C·R·D·A

Capital Region Development Authority

2011 – 2012 Annual Report

CAPITAL REGION DEVELOPMENT AUTHORITY
2011 - 2012 ANNUAL REPORT

TABLE OF CONTENTS

	Page
Introduction	3
CRDA Information	4
CCEDA Information	5
Legislative Report	6 -16
Legislative Report: Addendum	
Exhibit A: Audited Financial Statements	
Independent Auditor's Opinion Letter	**EA-1-2**
Management's Discussion and Analysis	**EA-3-12**
Balance Sheets	**EA-13**
Statements of Revenues, Expenses and Changes in Net Assets	**EA-14**
Statements of Cash Flows	**EA-15**
Notes to the Financial Statements	**EA-16-41**
Independent Auditor's Report on Compliance With specific requirements applicable to Public Act 98-179	**EA-42-43**

Introduction

On June 15, 2012, Public Act 12-147 of the 2012 legislative session established the Capital Region Development Authority, (CRDA or the Authority) by changing the name of the Capital City Economic Development Authority, (CCEDA or the Authority). Much of the work of the Authority occurred in the fiscal year reported herein was under the banner of CCEDA; however, for the last fifteen days of the fiscal year, the Authority became known as CRDA.

The following compilation of reports is submitted in order to fulfill the Capital Region Development Authority's (CRDA) required annual reporting requirements for the fiscal year June 30, 2012.

Understanding that CRDA is the newly legislated name of what was the Capital City Economic Development Authority (CCEDA), this year's document includes a final report of CCEDA's history since its inception, on addendum which contains certain reportable items, as well as the Authority's audited financial statements as of and for the year ended June 30, 2012.

CRDA

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

2011-2012 Fiscal Year Report
Pursuant to Connecticut General Statutes
§32-605

CCEDA Board of Directors

CCEDA Executive Director

Jim Abromaitis

LEGISLATIVE REPORT

The 2011-2012 Capital Region Development Authority, (CRDA) formerly the Capital City Economic Development Authority(CCEDA), Annual Report details the activities and project status of the Authority as required by the current legislation.

➢ BONDS ISSUED DURING THE 2012 FISCAL YEAR AND THE ISSUES FACE VALUE AND NET PROCEEDS

During the previous fiscal year, the Authority did not issue any revenue bonds.

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

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

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

In addition to the General Obligation Bonds, the Authority is authorized to issue its bonds, notes and other obligations in amounts sufficient to complete the Convention Center Project. The following table provides a summary of the State Bond Commission authorizations which the Authority has recommended relating to the Capital City Projects. The amount of $12,000,000 remains available and committed for the residential component of the Front Street District development.

	Total Authorized	**Total Allocated FY 2011- 12**	**Total Allocated as of 6/30/12**	**Total Unallocated as of 6/30/12**
Convention Center(GO Bonds)	$190,000,000		$190,000,000	$ -
CCEDA Revenue Bonds/Loan	$122,500,000		$122,500,000	$ -
Downtown Higher Ed Ctr.	$ 30,000,000		$ 30,000,000	$ -
Demolition/Rehabilitation	$ 25,000,000		$ 25,000,000	$ -
Parking	$ 12,000,000[C]		$ 12,000,000	$ -
Riverfront	$ 19,880,000[D]		$ 19,880,000	$ -

Civic Center	$ 15,000,000		$ 15,000,000	$ -
Downtown Housing	$ 35,000,000		$ 35,000,000	$ - [E]
Totals	**$449,380,000**	**$0**	**$449,380,000**	**$0**

Note C: PA10-44, Section 38 cancelled $3.0 million balance effective July 1, 2010.
Note D: PA10-44, Section 37 cancelled $5.12 million balance effective July 1, 2010.
Note E: Although $12,000,000 of the downtown housing funding has been allocated, allotted and fully committed, it remains unexpended.

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

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, 2011 through June 30, 2012 fiscal year. These payments occurred in the ordinary course of operations.

VENDOR NAMES

AEG Management, LLC	Cole Design Group, Inc.	Greater Hartford Convention and Visitors Bureau	Nalco Company	Santa Buckley Energy, Inc.	SourceOne
CCR, LLP	Control Systems, Inc.	IT Direct, Inc.	People's United Insurance Agency	Shipman & Goodwin	The Hartford
CL&P	Coretomic, Inc.	Loureiro Contractors, Inc.	RC Knox & Company	Siemens Industry, Inc.	The Metropolitan District
CNG	Emcor Services of New England Mechanical	Metro Hartford Alliance	RMZ Installations, LLC.	Simpson Gumpertz & Heger, Inc.	Trane

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

Vendor Names

Ad Hoc Design	CNG	Emcor Services of New England Mechanical	Nalco Company	The Metropolitan District
AMT Enterprises	Cole Design Group, Inc.	Integrated Technical Systems, Inc	People's United Insurance Agency	Trane
CCR, LLP	Greater Hartford Convention and Visitors Bureau	IT Direct, LLC	Siemens Industry, Inc.	West Electric, LLC
CL&P	The HB Nitkin Group	Lincoln Service and Equipment Company	SourceOne	Whiting Turner Contracting Company

Vendor Name

Waterford Development

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. 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 Operating 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.

VENDOR NAME					
ADP Inc.	A-Tech	CLR CT Labor Resources	Control Systems, Inc.	Electrical Wholesalers	Glidden Professional Painter Center
Ad Hoc Designs	AT&T	Chief of Staff, LLC.	Cummins Power Systems, LLC.	Environmental Systems Corp.	Grainger
AIBTM	Beecher Carlson/Master Trust	Cintas Corp.	CVENT, Inc.	Experiment, Inc.	Hartford CPL CO-OP, Inc.
AKZO Nobel Paints, LLC.	Bemers	City Fish Market	CWPM	Falvey Linen & Uniform Supply	Hartford Distributors
Albert Uster Imports, Inc.	Bobcat of Connecticut, Inc.	City of Hartford Fire & Police	Daktronics, Inc.	Fancy Faces, Inc.	Hartford Downtown Marriott
Allan S. Goodman, Inc.	Bresome Barton, Inc.	Collinson Media & Events	Dell Marketing, L.P.	Fast Signs	Hubert Co.
Allegra Print & Imaging	Brickman Group, LTD, LLC	Colonial Supplemental Insurance	Digital Printing Systems	Feury Image Group	Interstate All Battery
American Medical Response, CT	Builders Hardware	Commercial Flooring Concepts	Due North Consulting, Inc.	Flow Tech, Inc.	John Annino
American Society of Assoc. Exec.	Cambridge Packing Co.	Conde Nast Publications	Duplicating Methods, Co.	Forbes Asphalt	Jordan Paige
Ameripride Services	Cashman & Katz	Connecticut Light & Power	EarthLink Business	Fresh Point	Lamar Advertising Co.
Andres Santome	C&C Janitorial Supplies	Connecticut Natural Gas Corp.	East West Productions	GCS Service, Inc.	LAZ Parking, DBA
Archie D'Amato Assoc. LTD.	CCR	Connecticut Radio, Inc.	Eastern Bag & Paper, Co.	GDF Suez Energy Resources, NA	LAZ Parking Management, LTD
Association Forum Chicagoland	CIGNA Corp.	Construction & General Laborers	Eaton Electrical, Inc.	GE Capital	Lileo Enterprises, LLC.

Lummus Webber Co.	Mozzicato Bakery	Our Daily Bread	Rogo Distributors	Sunshine Laundry	United States Media Television
Lutron Services Co.	Multiview, Inc.	Oxford Health Plans	Ruby Glass Co., Inc.	Symon Communications, Inc.	Verizon Wireless
MJ Daly, LLC.	New England Mechanical	PCAM Services, Inc.	Ruotolo Mechanical, Inc.	SYSCO Food Services of Connecticut	W.B. Mason Company, Inc.
Maintenance Systems	New England Service & Controls	PCMA	Russo Lawn & Landscape, Inc.	T.F. Kinnealey & Co., Inc.	Waterford Hotel Group
Mazzarella Media, LLC.	New Leaf Interiors, Inc.	PFG Springfield	Schindler Elevator Corp.	Tennant Sales & Services, Co.	Waterford Venue Services
M. Brett Painting	Newmarket International	Pepsi-Cola	Securitas Security Services	Three-Way Communications	Wedding Sites and Services
Meeting Professionals Int.	Northeast Atlantic, Inc.	Perkins	Segway of Newport	TPC Associates, Inc.	West Electric
Metropolitan District	Nurse Finders	Pitney Bowes, Inc.	Siegel, O'Connor, O'Donnell & Beck	The Hartford	Zip Park, Inc.
Micros Systems Inc.	OFS Corporation	Plumfire Mechanical, LLC	Silktown Roofing, Inc.	Titan Mechanical Contractors	Zurich
Midamar Corp.	Office Max	Presentation Services	Stamats Meetings Media, Inc.	Total Communications	
Millwork One, Inc.	Omar Coffee Co.	Progressive Gourmet	State of Connecticut Dept. of Construction Services	Travelers	
MM Systems Corp	Orbitech Satellite Services, LLC.	PSAV Presentation Services	Statewide	Tri-State Window Cleaning, Inc.	
Moss Holding Co.	Otis Elevator	R.A. Levine Co.	Style Studio	United Healthcare Insurance Co.	

THE AUTHORITY'S CONTRIBUTION

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

VENDOR NAME

BSC Group CT, Inc.	Environmental Partners, LLC	Purcell Associates, Inc.	Whiting Turner Contracting Company
Control Systems, Inc.	HBN Front Street District, Inc.	Waterford Development	

Listed below identifies certain other expenses associated with the Authoirty's revenue bonds. These expenses include the bond counsel fees, the financial advisor and rating agency fees, among other expenses.

The following list reflects vendors paid in excess of $5,000 for such expenses:

VENDOR NAME

Bank of America	Fitch, Inc.	Merrill Lynch Pierce, Fenner & Smith, Inc.	Standard & Poor's	U.S. Bank N.A.

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

See Exhibit A attached hereto.

➤ Cumulative Value of all Bonds and the Amount of the State's Contingent Liability

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

State Contract Assistance

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

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

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

➤ Affirmative Action Policy Statement

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

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

Recruitment Process

Since July 1, 2007, the established recruitment process for the Authority is handled internally under the direction of the Authority's Board of Directors and managed by the Executive Director. The process includes identifying vacancies, development of job descriptions, position posting or advertising, applicant screening, candidate interviews and final selection. The Department of Administrative Services, (DAS) has been consulted regarding the Authority's recruiting process and no opposition or concerns were expressed by DAS. During the '11-'12 fiscal year, the Authority employed seven staff members. They are as follows:

Name	Race	Gender	Occupation
Jim Abromaitis	White	Male	Executive Director
Anthony L. Lazzaro Jr.	White	Male	Deputy Director, General Counsel
Joseph P. Savidge	White	Male	Chief Financial Officer
Terryl Mitchell Smith	Black	Female	Director of Marketing and Public Relations
Dorine F. Channing	White	Female	Assistant Controller
Kimberly S. Cooke	White	Female	Part-time Accounting Assistant
Jennifer Gaffey	White	Female	Office Manager

The Authority was governed by a seven member Board of Directors appointed jointly by the Governor and the six legislative leaders, one of whom is recommended by the Mayor of Hartford. The Board Members listed above were in place prior to June 15, 2012.

Name	Race/Ethnicity	Gender	Board Position
William McCue	White	Male	Chairman
Joseph Gianni	White	Male	Vice Chairman
Mary Ann Hanley	White	Female	Treasurer and Secretary
Margaret Buchanan	White	Female	Member
Luis Caban	Hispanic	Male	Member
Brendan Lynch	White	Male	Member
Rodney O. Powell	Black	Male	Member

On June 15, 2012, Public Act 12-147 of the 2012 legislative session established the Capital Region Development Authority, (CRDA or the Authority) to replace the Capital City Economic Development Authority, (CCEDA). The Capital Region Development Authority's 13-member board replaces the CCEDA board of directors. The CRDA board includes the mayors of Hartford and East Hartford with the Department of Economic and Community Development Commissioner, OPM Secretary and the Department of Transportation Commissioner serving as Ex-officio members. The balance of the board is made up of two appointees of the Mayor of Hartford, (a city employee and a city resident), one from the legislative minority leadership, one from the legislative majority leadership and four gubernatorial appointments. The CRDA Board of Directors is as follows:

NAME	RACE/ETHNICITY	GENDER	BOARD POSITION
Suzanne Hopgood	White	Female	Chairman/Governor Appointee
Andy Bessette	White	Male	Vice Chairman/Governor Appointee
OPM Secretary Benjamin Barnes	White	Male	Treasurer/Ex-Officio
CT DOT Cmsr. James Redeker	White	Male	Member/Ex-Officio
DECD Cmsr. Catherine Smith	White	Female	Member/Ex-Officio
East Hartford Mayor Marcia Leclerc	White	Female	Member/Legislated
Hartford Mayor Pedro Segarra	Hispanic	Male	Member/Legislated
Thomas Deller	White	Male	Member/Hartford City Employee
Floyd Green	Black	Male	Member/Hartford Resident
David Jorgensen	White	Male	Member/Governor Appointee
Michael Matteo	White	Male	Member/Legislative Minority Appointee
Pamela Trotman Reid	Black	Female	Member/Governor Appointee
TBA			Member/Legislative Majority Appointee

➢ CRDA, (FORMERLY CCEDA)

ACCOMPLISHMENTS

Despite budget cuts, the Authority continues to successfully implement and manage sales strategies that keep the Convention Center competitive with other regional facilities, oversee District-wide development projects and maintain and execute adjustments as needed to the overall operations of the Adriaen's Landing District.

