion that was associated with the Authority totaled \$5,627,104 or approximately 0.026% (a decrease of .007% 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, 2022. 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 (\$48,847) for the year ended June 30, 2022.

As of June 30, 2022, 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>\$2,849,181,000</u>	<u>75.24%</u>	<u>\$966,292</u>	<u>\$726,999</u>	<u>0.0255%</u>

The components of the net pension liability of the Authority based on the Authority's proportionate share of 0.026% as of June 30, 2022, the latest measurement date for which plan information is currently available, is as follows:

Total pension liability	\$10,367,526
Plan fiduciary net position	<u>4,740,422</u>
Net pension liability	<u><u>\$5,627,104</u></u>

Plan fiduciary net position as a percentage of the total pension liability was 45.76% as of June 30, 2022.

The total pension liability in the June 30, 2022 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, 2023 and 2022

Note 8 – 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	11.0	6.4
Emerging Market Int'l Stock	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 Inflows/Outflows 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 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 (\$62,302) and \$588,590, respectively, as of June 30, 2022 and June 30, 2021. The net deferred inflows are expected to be amortized over the next five years in the amounts of \$117,837, \$2,739, (\$99,183), (\$48,732) and (\$34,963).

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, 2023 and 2022

Note 8 – 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, 2022	\$6,866,538	\$5,627,104	\$4,594,102

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 9 – 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 Annual Comprehensive 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, 2022 valuation for the reporting period June 30, 2023 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 \$315,007 and \$302,412 for the years ended June 30, 2023 and 2022, respectively.

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2023 and 2022

Note 9 – Other Post-employment Benefits (*Continued*)

Net OPEB liability

The total net OPEB liability of the SEOPEBP as of June 30, 2022 was \$15.498 billion, the most recent available reporting provided by the Plan. The portion that was associated with the Authority totaled approximately \$5,757,615 or approximately 0.035% (a .001% increase 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, 2022. 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 of resources for the difference between expected and actual experience, the net difference between projected and actual investment earnings on the plan's investments, changes in assumptions, changes in proportion and differences between employer contributions and proportionate share of contributions total (\$1,676,445) and (\$759,188), respectively, as of June 30, 2022 and 2021. The net deferred inflows are expected to be amortized over the next five years in the amounts of (\$219,172), (\$522,479), (\$613,627), (\$281,371) and (\$39,796).

Discount rate

The discount rate used to measure the total OPEB liability was 3.90%. 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, 2022 increased to 3.90% from 2.31% at June 30, 2021.

Actuarial methods and assumptions

For the June 30, 2022 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 16 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, 2023 and 2022

Note 9 – 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%	5.4%
Developed Market Int'l Stock	11.0	6.4
Emerging Market Int'l Stock	9.0	8.6
Core Fixed Income Fund	13.0	0.8
Emerging Market Debt Fund	5.0	3.8
High Yield Bonds	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

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

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

The following presents the Authority's proportional share of the net OPEB liability, calculated using the discount rate of 3.90%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.90%) or 1-percentage-point higher (4.90%) than the current rate:

	1% Decrease (2.90%)	Current Discount Rate (3.90%)	1% Increase (4.90%)
Net OPEB Liability As of June 30, 2022	\$6,731,746	\$5,757,615	\$4,969,686

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

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

	1% decrease (3.50%)	Current trend rate (4.50%)	1% increase (5.50%)
Net OPEB liability	\$ 4,860,288	\$ 5,757,615	\$6,896,697

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2023 and 2022

Note 10 – Leases

Lease agreements are summarized as follows:

Lessee	Description	Payment Terms	Expiration Date	Renewal Options	Monthly Payment at June 30, 2023	Balance at June 30, 2023
Fowler & Hunting Realty, LLC	Land	30 years 20 days	8/30/2030	n/a	\$12,000	\$ 86,000
Travelers Indemnity Company	Parking	29 years 4 months	9/30/2033	n/a	various	19,091,489
Various tenants	Tenants	1 - 3 years	2023-2026	n/a	various	2,186,803
					greater of 80% gross receipts collected or \$100,000 minimum annual guarantee	
Outfront Media Group, LLC	Billboard	5 years 11 months	12/31/2026	one successive period of 5 years		400,000
						<u>\$ 21,764,292</u>

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, 2023 through August 31, 2026. 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.