Fiscal year 2011-2012 was the second year all sales for the Connecticut Convention Center were managed by one contractor, Waterford Venue Services Group. It was previously split between the Greater Hartford Convention and Visitor's Bureau for any sales 18-months and out, which is considered long-term and Waterford Venue Services for sales within the 18 month time frame or short-term business. Fiscal year 2012 saw increases in the number of events, space rental, food and beverage revenue, attendance and room night counts as compared to fiscal year 2011. The Greater Hartford Convention and Visitors Bureau, (GHCVB) continues to be the housing management agent and convention services contractor for convention center events and is responsible for city-wide event lead generation. The Authority's operations has worked with Northeast Utilities on installing an electric vehicle charging station in the Convention Center Garage as part of our continued "green" initiative for the district.

Front Street District landed its first three tenants since completing Phase I of the development. Spotlight Theatre will occupy approximately 20,000 square feet of space on the corner of Columbus Blvd. and Front Street. H.B. Nitkin, the project developer, is in the process of the interior fit out construct. Spotlight owners anticipate a Fall 2012 opening. Two hundred and sixty-one parking spaces have been added to the Authority's inventory with the completion of the Front Street –South Garage. The garage will officially open as Front Street area businesses come online.

PLANNED ACTIVITIES

With Phase I of the Front Street Project completed, H.B. Nitkin has begun pursuing funding for Phase II of the Project, which includes up to 115 residential units and additional entertainment/retail space.

As CRDA examines its new role in the Hartford region, it will develop a new set of Planned Activities, which will be announced during the Fiscal Year Ending 2013.

➢ NEW LEGISLATION

Pursuant to Public Act 12-147, the Capital City Economic Development Authority is now known as the Capital Region Development Authority ("CRDA"). P.A. 12-147 expands the jurisdiction of the Authority and replaces the CCEDA Board of Directors with a new thirteen (13) member Board of Directors, which shall be appointed as follows: (1) four appointed by the Governor, (2) two appointed by the mayor of the city of Hartford (one of whom shall be a resident of the city of Hartford, and one of whom shall be an employee of the city of Hartford who is not an elected official, (3) one appointed jointly by the speaker of the House of Representatives and the president pro tempore of the Senate, and (4) one appointed jointly by the minority leaders of the House of Representatives and Senate. The mayor of Hartford and the mayor of East Hartford shall be members of the board. The Secretary of the Office of Policy and Management and the Commissioners of Transportation, and Economic and Community Development shall serve as ex-officio members.

NEIGHBORHOOD HOUSING

The Authority is working with the City of Hartford to ensure continued progress of our mutual efforts to address the housing needs of city neighborhoods. The City has demonstrated its dedication and commitment to the identified Neighborhood Revitalization Zones, (NRZ), working closely with community representatives, developers and the Authority, to demolish dilapidated structures, preserve those properties found fit for future redevelopment and determine feasible projects that create opportunities for increased homeownership.

The NRZ includes:

North Frog Hollow	South Green	South End Neighborhood Revitalization Association
Upper Albany Revitalization Zone Organization	West End Civic Association	Asylum Hill Problem Solving Revitalization Association
Clay Arsenal Revitalization Association	Blue Hills	South Downtown
Frog Hollow South	Coalition to Strengthen the Sheldon/Charter Oak Neighborhood	Northeast Revitalization Association
Parkville Revitalization Association	Maple Avenue Revitalization Group	

- ## SECTION 15(A)(2) - AN ANALYSIS OF THE AUTHORITY'S SUCCESS IN ACHIEVING PURPOSES STATED IN SECTION 32-602

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 construct, operate, maintain and effectively market the project. The overall goal 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 Project, the true test of the effectiveness of the state's investment is the degree to which Hartford regains its vibrancy and attracts private investment. Ultimately, these state investments will pay returns that can be quantified.

Central Utility Plant – Central Utility Plant continues to meet the heating and cooling needs of the Convention Center, the Marriott Hotel at Adriaen's Landing, and the Connecticut Science Center.

Capital City Economic Development Authority

July 1998 – June 2012

Addendum

Table of Contents

Introduction........1

History........2

CCEDA's Establishment, 1998........2

Accomplishments........3

Six Pillar Development
- Connecticut Convention Center........3
- CCEDA Housing Projects........3-6
- XL Center........7
- Riverfront Infrastructure........7
- Downtown Higher Education Center – Capital Community College........8
- Downtown Parking........8

Complimentary Development within Adriaen's Landing
- Marriott Hartford Downtown........9
- Connecticut Science Center........9
- Grove Street Connector........9
- Front Street District – Phase I........9
- Front Street District – Additional Phases........10
- Adriaen's Landing Central Utility Plant........10
- Rentschler Field........10-11

Adriaen's Landing Background........11-13

Impact of Adriaen's Landing........13-15

Adriaen's Landing Employment Success........15-16

Adriaen's Landing Sources and Uses Funds – CCEDA Sources/Uses of Funds for Adriaen's Landing....17-18

CCEDA Historical Financial Statements........19

Photo Gallery........20-37

The People Who Made It Happen........38-42

Closing........43

INTRODUCTION

Success, as documented by this final report, can be identified and measured. The Capital City Economic Development Authority ("CCEDA") has attained a level of success that has left the City of Hartford, the region and the state positioned to continue to move in the right direction.
One would be hard pressed to envision Hartford without the benefits of the "Six Pillars". In reality, some development in the city likely would have continued but certainly the pace and scale would not come close to what CCEDA has accomplished.

While some might argue with the cost to revive our Capital City, the fact is the city needed the infusion of investment to signal the employers of the region that the state cares and wants to provide an attractive environment. It also meant that the City and its proponents would be able to showcase this new vitality.

Fortunately, the backbone of the city, the insurance industry, has planted deep roots in Hartford. Its investment in real estate, and more importantly, its talented workforce, makes it difficult, but not impossible to move operations elsewhere. The industry has been crying out for a Hartford that would not only embrace them, but also be attractive to the current workforce but equally important to the workforce of the future.

The "Six Pillars" mission was to recreate that environment which had disappeared over the years. Prior to CCEDA's involvement, employees of Hartford businesses as well as visitors to the City came to Hartford because they had to - not because they wanted to. Getting people to consider living in the City was a challenge CCEDA embraced.

The Pillar projects created additional reasons to come to the city. Whether it was to dine, be entertained or have a local option to take a course to advance their career. Ultimately, some would decide to live in Hartford in housing designed and built with them in mind.

The Pillar plan took these concepts and introduced the idea of having a place, a convention center that could accommodate events drawing regional visitors of all ages as well as visitors from outside Connecticut and with them the dollars that add to the economy. A "World Class" Science Center would attract families and school groups, introducing the city to many who never had the reason to come here in the past.

The Pillar projects also included a component that would provide for housing development throughout the city. Gap funding, through CCEDA, allowed many developers to provide home ownership opportunities to many who may not otherwise have had those opportunities. The program also included funding to the city, permitting many properties to be secured or mothballed for redevelopment in the future.

What follows is a final report on what CCEDA and its projects have meant to the City of Hartford. More importantly, the efforts of CCEDA and its many partners show what can be accomplished through goal setting and teamwork. Hopefully, the progress to date will translate into further efforts to move the City and the region forward.

HISTORY

In December 1997, Governor John Rowland formed a special advisory group, led by then Lt. Governor M. Jodi Rell, to design a blueprint for Hartford's economic development. The group's report, issued on March 16, 1998, identified "six pillars of progress...to revitalize and redefine the downtown [Hartford] area." The six pillars included:

- a convention center;
- the demolition or redevelopment of vacant structures throughout the city and the development of at least 1,000 downtown housing units geared towards emerging and maturing generations;
- a rejuvenated civic center, including retail, dining, and museum facilities to accommodate regional attractions and stimulate a flow of activity across downtown;
- a highly developed riverfront;
- a downtown higher education center featuring a community college and;
- an appreciable increase in the number of convenient and inexpensive parking spaces.

The group also recommended that, during its 1998 session, the legislature create a new oversight board to guide these projects to completion and "ensure the proper planning, management and progress of the above-listed projects."

CCEDA'S ESTABLISHMENT, 1998

The legislature established the quasi-public CCEDA in 1998 to oversee the "six pillar" projects and allocated $300 million in bonds for their development. This landmark legislation called for a Board of Directors to take on this responsibility. A Board of recognized and effective leaders from around the area was recruited and a capable staff was assembled to carry forward the mission of the organization.

Public Act 98-179 (the "Act") required CCEDA to study the financial feasibility of building and operating a convention center and report on it to the General Assembly. (The legislature expanded the study in 1999 to include the feasibility of the parking facilities.) Among other things, the legislature authorized CCEDA to enter into contracts; issue bonds and other obligations; borrow money; and acquire, lease, and dispose of personal property. The Act also gave CCEDA additional powers concerning the convention center project, including the authority to acquire land through eminent domain. It required CCEDA to coordinate all state and municipal planning and financial resources for projects and required state and municipal agencies to cooperate with it in its efforts.

The evolution of CCEDA called for increasing oversight to account for the demands of each of the individual components of the various projects. Systems were put in place which would give the authority the capability to monitor and safeguard data. Regular reporting was done to ensure that the community as well as the Governor and legislature had the latest information on the investments being made.

An outline of the funding for the projects is provided in Ex. 1 found on page 17.

ACCOMPLISHMENTS

SIX PILLAR DEVELOPMENT

Connecticut Convention Center

The Connecticut Convention Center ("CTCC") is the largest, full-service convention facility between Boston and New York. The building measures 1004 feet long, 498 feet wide and 124 feet at its highest point with 5.8 acres of rooftop. It is the anchor of the Adriaen's Landing District, a $775 million economic development project on a 28-acre parcel of previously underutilized and environmentally challenged land along Hartford's riverfront. The Convention Center offers 140,000 square feet of exhibit space; a 40,000 square foot ballroom; 25,000 square feet of meeting space; and 2,339 attached parking spaces. The building contains 20 acres of drywall and approximately 3.5 acres of carpet.

Sales Strategy

Being the new venue in town and the region has both advantages and disadvantages. Most groups appreciate the opportunity to liven up their event by holding it someplace new and different from their past locations, but enticing businesses to bring their event to a brand new entity with no track record could be a hard sell for even the most seasoned sales staff. Providing some financial support, which is typical in the convention business, allowed the Convention Center the chance to attract more prominent mid-sized groups such as STITCHES, Aircraft Owners and Pilots Association and the Tree Care Industry Association to the city. Hartford's status as a corporate headquarters for many Fortune 500 companies as well as being the insurance capital of the world, allowed the Convention Center sales staff access to profitable short-term corporate business. However, the recession's dramatic effect on the national economy presented some challenges for both long and short-term business prospects. Working with the Convention Center and the Greater Hartford Convention and Visitors Bureau ("GHCVB"), CCEDA changed the booking strategy to meet the changes in the industry and to sustain its sales regardless of the market trends.

Many corporations were staying close to home, while regional conference meeting planners were looking for a good value and convenient location for their clients. This meant changing the booking policy so the Convention Center's space could be more efficiently sold. The "18-months in, 18-months out" standard booking restrictions were eliminated and the sales function for the Convention Center was brought in house for better coordination. The growth in attendance from 244,223 in FY 2006, the first full year of operation, to 333,572 in FY 2011, and to 363,268 projected for FY 2012, is a reflection of success the change has made to the sale of the building. Many of the conventions and conferences, as well as corporate meetings, have multi-year contracts extending out to 2016.

Since the opening in June of 2005, the Convention Center has lived up to its expectation of being a premiere full-service venue that could capture the section of the convention and conference market that prefers a more intimate location and lower cost than either Boston or New York could provide. It has proven to be a fierce competitor with venues of similar size and market throughout the country hosting over 1419 events, more than 1,870,768 guests; generating almost $38,000,000 in revenue and some 213,511 hotel room nights over the last seven years.

CCEDA Housing Projects

In order to encourage residential housing development in Hartford, CCEDA assisted in the creation of market-rate housing in downtown Hartford and the development and rehabilitation of neighborhood housing throughout the city.

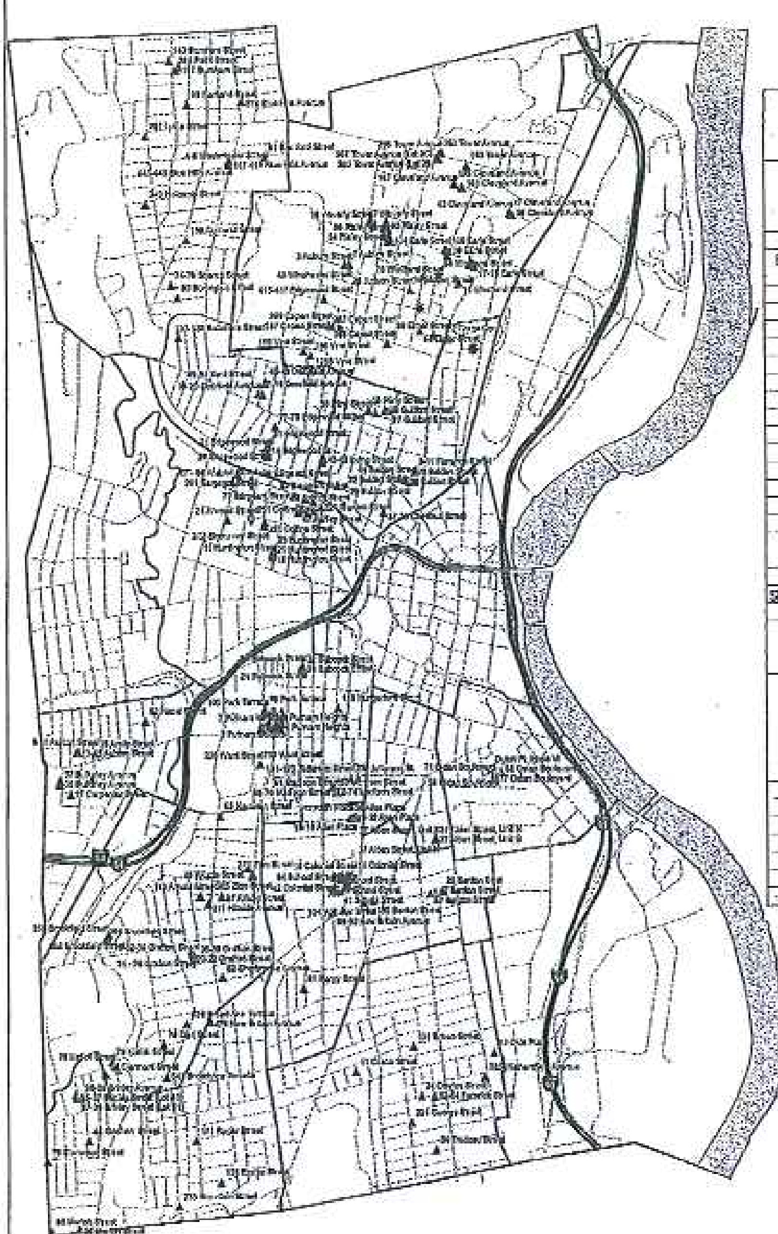
To date, CCEDA has provided $23 million to finance the development of 482 new market-rate housing units in the downtown district. CCEDA has also provided an additional $25 million administered by the City of Hartford's Acquisitions/Dispositions Department for neighborhood revitalization. This money was targeted for the development of new housing and the demolition/environmental abatement and mothballing of abandoned structures. Approximately $10.4 million was funded through the City's Appraisal Gap Program and $2.6 million is allocated for low interest loans to enable the renovation of affordable rental housing. The remainder has been set aside for site acquisition, demolition and mothballing.

Neighborhood Housing and Homeownership

Hartford's Neighborhood Revitalization Zone, (NRZ) worked closely with CCEDA on identifying city-wide housing projects. Those projects included working with developers on demolishing dilapidated structures, preserving those properties deemed fit for future development and determining feasible projects that create opportunities for increased homeownership.

The proper mix of affordable rental and ownership opportunities has been a focus of CCEDA and the city. Through CCEDA and the City of Hartford's Appraisal Gap Program, funding was provided to help bridge the affordability gap for homeownership in Hartford neighborhoods. As of January 2012, the program includes 483 units that are completed, under construction or committed. The locations of the projects include Asylum Hill, Blue Hills, Frog Hollow, Parkville, Charter Oak and Upper Albany areas of the city.

The following map illustrates the breadth of neighborhood housing investment through the Appraisal Gap Program.



Neighborhood	Units	Amount	Status
Asylum Hill	4	$80,020	Projected
Asylum Hill	29	$810,680	Completed
	33	$890,700	
Barry Square	8	$160,000	Committed
Barry Square	34	$741,000	Completed
	42	$901,000	
Behind The Rocks	32	$542,000	Completed
	32	$542,000	
Blue Hills	21	$401,000	Completed
	21	$401,000	
Clay Arsenal	27	$1,311,125	Completed
	27	$1,311,125	
Frog Hollow	84	$4,131,211	Completed
	84	$4,131,211	
Northeast	40	$800,000	Under Construction
Northeast	75	$1,538,123	Completed
	115	$2,338,123	
Parkville	14	$284,300	Completed
	14	$284,300	
Sheldon Charter Oak	44	$1,244,136	Committed
	14	$395,864	Completed
	58	$1,640,000	
South End	13	$255,000	Completed
	13	$255,000	
South Green	6	$120,000	Completed
	6	$120,000	
South West	15	$273,240	Completed
	15	$273,240	
Upper Albany	23	$720,987	Completed
	23	$720,987	
Total	483	$13,808,686	

CITY OF

HARTFORD

CONNECTICUT

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★ Projects Under Construction Through July 2011

▲ Completed Projects Through July 2011

✱ Committed Projects Through July 2011

◊ Projected Projects Through July 2011

CCEDA APPRAISAL GAP STATUS OF ALL PROJECTS THROUGH JULY 25, 2011

MAP PREPARED BY CITY OF HARTFORD PLANNING DIVISION DEPARTMENT OF DEVELOPMENT SERVICES JULY, 2011

Downtown Housing

CCEDA was the conduit for state funds allocated to developers for financing of the various types of market-rate housing projects including Hartford 21, The Lofts at Main and Temple, and Trumbull on the Park. As of March 31, 2012, there is a 95% occupancy rate for the combined 482 available apartments.

Hartford 21

Northland Investment Corporation was chosen as the preferred developer for the 960,000 square foot mixed-use project on the site of the former Hartford Civic Center Mall. Northland partnered with CCEDA, Connecticut Development Authority and private institutions on the $165 million project (CCEDA provided housing assistance in the form of a $13 million grant). Construction began in June of 2004 and was completed in September of 2006. Harford 21 has 262 luxury apartments in a 36 story residential tower along with 163,000 square feet of street-level commercial retail space located on the corner of Asylum and Trumbull Streets. (91.2% Residential Occupancy)

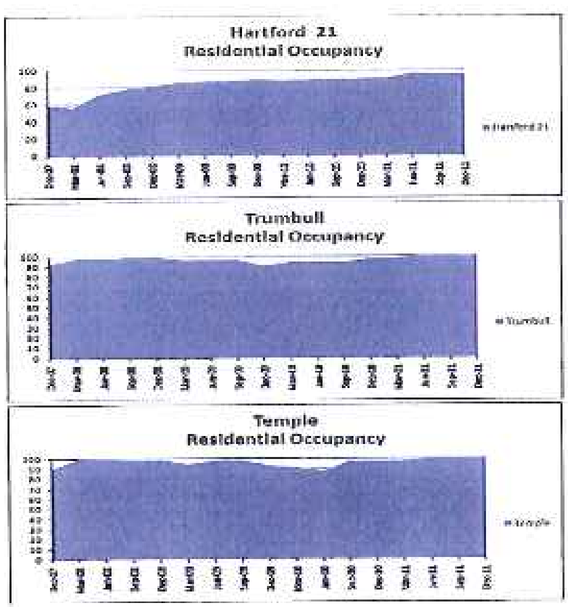
Trumbull on the Park

The mixed-use development is positioned at a crossroad of the city, directly across from the northeast entrance of Bushnell Park and in the Lewis Street Historical District, minutes away from popular restaurants and attractions such as the Wadsworth Atheneum, the XL Center, the Bushnell Center for Performing Arts and Adriaen's Landing. Trumbull on the Park had a budget of $40 million (CCEDA provided housing assistance in the form of a $6 million grant) and is a nine-story high-rise with 100 new loft, two and three bedroom apartments and restored apartments located in the three residential buildings from the 19th and early 20th century. Restaurants and a beauty salon occupy 84 percent of the 8,000 square feet of street-level commercial space available in the development. (100% Residential Occupancy)

The Lofts at Main and Temple Street

This restoration and redevelopment project won the Connecticut Preservation Award of Merit in 2008. The Main and Temple Street project entailed turning what was a Hartford landmark department store built in 1898, Sage Allen, into 78 loft-style rental units. Main and Temple had a budget of $28 million (CCEDA provided housing assistance in the form of a $4 million grant) and was built as a private and public collaboration with Winn Companies, headquartered in Boston, as the project developer. Along with the rental units, Main and Temple also consists of student housing for the University of Hartford and has over 13,378 square feet of commercial space which is currently fully leased. (99% Residential Occupancy)

Residential Occupancy Rates



XL Center

Northland Investment Corporation, the developer of Hartford 21, co-developed the retail portion of the XL Center on the site of the former Hartford Civic Center Mall. Northland partnered with CCEDA and CDA on the project and completed construction in September, 2006 (CCEDA provided financial assistance in the form of a $15 million grant).

This new development comprises 106,000 square feet of commercial space and 57,000 square feet of retail space. Among the development's commercial tenants are the YMCA of Greater Hartford, which occupies 37,429 square feet for a health facility and its corporate offices, and St. Joseph's School of Pharmacy, which occupies 35,077 square feet. The complex also includes two parking garages with 816 spaces.

Riverfront Infrastructure

CCEDA continues to work with Riverfront Recapture, Inc. ("RRI") in the effort to restore public access to the riverfront. To date, CCEDA has partnered with RRI on four capital projects:

1) The Columbus Boulevard Bridge – a pedestrian bridge that connects the Mortensen Riverfront Plaza with the Phoenix Plaza, allowing direct access to and from the rest of downtown. This bridge was completed and opened in May 2001.

2) Riverwalk Downtown – a landscaped pedestrian pathway between the Founders' and Bulkeley Bridges. The construction of Riverwalk Downtown was completed and opened to the public in May 2003.

3) State Street Landing Dock Improvements – an upgraded floating dock facility to accommodate the service needs of two excursion boat operations. Changes included extending the dock pilings, revising the dock guide brackets, and installing heavy duty, adjustable connection hinges between the docks. The project was completed in June 2010.

4) Riverwalk South - Planning continues on design and permitting for the Riverwalk South project which is a 3800 feet linear walkway connecting Riverfront Plaza in downtown Hartford to Charter Oak Landing and includes a new Gateway that will lead under an elevated section of I-91 to the park system across from the Colt Factory. This ambitious project also includes a new 335 feet section of concrete flood wall with a 40 feet wide operating gate structure to allow direct, on-grade, riverfront access for pedestrians, service, and emergency vehicles.

The Columbus Boulevard Bridge and Riverfront Downtown projects are enjoying tremendous success, with the Riverfront parks attracting more than 900,000 visitors in 2011. These two projects, along with the recently completion of Riverwalk North, enable residents, convention visitors, and local workers to walk from downtown Hartford into Riverside Park, home of the privately-funded Greater Hartford Jaycees Community Boathouse. The completed walkway restored a public access not available since construction of the flood dikes in the early 1940's which cut off access from one side of the Bulkeley Bridge to the other.

Downtown Higher Education Center-Capital Community College

CCEDA provided a $30 million grant to assist in the redevelopment of the former G. Fox & Company Department Store and the relocation of Capital Community College (the "College") to this revitalized building in downtown Hartford. The College, the only public undergraduate institution in the City of Hartford, continues to thrive in its state-of-the-art campus. The convenient location, a historic downtown landmark on major bus routes, is accessible for area students, which is reflected in the College's growing enrollments, which surpassed 4,500 students in 2011.

The College's campus, in the heart of the commercial and cultural district, has fostered partnerships with key businesses in the City, including major insurance and financial services companies.
The College has also firmly established itself as the state's leader in workforce development, training scores of incumbent employees and displaced job seekers. The College hosts Connecticut's sole Insurance & Financial Services Center for Educational Excellence, Allied Health Training Institute, Green Building Program and much more. The College also develops and implements flexible, customized programs for businesses on a demand-driven basis.

The College contributes $315.5 million annually to the regional economy from college operations, student spending and cumulative student productivity. The estimate is based on a May 2008 analysis in "The Economic Contribution of Capital Community College" by www.economicmodeling.com. The report states students enjoy a 25% return in higher future earnings."