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

Year Ending	Lease Revenue
June 30	
2024	\$ 2,739,512
2025	2,636,208
2026	2,529,135
2027	2,050,309
2028	1,866,308
Thereafter	9,942,820
	<u>\$ 21,764,292</u>

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements (*Continued*)

June 30, 2023 and 2022

Note 10 – 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 2023 and 2022, 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, 2023 and 2022

Note 10 – 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 11 – 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 and May 30, 2023 with a new expiration date of June 30, 2024. Fees paid for fiscal years ended June 30, 2023 and 2022 were \$232,189 and \$221,132, 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 and May 30, 2023 with a new expiration date of June 30, 2024. Catering and concession fees paid for the fiscal years ended June 30, 2023 and 2022 were \$139,039 and \$132,418, 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 \$580,317 and \$567,437 for the fiscal years ended June 30, 2023 and 2022, 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, 2023 and 2022

Note 11 – 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, 2023 and 2022 were \$390,909 and \$309,301, 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. As of June 30, 2023, the cumulative capital contributions were fully amortized.
- 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.

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 \$322,500 for fiscal years 2024 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 years 2023 and 2022, \$106,811 and \$159,672 were paid, respectively. These subsidies generated approximate event gross revenues of \$2.7 million and tax revenue for the State of \$168,000 in fiscal year 2023 and approximate event gross revenues of \$2.0 million and tax revenue for the State of \$126,000 in fiscal year 2022.

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, 2023 and 2022

Note 12 – Risk Management

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

Note 13 – Segment Information

The Authority has issued various revenue bonds to provide financing for the construction of the Convention Center Project (See Note 7). 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, 2023 and 2022, respectively.

Condensed Statements of Revenues, Expenses and Changes in Net Position		
	2023	2022
Pledged revenues:		
Parking:		
Bond pledge	\$5,691,660	\$4,378,240
Traveler's loan pledge	999,624	999,624
Total Parking	6,691,284	5,377,864
Energy	3,259,265	2,974,409
Other	22,025	4,138
Total pledged revenues	\$9,972,574	\$8,356,411
Operating expenses:		
Parking	6,053,772	4,825,122
Energy	2,251,908	1,995,116
Other	320,446	331,726
Total operating expenses	\$8,626,126	\$7,151,964
Net revenue over expenses	1,346,448	1,204,447
Available for the Traveler's loan repayment	999,624	999,624
Available for debt service	\$346,824	\$204,823

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

CAPITAL REGION DEVELOPMENT AUTHORITY

Notes to Financial Statements *(Continued)*

June 30, 2023 and 2022

Note 14 – Litigation

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. On May 4, 2023, CRDA's motion to dismiss for lack of subject matter jurisdiction was granted. On May 12, 2023, the Plaintiff filed an Application to Appeal with the Connecticut Court of Appeals and the Connecticut Supreme Court. Both Applications are pending.

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. On May 4, 2023, Defendant's motion to dismiss for lack of subject matter jurisdiction was granted. On May 12, 2023, the Plaintiff filed an Application to Appeal with the Connecticut Court of Appeals and the Connecticut Supreme Court. Both Applications are pending.

Except as provided above, as of June 30, 2023, the Authority is involved in certain legal proceedings and could be subject to lawsuits or legal claims in the ordinary course of business. Historically, any such litigation has not resulted in any judgments that would materially affect its financial position individually or in aggregate.

Note 15 – Subsequent Events

Subsequent events were evaluated through September 25, 2023, 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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 25, 2023.

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 25, 2023