The College fulfills its educational mission by delivering 52 degree and certificate programs and offering workforce-training programs in collaboration with community-based organizations, secondary schools, adult education programs, government agencies, business and industry. Associate degree studies include accounting, business management, communication media, computer and information systems, architectural engineering technology, natural sciences, liberal arts, early childhood education, criminal justice, social services and insurance and financial services.

Downtown Parking

For many years, the central business district of the City of Hartford was plagued by a shortage of affordable parking. In order to address this shortage, CCEDA financially assisted in the development of 7,670 affordable parking spaces. CCEDA provided $12 million in funding for parking facilities, including the Morgan Street Garage, the Hartford 21 Garage, the Temple Street Garage, and the Front Street South Garage. These facilities will support the remaining "Pillars" and encourage additional private investment in the area.

COMPLEMENTARY DEVELOPMENT WITHIN ADRIAEN'S LANDING

In conjunction with the Office of Policy and Management, CCEDA directed the creation of the Adriaen's Landing District, including the following development projects.

Marriott Hartford Downtown

The Marriott Hartford Downtown, located in Adriaen's Landing, is connected to the Convention Center and serves as the headquarter hotel. The Marriott was designed in the historic scale and tradition of a "Grand Hotel by Brennan Beer Gorman and stands 22 stories to create a defining icon on the Hartford skyline. The four-diamond hotel was developed and is owned by the Waterford Group of Waterford, CT. It opened in August of 2005 with 409 rooms, a full service restaurant. Lounge, 13,000 square feet of meeting space and a rooftop pool and spa which features riverfront views to the east and the City to the west. The total cost was $91 million. The Master Plan for the Adriaen's Landing Project contemplated a possible future expansion which would include additional rooms and meeting space.

Connecticut Science Center

CCEDA worked with the Connecticut Science Center (Science Center), to develop a state-of-the-art educational destination located at the northeastern boundary of the Adriaen's Landing project, adjacent to the existing Riverfront Plaza. The 154,000 square foot Science Center sits atop of a CCEDA-owned 460 space parking facility, which provides the base and foundation for the Science Center.

After five years of planning and fundraising, and three and one-half years of construction, the Science Center opened to the public on June 12, 2009. The Science Center features over 150 interactive exhibits in 40,000 square feet of gallery space, a 3D digital theater, Café, gift shop and plaza. Development of the Science Center and parking garage was approximately a $180 million project, including $40 million in private gifts and pledges, and $4.7 million in federal grants. As of April 2012, more than 800,000 guests have visited the Science Center.

The Science Center facility is a Gold LEED certified green building. To achieve this, the building was built with recycled materials and energy efficiency measures, and receives the majority of its electricity from a 200Kw fuel cell.

Grove Street Connector

In 2011, construction was also completed to the $8.2 million Mayor Mike Peters Bridge, a 270 foot pedestrian walkway connecting the Science Center plaza to the Convention Center plaza.

Front Street District -Phase I

The Front Street District component of the Adriaen's Landing Project is expected to include market-rate rental housing, restaurants and retail shops, to be built in multiple phases. These new venues will not only be designed to attract conventioneers, hotel guests and Science Center patrons from Adriaen's Landing, but also as a destination for area residents and visitors to the region.

The Front Street District has been jointly designated by CCEDA and OPM as a private development district. Accordingly, CCEDA negotiated a tax fixing agreement with HBN providing payments to CCEDA in lieu of real property taxes. Such payments are intended to continue the purpose of CCEDA.

The State has prepared the Front Street site, including environmental remediation, installation of required utilities, construction of the parking garages and two new roadways: Front Street and Front Street Crossing. The Front Street North Garage and the recently completed Front Street South Garage will serve surrounding businesses with long-term leasing as well as district visitors, residents and patrons of the Wadsworth Atheneum and the Elks Club with hourly rates. The HBN Front Street District, Inc. ("HBN") is developing the remainder of the site. Construction of Phase I of the Front Street District began on November 1, 2008 and was completed in July 2010. The two buildings comprising Phase I will contain approximately 65,000 gross square feet of commercial uses, predominately restaurant and entertainment venues. Sixty percent of the available space has been leased or committed. To date, announcements concerning these new tenants have been held per agreement with such tenants.

Front Street District – Additional Phases

Additional phases of the project will contain the residential component of the project as well as further commercial uses, incorporating the façade of the historic Hartford Times Building. With State funding in the amount of $12 million, HBN is currently in the process of completing the financing package for market-rate residential development as well as additional retail development. The completion of the balance of the overall site will unify the remaining blocks of the development into a cohesive complex and link the area to downtown.

Adriaen's Landing Central Utility Plant

In order to efficiently and effectively supply most of Adriaen's Landing with heating and cooling capabilities, it was decided to build and house a central utility plant ("CUP"). CCEDA'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. That plant supplies heating capabilities to the Convention Center and two outdoor snow-melt systems, the Marriott Hotel and Science Center. It further provides chilled water to those facilities to maintain air temperatures and provide refrigerants for its food storage lockers.

The CUP is composed of a 9,500 square foot structure located on a mezzanine level of the Convention Center, housing steam generating equipment, central plant chillers, chilled water and condenser pumps and a control room. There are 3 boilers: two 600 hp boilers and one 400 hp boiler, two chillers: one 1200 ton and one 800 ton chillers; one 1200 ton steam absorption chiller, and various circulating water pumps and exchangers that carry the load. Interestingly, at any given time, the CUP provides enough capacity to air condition 601 homes when outside temperatures exceed 90 degrees, or enough heat to supply 1,650 homes with heat and hot water on a cold winter's day.

The total cost of the plant, and its later expansion in 2009 to the 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 consultants and various intelligent systems to properly maintain and manage it. The CUP is governed by an energy sharing agreement administrated by CCEDA and between the Convention Center, Marriott Hotel and the 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 portion funded by the Convention Center is approximately $1.7 million each year. CCEDA 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.

Rentschler Field

In 1998, the State entered into an agreement with the New England Patriots that, among other provisions, provided for the construction of a 70,000-seat open-air stadium to accommodate the team's anticipated move to Connecticut. The $375 million facility was to have been constructed in downtown Hartford as part of the Adriaen's Landing project.

The General Assembly allocated funding to begin construction of the stadium, however, when the Patriots' deal fell apart in the spring of 1999, those funds were redirected for a multi-purpose "sportsplex" at Adriaen's Landing. Among other uses, the sportsplex would accommodate the University of Connecticut's move to NCAA Division 1-A football. Site constraints, however, precluded construction of the facility at Adriaen's Landing. The project was redesigned as a 40,000-seat open-air football stadium and relocated to East Hartford, following United Technologies Corporation's donation of 75 acres within its abandoned Rentschler airfield. The General Assembly approved $92.3 million in general obligation bonds for the project and OPM began construction in 2001. The project was completed on schedule and within budget, and UConn played its first home game at the Stadium in August 2003.

While CCEDA played a major role in negotiating the Patriot's deal and in the planning phases of the NFL stadium and multi-purpose sportsplex, the Authority was not directly involved in construction of the Stadium at Rentschler Field. CCEDA board members and staff have, however, provided extensive operational advice and support to the OPM Stadium team in recent years. It was the Authority that initiated discussions to bring the Stadium and Convention Center under a single agency, a consolidation provided for in Public Act 12-147.

ADRIAEN'S LANDING BACKGROUND

The Authority was responsible for the planning and the construction of large scale state funded development projects in the City of Hartford. CCEDA's streamlined permitting and special provisions allowed for efficient planning and funding to move projects which might otherwise get bogged down in red tape and conflicting jurisdictions.
Marketing and Sales approaches have also adapted to the realities of both the product and the importance of the development for not just the City but the region as well.

Land Acquisition
The 28-acre site in downtown Hartford identified for the Adriaen's Landing project in the late 1990's was owned by eight separate entities and characterized by a variety of uses. The acquisition of this property represented a significant financial and diplomatic effort on the part of the Adriaen's project team.

("OPM") currently owns or leases all 28 acres of the Adriaen's Landing site. With the exception of the former Hartford Times Building and some sidewalks along Columbus Boulevard and Arch Street, all of this property has been leased to the Capital City Economic Development Authority.

Acquisition costs for the project,(exclusive of legal, appraisal and title costs) totaled $45.6 Million. A summary of the various site acquisition agreements appears below.

a) **CT Natural Gas (CNG):** The project purchased 7.6 acres and reimbursed CNG for the relocation of their office, operations and maintenance facilities at a cost of $37.3 million. The terms of the transaction were outlined in a "Definitive Agreement for Purchase and Relocation" signed in September 2000.

b) **Phoenix:** Pursuant to an "Agreement to Sell and Purchase and to Donate and Accept" signed in September 2000, the project purchased three parcels totaling 5.2 acres from Phoenix at a cost of $5.0 million.

c) **Travelers Indemnity Company:** In March 2004, OPM signed a ground lease with Travelers and the affiliated Arch Street North LLC for 4.4 acres in the Front Street district. The State will have use of the property for a period of 99 years in exchange for one dollar per year and parking rights for 950 Travelers employees within the CCEDA garages.

d) **Elks Club:** Pursuant to an "Agreement to Sell and Purchase" signed in January 2001, the project purchased a parking lot owned by the Elks Club for approximately $3.5 million. The cost of this acquisition included replacement of lost parking revenue, as well as funds for the rehabilitation of the Elks' lodge, a historically significant structure adjacent to the Adriaen's Landing site.

e) **City of Hartford:** Pursuant to a resolution adopted by the City Council in February 2001, the City of Hartford donated approximately 2.5 acres, along with air rights over the Keney Lane Pump Station and portions of five streets, to the project. According to Hartford officials, the total value of this property was $11.0 million.

f) **City of Hartford Pension Fund:** Pursuant to a "Purchase and Sale Agreement" signed in January 2002, OPM acquired the former Hartford Times Building from the City's Pension Fund at a cost of $14.5 million. This figure includes $6.5 million for the relocation of City offices located in the building, pursuant to a July 2001 MOU.

g) **Metropolitan District Commission (MDC):** The MDC donated three small parcels totaling less than two acres and valued at approximately $600,000. The project took possession through a quit claim deed in January 2001.

h) **State Department of Transportation (DOT):** Pursuant to a series of Transfers of Custody and Controls, DOT donated a number of small parcels within the Adriaen's Landing footprint, as well as portions of a state road needed for the Project.

<u>Environmental Remediation</u>

Adriaen's Landing is constructed on property that historically held many heavy industrial operations, most prominently the Hartford Gas Company's manufactured coal gas plant. Widespread soil and groundwater contamination on the site had been a significant factor in the failure of prior predevelopment plans. The Project conducted a detailed investigation of site conditions, and a Remedial Action Plan (RAP) for the site was approved by the Department of Environmental Protection (DEP now the Department of Energy and Environmental Protection) in March 2001. Development has proceeded in accordance with its approaches.

The RAP primarily recommended "capping" the site to isolate contaminants and protect groundwater and the adjacent Connecticut River. Contaminated soil that had to be excavated for construction would be disposed of offsite at an approved facility. "Hot spots" containing the most significant contamination would also be removed and disposed of offsite. Building and landscape designs would be subject to DEP approval and would include elements to ensure any remaining contamination remained isolated from the environment. Contaminated groundwater that had to be pumped out to support construction would be treated and tested prior to discharge to sanitary sewers. As a final level of protection, restrictions on future uses and on subsurface activities would ensure that any remaining contamination posed no risk to people or the environment.

The planned uses of the site did not directly dictate the remedial measures; rather, they reinforced each other. Environmental staff worked closely with the designers to ensure that cost-effective solutions were incorporated throughout the project. Public subsidy for remediation would have been essential to any development here, but assembling the numerous parcels into a single site and planning on that scale allowed for a much more cost effective approach to remediation.

Nevertheless, the cost of remediation substantially exceeded the original budget. Given the history of the site and many undocumented structural remains, it was impossible to accurately identify all contaminated areas prior to excavation. For example, in 2003 four large undocumented underground storage tanks were encountered in the course of construction, requiring testing and removal of contents, tank cleaning and removal, and testing and removal of soils contaminated by releases from the tanks. More than 20 such tanks were encountered and remediated in the course of the project, as well as numerous other locations that had experienced undocumented releases. In addition, several miles of abandoned gas lines had to be remediated for PCB contamination present in those lines from the interstate pipeline system. In one instance, for a "hot spot" west of Columbus Boulevard that extended under the street and utility lines, at DEP's request the Project successfully tested an in-place remediation approach involving well injection of chemicals to break down the contaminants.

The nature of the site's soils also drove cost increases. Virtually the entire site consisted of urban fill materials, many with varying degrees of contamination. The many undocumented obstructions led to site-wide over-excavation of foundations that generated large volumes of contaminated soil requiring off-site disposal. In addition, most of the in-place fill material was found to be structurally unacceptable to support slabs and shallow foundations, and had to be excavated and replaced with clean structural fill. The environmental team worked closely with the designers of the various components to attempt to minimize the volume of such excavation required.

Remediation has been the responsibility of the Project, so that the private developers would effectively be able to proceed as with a clean site. However, for cost and schedule efficiency, remediation has mainly been done as part of component construction. Where necessary, costs have then been allocated to the Project and the developer using agreed-upon formulas and measurements.

The cost of remediation has included an independent oversight contractor selected by OPM pursuant to Connecticut General Statutes Section 32-655a(8) to monitor the Project's compliance with the approved RAP and other regulatory requirements. The potential for airborne contaminants during construction led the Project to operate a continuous real-time air monitoring program from March 2001 until November 2003. Costs also included insurance for any off-site impacts resulting from construction activities or from off-site disposal. Substantial laboratory costs were also incurred in testing soils to determine an appropriate disposal facility.

As noted, remediation also involves long-term monitoring of soil and groundwater, as well as placing restrictions or controls on land uses and future site subsurface activities. These measures remain to be fully implemented as construction is winding down and will be ongoing responsibilities of the Project.

IMPACT OF ADRIAEN'S LANDING

An endeavor of this magnitude needs to be evaluated both in the up-front projections as well as through pulse checks during the development.

Economic impact estimates prior to completion can be affected by many factors. However, in 2008 CCEDA commissioned the Department of Economic and Community Development ("DECD ") to do a Regional Economic analysis otherwise known as a "REMI". The timing of this study gave a more complete and accurate picture of the economic benefits of the Adriaen's Landing project. The study does not include the impacts of the other pillar projects. What follows is a summary of the 2008 report on Adriaen's Landing.

Construction of Adriaen's Landing began in 2000. The Convention Center, Marriott Hotel and Front Street North Garage have been in operation since 2005. The Science Center opened in Spring 2009, and construction on the Front Street developments will began in 2009 and is expected to be complete by 2013.

Economic and Fiscal Impacts

DECD obtained construction, sales and estimated sales data for the existing Adriaen's Landing components, and estimates future sales based on assumptions consistent with each facility's own projects. DECD estimates the economic and fiscal impacts of the Front Street developments using construction costs and sales and employment and office spaces.

The economic and fiscal impacts (that is, changes from the no-build or baseline forecast) for Adriaen's Landing appear in Table 1. The values for jobs population, gross regional product, personal income and net state revenue represent the annual average increases in these variables above the baseline forecast of the Hartford County and state economies. In other words, we expect Adriaen's Landing to benefit Hartford County and the State of Connecticut by the amounts in Table 1 on average annually. DECD counts the construction employment and related expenditure in the future impact results in Table 1 as they are part of the current and near-term economic development in Hartford. The developments are financed by private, federal and state funding. The state provides bond-financed grants to assist the Front Street and Science Center developments. The 31-year period over which the impact is measured (1999-2030) encompasses each construction phase and includes the 20 years that the state will pay debt service on each bond issue.

The employment created represents the new jobs in the region as a result of new economic activity generated by the Adriaen's landing development. That population increases less than the number of jobs on average annually implies the labor force participation rate increases (that is, some unemployed workers who were not looking for work entered the labor force). Gross product represents the annual average increase in the value added at the county and state levels due to ongoing operations of the Adriaen's Landing activity on people's pocketbooks as incomes generated through ongoing operations ripple through the economy.

State revenue appearing in Table 1 represents the annual average increase in the variety of taxes and fees thrown off by the ongoing operations of the Adriaen's Landing developments. State expenditure represents the annual average increase in the variety of spending due to the ongoing operations of the Adriaen's Landing developments and is primarily in response to the population increase that requires increased public services.

Table 1: Economic and Fiscal Impact of Adriaen's Landing in 2006 Dollars, 1999-2030

	Hartford County	State
Employment (jobs)	1,680 jobs	1,852 jobs
Population	1,306 persons	1,708 persons
Gross Product	$145,884,753	$164,414,467
Personal Income	$77,798,938	$109,960,096
State Revenue	$11,400,240	$14,612,635
State Expenditure	$5,255,870	$6,733,090
Net State Revenue	$6,144,371	$7,879,545

Source: DECD calculations using REMI output

The fiscal impact for the City of Hartford appears in Table 2 and represents the annual average changes in tax revenue arising from additions to the Grand List and municipal expenditures due to the construction and operations that phase in over a period of several years.

Table 2: Average Annual Fiscal Impact for City of Hartford in 2006 Dollars, 1999-2030	
Local Revenue	$29,341,071
Local Expenditure	$2,887,195
Net Local Revenue	$26,453,876

Source: DECD calculations using REMI output

ADRIAEN'S LANDING EMPLOYMENT SUCCESS

Measuring the impact CCEDA projects have had on Hartford's economy also requires analyzing the workforce employed to complete the projects and maintain them.

Development-Related Employment

The construction phase of the projects at Adriaen's Landing created a demand for highly-skilled workers in numerous trades including masons, carpenters, painters, glaziers, plumbers, iron workers, drywall finishers, electricians, environmental technicians, sheet metal workers, elevator contractors, roofers, laborers and operating engineers to name a few. The Hartford Jobs Funnel, a workforce education program within the Capital Workforce Partners funded by CCEDA and a number of corporate sponsors, provided training to residents of Hartford and the Greater Hartford Region in the fore-mentioned areas.

Graduates of the Jobs Funnel Program completed the process of gaining specific work competencies and trade-related certifications and were assisted in securing positions in self-sustaining construction careers. In addition to employing graduates from workforce training programs, CCEDA adopted procedures that opened up employment opportunities for both union and non-union workers. Consistent with CGS Section 32-602, CCEDA required contractors and subcontractors working in the Convention Center and Marriott Hotel Projects to not only provide equal opportunity for employment, but to make reasonable efforts to hire or cause to hire members of minorities for all levels of construction jobs. In addition CCEDA adopted the 8(A)-CT Program modeled after the Federal 8A Program. It guaranteed that Hartford based minority contractors would be included in the Adriaen's Landing Project.

Adriaen's Landing

"Adriaen's Landing Projects" includes the Connecticut Convention Center, Marriott Hotel, the Connecticut Science Center, the Front Street District, Front Street North and South Garages, The Convention Center Garage, the Science Center/Riverfront Garage and road reconfiguration and infrastructure associated with the district. The Adriaen's Landing Projects exceeded the contract goals established in the Connecticut General Statutes § 4a-60g which states 25 percent of the State funded purchases shall be set-aside for small businesses enterprises ("SBE")and 25% of that amount (6.25% of total awards) shall be set-aside for small, minority or women-owned business enterprises ("MBE"). The Adriaen's Landing development had one of the highest minority participation rates in the state's history.

Of the construction contracts associated with Adriaen's Landing Project, 31.31% were awarded to SBE and 22.37% were awarded to MBEs. Connecticut contractors performed over 75% of the work with 7.76% going to state-based Disadvantaged Business Enterprises. Connecticut residents accounted for 90.3% of the Project's workforce.

In addition to training and job creation associated with construction, many permanent jobs in the hospitality industry have been created at the entities at Adriaen's Landing. Hartford residents compose 28.6% of the 311 employees of the Connecticut Convention Center, 32% of the 223 employees at the Marriott, 18% of the 89 employees of the Connecticut Science Center, and 36.84% of the staff employed by LAZ for the management of the parking facilities. In addition, more than half of the District employees are women and minorities. These numbers reflect the long-term impact the Project had not only on the City of Hartford, but also for the entire state.

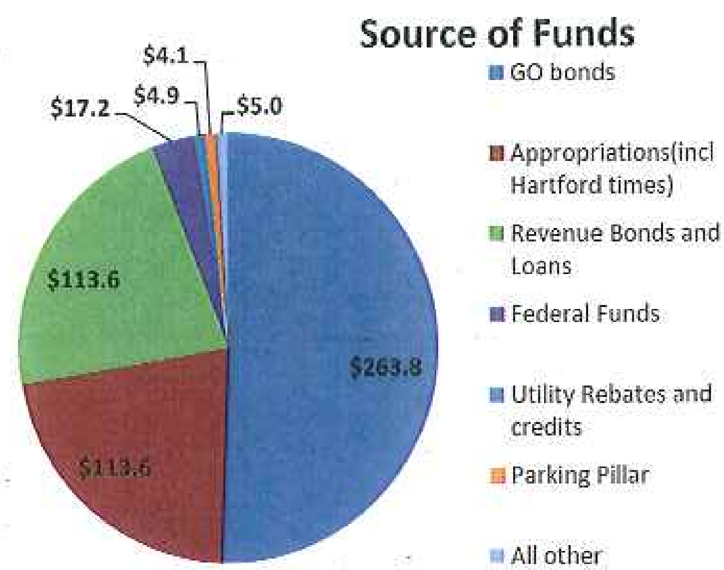
District Marketing

The Adriaen's Landing District is named after the Dutch explorer Adriaen Block, who first visited the area in 1614. Bearing such a distinctive and unusual name for the District can be a challenge to promote, however, its uniqueness provides a one-of-a-kind advertising opportunity. As far as we know, there is no other area in the country referred to as "Adriaen's Landing." The completion of the Mike Peters Pedestrian Bridge and Phase One of the Front Street Development provides a connection between the various entities in Adriaen's Landing, making it easy for prospective clients to appreciate all the District has to offer. Riverfront Recapture, the Connecticut Science Center, the Marriott Hotel, Front Street District, the Convention Center and the Wadsworth have all partnered to identify their respective venues as part of the Adriaen's Landing.

ADRIAEN'S LANDING
Sources and Uses of Funds

Sources of Funds: The accompanying Exhibit I reflect the detailed sources of funds received to finance the Adriaen's Landing project. Those Sources of Funds are summarized in Ex. 1 below:

The total source of funds available for the project is approximately $522.6 million. The largest component of the source of funds is from State General Obligation (GO) bonds. These bonds are not included on the balance sheet of the Authority; however, the revenue bonds and loans, the second largest component source of funds are on the balance sheet and remain the responsibility of the Authority. The Authority is required by indenture, to the extent possible, to pay debt service on the revenue bonds from parking and CUP revenues, net of expenses, and any short fall is made up by the Office of the Treasurer and is recorded as a long-term payable to them as a contract assistance liability. Currently, the contract assistance liability or obligation is approximately $20 million.



Ex. 1

Uses of Funds: You will note that the uses of funds totals from Exhibit 2 reflects $522.6 million, and yet, the assets on the Authority's balance sheet are only around $310 million. The main reason is that the project spending not only included the costs of the building and structures, but also included (1) environmental remediation, (2) utility relocation and (3)road improvements which are costs associated with the land the structures reside on. None of the land is on the books and records of the Authority and remains with the State or other private entities, and CCEDA's net assets reflects between $8 and $9 million a year of depreciation . Therefore, such costs were never capitalized on the books and records of the Authority.

CCEDA
Sources/ Uses of Funds for Adriaen's Landing

Sources

Adriaen's Landing Bonding Authorization	$73,800,000
Convention Center Bond Authorization	190,000,000
Adriaen's Landing Appropriation	100,000,000
CCEDA Revenue Bonds & Loans (2003 & 2004 Authorization) (including 12.5M of Traveler's Loans)	113,598,942
Hartford times Building Appropriation	13,642,836
Federal Highway and other Funds	17,188,566
CL&P & Other Utility Credits & Rebates	4,852,970
CCEDA parking Pillar	4,070,000
CP Project Admin FEE	2,500,000
Miscellaneous sources	2,959,057
Total Sources	522,612,370

Uses

Convention Center*	$219,720,424	
East Side Site infrastructure & Demo*	34,438,651	
West Side Site Infrastructure & Demo*	22,472,010	
Parking Garages*	123,394,632	
CUP & Cup Expansion	16,206,666	
Bridge*	9,442,554	
LAND, Pre-Devlop plan, Admin & miscellaneous*	96,937,433	522,612,370
Difference		$0

* Environmental control and clean up costs total $30.7 million

CCEDA
Historical Financial Statements
FY1999 to FY2011

Condensed Balance Sheet

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Assets	$2,088,494	$3,240,414	$3,099,362	$1,235,285	$1,025,407	$2,778,430	$238,511,748	$275,870,527	$278,803,091	$285,379,022	$315,056,850	$309,874,445	$305,404,606
Total Liabilities	1,633,191	2,595,350	2,370,182	482,707	384,363	6,222	74,122,149	89,304,543	90,611,535	104,340,893	128,303,579	136,075,674	136,273,946
Fund Balance	455,303	645,064	729,180	752,579	641,044	2,772,208	164,389,599	186,565,984	188,191,555	181,038,129	186,753,271	173,797,771	169,130,660
Total	$2,088,494	$3,240,414	$3,099,362	$1,235,286	$1,025,407	$2,778,430	$238,511,748	$275,870,527	$278,803,091	$285,379,022	$315,056,850	$309,874,445	$305,404,606

Condensed Income Statement

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
CT Grants	$2,549,112	$5,189,755	$7,261,101	$3,136,414	$1,928,778	$4,929,500	$3,518,313	$6,212,500	$7,900,000	$7,900,000	$7,651,153	$6,185,155	$6,286,378
Other Grants													5,000,000
Operational Revenue							691,570	12,921,708	14,050,471	15,573,321	14,689,176	15,518,216	17,150,718
Net Interest	4,129	17,626	17,626	25,317	11,275	10,685	(1,736,357)	(3,024,880)	(2,981,774)	(3,261,984)	(4,402,497)	(5,046,245)	(4,956,542)
Expenses	2,097,938	5,017,620	7,194,611	3,138,332	2,051,588	2,809,021	5,268,254	24,986,867	26,630,930	28,145,103	27,511,501	29,612,666	28,137,665
Difference	$451,174	$189,761	$84,116	$23,399	($111,535)	$2,131,164	($3,794,728)	($8,577,539)	($7,652,233)	($7,933,166)	($9,673,669)	($12,955,500)	($4,557,111)

Increase in Assets

The construction on the building and garages began in FY2002/2003 and assets were first placed in service in FY2005 as indicated by the sudden increase of $235 million in assets in that year. That increase represented the original capitalization of the convention center building, related building equipment and the attached garage.

In FY2006, another $52.5 million of capitalized cost was added related primarily to the North Street garage and some additional convention center building costs.

While in FY2008/2009 the significant increases related to the Science Center garage which came online in FY2009.

Debt Growth

The table below represents debt growth from revenue bonds and loans incurred to fund the construction of the CUP and Parking garages. While the traveler's loan specifically funded the North Street Garage, the Series A,B,C & D Revenue Bond proceeds were used for the CUP and remaining parking garages.

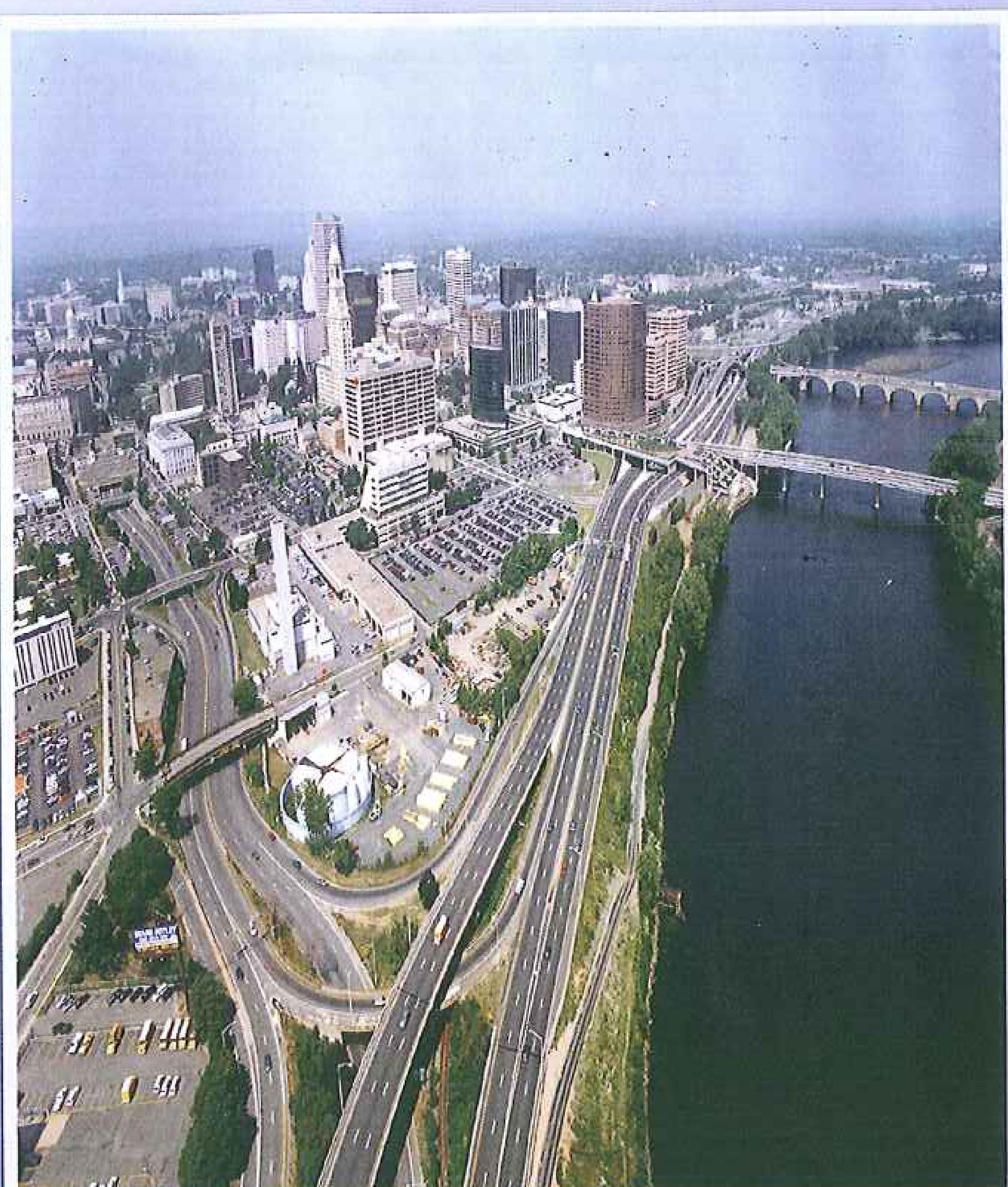
	2005	2006	2007	2008	2009
Series A	$15.0				
Series B	$52.5				
Series C		$15.0			
Series D					$22.5
Traveler's loan				$12.5	

Operational Revenue Increases and State Funding

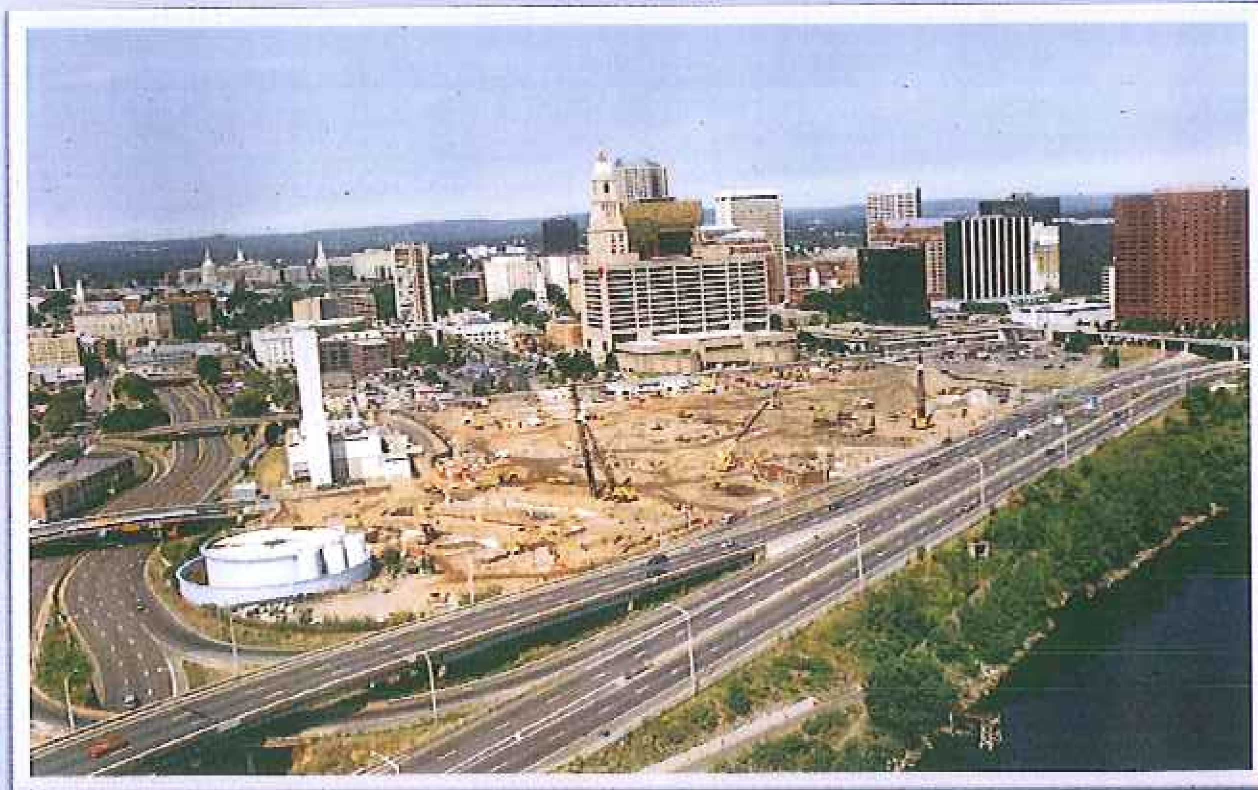
Operational revenue in the condensed income statement reflects continued growth from $691,570 in FY2005 (the first year of operation) to over $17.2 million in FY2011. These increases are the result of increased trade and consumer shows, as well as banquets and any related parking and CUP revenue. The dramatic record setting increase in operational revenue in FY2011 reflects over $9.6 million in Convention center revenue while parking and the CUP enjoyed sales of $7.5 million.

State funding has declined from a high in FY2007 and FY2008 of $7.9 million to $6.3 million in FY2011, and despite this continued need for State funding, Adriaen's Landing operational success drives significant attendance and hotel room nights to the Hartford region.

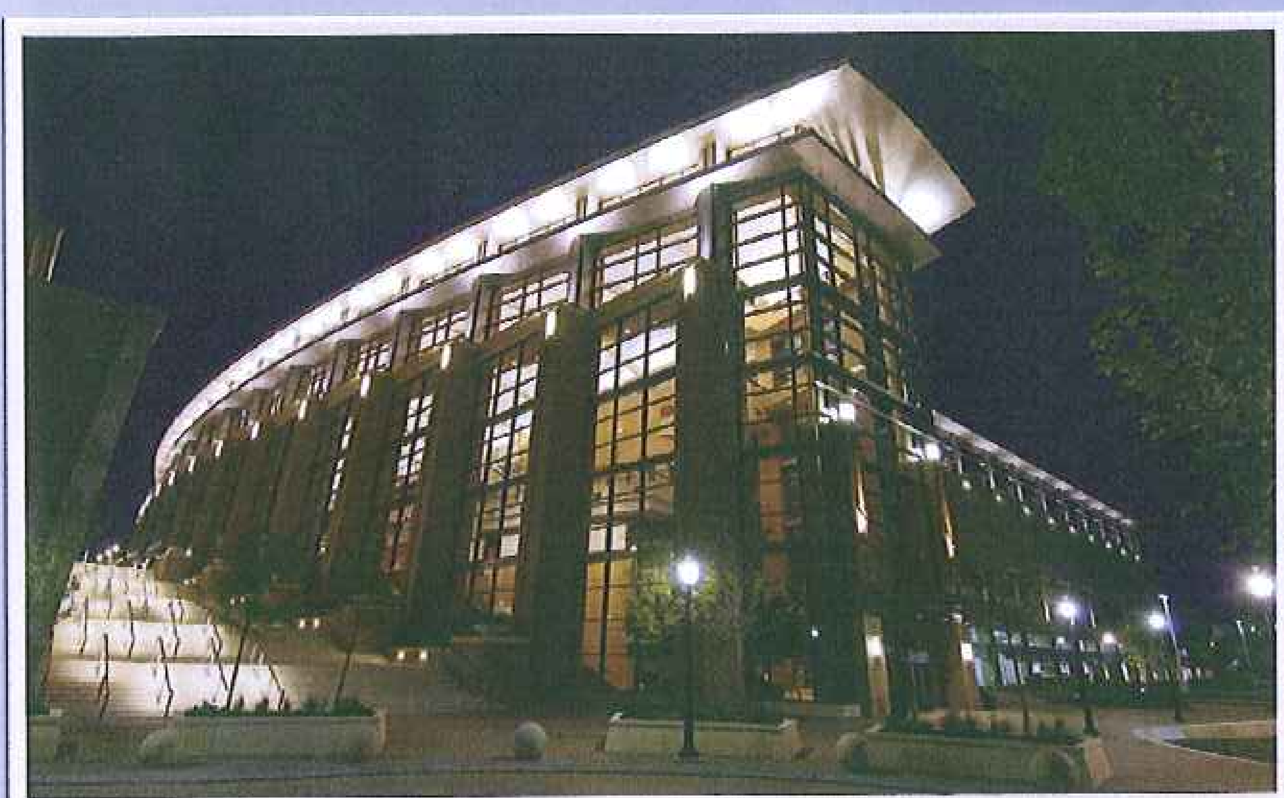
Hartford Pre-Adriaen's Landing



Site Prep



Connecticut Convention Center



Connecticut Convention Center Interior

Connecticut Convention Center Exhibit Hall

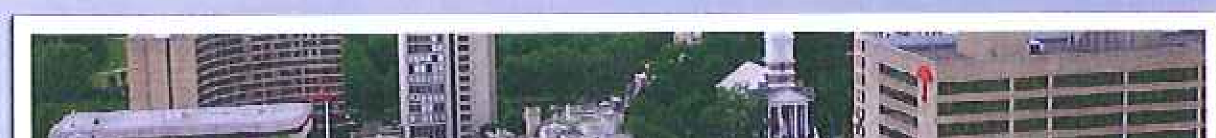
Connecticut Convention Center Ballroom

Hartford Marriott Hotel

Connecticut Science Center

Mayor Mike Peters Bridge

Front Street Entertainment District



Main & Temple

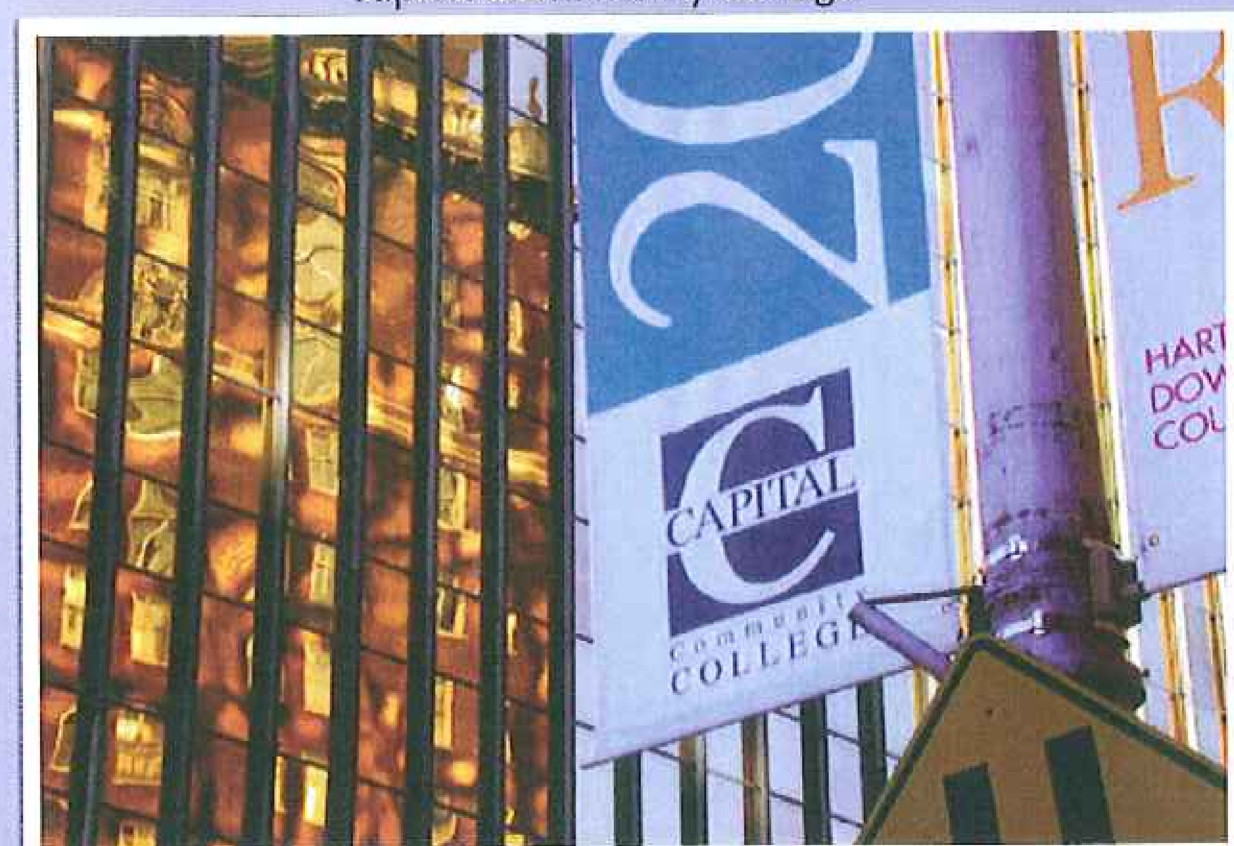
Hartford 21

Trumbull on the Park

Dutch Point (Appraisal Gap)

Riverfront

Capital Community College



Central Utility Plant

Front Street North Garage

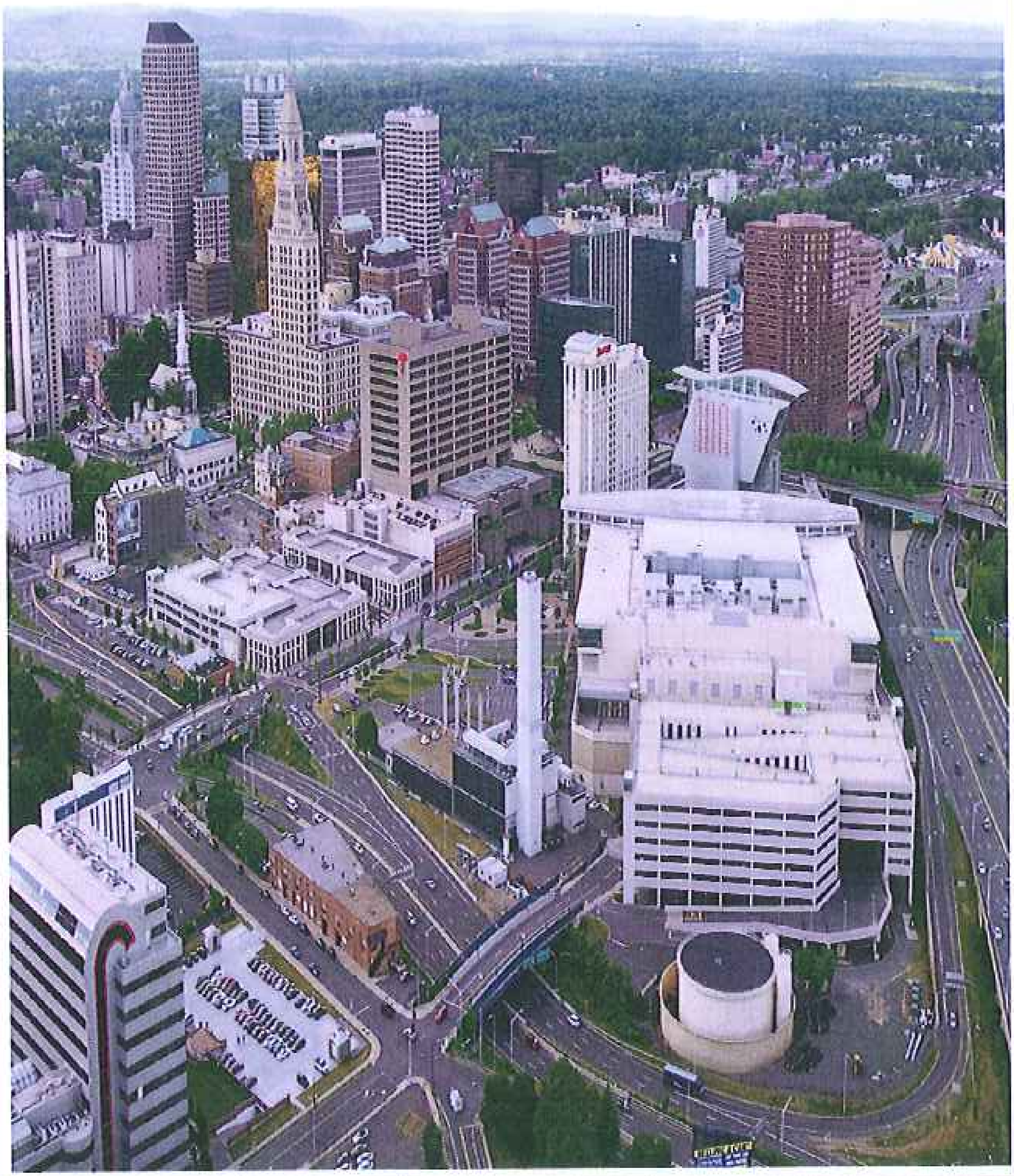
Connecticut Science Center / Riverfront Garage

Front Street South Parking Garage

Connecticut Convention Center Parking Garage

Rentschler Field

Hartford with Adriaen's Landing



The People Who Made It Happen

This report could not possibly mention everyone who had a hand in the success CCEDA enjoyed and from whom the City benefitted. What follows is but a sampling of the cross section of public sector and private sector leaders as well as individuals who believed in the mission set forth back in 1998. Elected officials, federal, state and local, business leaders, community leaders and the hundreds of behind the scenes individuals combined to make things happen all over Hartford.

This unprecedented effort had its share of proponents and as with any effort of this magnitude had and continues to have its doubters.

What perhaps could not be argued is the fact that Hartford had had its share of tough breaks and something had to change.

Change was planned and those plans evolved and work began, work that included not only the physical but equally important, the political. Partnerships had to be forged, funding had to be secured and a community's willingness to embrace a dream had to be constantly reinforced.
There were bumps along the way but the mission has held together and the City is better for it. What has been set in motion needs to be continued and the list of individuals and organizations that follows is a testament to the enormity of the undertaking. The hope is that this list continues to expand because with its expansion will come more progress in the quest to make Hartford and the region all it can be.

Thanks goes out to everyone listed here and to so many others who made it happen.

James Abromaitis
Peter Adamowicz
James Adams
Doug Aitken
Rick Alessandri
Dennis Allen
Anthony Amenta
Arthur Anderson
Scott Anderson
Mary Jo Andrews
Alan Angel
Ronald Angelo
Richard Armstrong
Vincent Avino
Romani Ayer
Tracy Babbidge
R.L. Babcock
Jennifer Babowicz
Joe Balesano
John Banta
Nick Baratto
Carl Bard
Daniel Bauer
John Bazzano
James Bealmear
Tom Beaudoin
Dave Bebrin
John Beck
Lisa Beers
Charles Berger
Steve Berkeley
Andy Bessette
Terry Bickhardt
Robert Blanda
John Blaschik
Peter Blomstrom
James Bolduc
Charles Bonser
Cathy Boone
Debra Borrero
Patrick Bowe
Mamood Bozorgzad
Robert Brackett
Christopher Brady
Matt Brady
Dennis Brennan
Hank Brennan
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Richard Gray
Whitney Gray
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Bruce Green
Oz Griebel
Manish Gupta
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R. Bartley Halloran
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Thomas Hanley
Holley Hanrattie
Blair Hanuschak
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Mary Harper
Kurt Harrison
Kimberly Hart
Chorlette Harvey
Richard Hathaway
Gerald Hayes
Anne Hayes
Holley Henderson
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Todd Hesketh
Christopher Higgins
Andrew Hill
Joseph Hohman
Edward Hole
Peter Holland
Kim Hollfelder
Elaine Hopkins
Charles Howard
Jim Howe
Mercedes Hurd
Ned Hurle
Jim Hutton
Oswald Inglese
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Robert Kaliszewski
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Bradley Keazer
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Jim Kopencey
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Walter Krudysz
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Barry Lord
Ernie Lorimer
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Fiona McAllister
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William McCue
Charla McDermott
John McGrane
Marie McGuinness
Melody McIntosh
Charles McKay
Henry McKinnel
Phillip McLellan
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Lisa Moody
Judith Moran
Lisa Mottola
Paul Muniz

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Allisa Murphy
Ashwatha Narayana
David Nardone
Carl Nasto
Glen Neilson
Marc Nicol
Bradley Nitkin
Helen Nitkin
Scott Nobel
Joseph Noce
Art Norton
Richard Nuclo
Bob Nuzzi
G.Robert O'Brien
Bud O'Donnell
David O'Hearn
James Ohlheiser
Ignatius Okonkwo
Tim Olynciw
Mary Onidi
Linda Osten
Dean Pagani
Bob Pajak
Lisa Palen
Kathleen Palm
Maryann Palmarozza
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Mario Pare
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Bhupen Patel
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Allan Weston
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Joseph Williams
Robert Winchester
Nick Wolfcale
Len Wolman
Mark Wolman
Helga Woods
Peter Zachs
Rita Zangari
Carmen Zea
David Ziaks

A & S Electrical
A-1 Glass Company, Inc.
Accuworld, LLC
Acorn Glass Inc.
Acoustics Inc. of East Hartford
Action Steel LLC
ADF Industries
Adriaen's Landing Hotel, LLC
Adriaen's Landing Management Company
Advanced Equipment Co.
Aerials by Don Couture LLC
African American Alliance
Agnew Moyer Smith, Inc.
AI Engineer, Inc.
Albis Turlington Architects LLC
Alexandra Champalimaud & Associates
Allegheny Millwork
Alternative Business Interiors
Altieri Sebor Weiber
Amenta/Emma Architects, P.C.
American Sawing and Drilling Co., Inc.
Apex Companies, LLC
Archaeological & Historical Services
Arden Architectural Products (P.O.)
Armani Restoration, Inc.
Arrow Line Painting
Asbestos Workers Local 33
Atlantic Masonry Products Corp
ATR Electrical Contractor LLC
Attorney General
Automated Building Systems, Inc.
Aztec Technologies LLC
B. W. Dexter II, Inc.
Bailey & Staub, Inc.
Balmori Associatges
Bank of America
Barker Steel
BCI, Inc. dba Butler Company
Beck
Berkshire Concrete Corp.
Berkshire Industrial Services, LLC
Blakeslee Prestress, Incl.
Boilermakers Local 237
Boner Associates
Boston Showcase Company
Bounds Kalberer Engineers, LLC
Bowley Moore Appraisal Centre
BPO Elks, Hartford Lodge 19
Braman Chemical Enterprises, Inc.
Brand FireSafety Services
Brandston Partnership, Inc.
Brayman Hollow Masonry, Inc.
Brennan Beer Gorman Architects (BBG)
Bricklayers BAC #1
BSC Group
Builders Hardware
Bunting Graphics Inc.
BVH Integrated Services, Inc.
C. F. Reid Construction
Calabrese, Joseph, P.C.
Calvert Safe & Lock Ltd
Canam Steel Corporation
Capasso Restoration Inc.
CAPCO Steel
Capital City Economic Development Authority
Carpenters Local 43
CB Richard Ellis-Capital Markets
Chasm Industries
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Chester Pool Systems, Inc.
Cini-Little International
Citedal Consulting, Inc.
City Electrical Enterprises, LLC
City of Hartford
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Clean Harbors
Cline Bettridge Berstein
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Concentra Health Services, Inc.
Connecticut Bank and Trust
Connecticut Deparment of Public Health
Connecticut Department of Information Technology
Connecticut Department of Labor
Connecticut Department of Public Safety
Connecticut Department of Public Works
Connecticut Department of Revenue Services
Connecticut Department of Transportation
Connecticut Development Authority
Connecticut Health and Education Facilities Authority
Connecticut Mason Contractors Inc
Connecticut Natural Gas
Connecticut Stone Industries
Connecticut Tank Removal, Inc.
Con-Tech Consultants
Control Systems, Inc.
Conventional Wisdom Corporation
CRCOG-Capital Región Council of Governments
Crest Graphics
Crosskey Architects
CSS/CON
CT Community Provider Association
CT Paving
Curtain Wall Design and Consulting Inc
CWPM, LLC
Dainty Rubbish Service, Inc.
DAS-Department of Administrative Services
DECD-Economic and Community Development
Department of Environmental Protection
Desimone Consulting Engineers
Desman
Diversified Technology Consultants
DMJM Harris
Door & Hardware Management, Inc
D-Tox Inc.
Ducci Electrical Contractors
DuPont Flooring Systems
Dyco Industries, Inc.
Dynamic Dock & Door
Dynamic Electrical Contractors
Eagle Fence & Guardrail
Earth Technologies, Inc.
Eastern Exterior Wall Systems
EDAW
EDI Landscaping LLC
Ed-Mor Electric Company, Inc.
Electricians Local 35
Electricians Local 90
Elkus/Manfredi Architects Ltd
Ellerbe Becket
Emcor/New England Mechanical Services Inc.
Environmental Partners, LLC
Environmental Services Inc. (ESI)
Environmental Testing & Balancing
Ernest Peterson, Inc.
F&F Mechanical Enterprises Inc.
F. A. Hesketh & Associates, Inc.
Faithful and Gould (formally Hanscomb)
Falcon Paving
Federal APD

Ferguson Electric Company, Inc.
Field Safety Corporation
Fine Specialty Construction
Finn, Dixon & Herling, LLP
First American Title Insurance Company
Fisher Marantz Stone
Fleet Environmental Services LLC
Fleet National Bank
FMB Mechanical, Inc.
Four Seasons Landscaping, Inc.
Frankson Fence
G. Donaldson Construction
G. Donovan Associates, Inc.
Gable Signs & Graphics
Garrity Asphalt & Reclaming Inc.
GEI Consultants, Inc.
Gilbane Building Co
Girard and Company LLP
GM2
Gorove/Slade Associates, Inc.
Grant Thornton LLP
Gray Wolf Construction
Graystone Group Advertising
Greater hartford Convention & Visitors Bureau, Inc.
GZA GeoEnvironmental
H. Carr & Sons, Inc.
Haley & Aldrich, Inc.
Hargreaves Associates
Harrington Engineering
Harry Grodsky & Co., Inc.
Hartford Community Construction Company
Hartford NRZ's
Hartland Building & Restoration Company
HBN Front Street District, Inc.
Heitmann & Associates, Inc.
Hopkins Food Service
Howe Engineers
Hunt Construction
Hunt/Gilbane a Joint Venture
Iron Workers Local 15
Island Lathing & Plastering, Inc.
Israel Berger & Associates
Italia & Lemp
J&G Glass, Inc.
J. L. Marshall & Sons, Inc.
J.H. Lynch & Sons, Inc.
J.P. Carrara & Sons
Jenkins & Huntington, Inc.
JFC Steel Construction, LLC
Jobs Funnel
Jo-Cal Construction
John Watts Associates
Jones Engineering LLC
Jo-Ryu Security
Joseph Cohn & Son, Inc.
Joseph Merritt Company, Incl
Judicial Department
Judith Nitsch Engineering, Inc.
K & R Trucking
Kelly Enterprises, Inc.
Ken Watterworth, Inc.
Kerr Electric Inc.
Kessler Installation Corporation
KHS&S Contractors
Kiewitt Construction
Kohler Ronan, LLC
KPMG
Kroll Schiff & Associates
L&P Gates Co., Inc.
Laborers' Local 230
Laborers' Local 611
LaCasa De Purto Rico Inc.
Lamont Financial Services Corp.A190
Lauretano Sign Group
Lavallee Overhead Door, Inc.
LAZ Parking Ltd.
Legnos & Cramer
Liberty Mutual
Loureiro Contractors, Inc.
Loureiro Engineering Associates
Lupachino & Salvatore, Inc.
M. J. Daly & Sons, Inc.
Mackenzie Painting Co., Inc.
Mafco Electrical Contractors, Inc.
Manafort Brothers, Inc.
Marchitelli Barnes & Co., Inc.
Mariano Brothers Specialty Moving LLC
Marsh
Massey's Plate Glass & Aluminum, Inc.
Maxicom Service Distribution Systems
McKinney Drilling Company
McPhee Electrical Ltd.
Mero, Gertrude
Merrill Lynch
Metropolitan District Commission
MH Specs
Military Department
Millwork One
Milton Lewis Howard
Mizzy Construction, Inc.
Mohegan Painting Co., Inc.
Mountain View Landscape & Lawncare
Munters Corporation
NAACP
Nalco Company
NE Lightning
New England Boring Contractors
New England Concrete Cutting, Inc.
New England Liner Systems Inc.
New Haven Partitions, Inc.
Niro Landscape Contractors, Inc.
North American Theatrix
Northeast Caissons Inc.
Northeast Contractors Inc.
Northeast Lamp Recycling, Inc.
Northeast Lightning Protection Systems Inc.
Northeast Utilities - CL&P
Nutmeg Planners LLC
Ondeo Nalco Company
Onsite Services, Inc.
Operating Engineers, Local 478
OPM-Office of Policy and Management
Otis Elevator Company
Overhead Door of Norwich, Inc
Painters District Council 11
Parking Planners, LP
Parsons Transportation
Partitions Inc. (Partitions/Milazzo, a JV)
Paul Dinto Electrical Contractors
Pelli Clarke Pelli Architects
Pentagram
People, Places & Design Research
Perini Building Company, Inc.
Persohn Hahn Associates
PETCO Insulation Co., Inc.
Philip R Sherman, P.E.
Phoenix Environmental Laboratories, Inc.
Phoenix Life Insurance Company
Pinto & Associates
PJs Construction
Pole-Tech Co., Inc.

Post Reporting
Premier Services Division of PMS
Purcell Associates, Inc.
RDP Agency LLC
Regional Alliance for Small Contractors
Reynolds Welding & Fabrication
RK Insulation Contractors, Inc.
RKG Associates
Robert A.M. Stern Architects, LLP
Robinson & Cole
Rollo Masonry
Romano Gatland
Roofers Local 9
Roweski Painting LLC
Ruotolo Mechanical Inc.
Russo Brothers
Russo Lawn and Landscape
S E A Consultants Inc.
S. G. Milazzo and Company (Partitions/Milazzo, a JV)
S.G. Marino Crane Service, Inc.
Safe Environment of America, Inc.
Safety Markings Inc.
SAMA
Schindler Elevator Corporation
Schlaich Bergermann and Partner
Scott Action Sweeping
Seaboard Geotechnical & Environmental Drilling
Secretary of the State
SEI Companies / WSP Flack & Kurtz
Select Energy Contracting
Selles Lighting
Sheet Metal Workers local 40
Shen Milson & Wilke
Sheppard Steel Co., Inc.
Shipman and Goodwin LLP
Siegel, O'Connor, O'Donnell & Beck, P.C.
Siemens Corporation
Sign Lite, Inc.
Sil/Carr Corporation
Silktown Roofing, Inc.
Simpson Gumpertz & Heger
Smith Automatic Sprinkler
Smith Edwards Architects PC
Snow Management Group
Soeder & Associates, LLC.
Soiltesting Inc.
SOS Construction, Inc.
SourceOne, Inc.
Southern New England Fire (P.O.)
SpaceFitters, Inc.
Specified Building Products Corporation
Spiegel Zamecnik & Shaw, Inc.
Sprinklerfitters Local 676
SRI Fire Sprinkler Corporation
State Historical Commission
Steeltech Building Products, Inc.
Steven Winter Associates
Suntech of CT, Inc.
Superior Court
Superior Interiors
Teamsters Local 559
Teamsters Local 671
The Berlin Steel Construction Company
The Fusco Corporation
The Hartford Steam Company
The Mackenzie Co LLC
The SLAM Collaborative
The Smedley Company
The State Awning Company
The Wetherell Corporation
Thinc Design / Tom Hennes Inc.
Thompson, Ventulett, Stainback & Associates, Inc.
Thornton -Tomasetti Group
Timothy Haas & Associates, Inc.
Titan Roofing, Inc.
Total Communications, Inc.
Tractel Swingstage Division Northeast
Trane
Travelers
Treasurer, State of Connecticut
TriMark Raygal
Tri-Star Building Corp.
Tucker Mechanical
TVS Interiors
U.S. Bank
UConn-University of Connecticut
UIC
Universal Construction Services
Updike, Kelly and Spellacy, P.C.
Urban Contractors, Inc.
URS Greiner
US Chutes
Van Horst General Contractors, LLC
Vermuelens
VeruTEK Technologies, Inc.
Vibra Conn
Victor Rome Contract Furnishings, Inc.
Vollmer Associates LLP
Walker Parking Consultants
Walsh, Hannon & Gladwin
Walter D. Sullivan Co., Inc.
Walter P. Morre
Waterbury Masonry & Foundation, Inc.
Waterford Development, LLC
Waterford Venue Services, LLC
Weidlinger Associates
White Oak Associates Inc
Whitehawk Construction Services, LLC
Whiting Turner Contracting Company
Wiggin and Dana LLP
Willco Sales & Service, Inc.
WOMCO Insulation Co., Inc.

CLOSING

With the passage of P.A. 12-147 CCEDA was renamed Capital Region Development Authority ("CRDA") . The new Authority, created by this legislative action and signed into law by Governor Dannel Malloy, will be called the Capital Region Development Authority ("CRDA").

The work does not end as evidenced by the mission of the newly named Authority. The management and development of Adriaen's Landing continues as well as expands as new regional responsibilities are added.

The level of ongoing upkeep and capital improvements to all the area assets will determine the competitiveness and ability to grow the visitor and event numbers.

Under this new legislation, the CRDA board's development responsibilities could extend into Harford's surrounding towns, with both economic development and tourism projects. This new entity has also been charged to work with DECD on a coordinated marketing and sales effort involving the region's major sports, convention and exhibition venues, including the Convention Center, the Stadium at Rentschler Field and the XL Center.

Subject to execution of memoranda of understanding, CRDA may also play a larger role in the operation of the Stadium and the XL Center. The major benefit of bringing these three venues under one Board would be to gain a certain amount of efficiency for the management of the buildings.

Determining the future plan for the XL Center will be the most complicated challenge. The level of retrofitting and updates to the coliseum will be dependent on the type of events pursued and driven by market conditions as well as the state's investment and the ability to attract private dollars.

Rentschler Field, having Board oversight as was proposed by CCEDA in 2010, will benefit by expediting decisions on issues and ideas necessary to keep the facility attractive to event promoters and enjoyable to the public.

Completion of Adriaen's Landing and specifically all the remaining phases of Front Street will require a level of commitment long witnessed through the actions of the CCEDA Board. Understanding that there are obstacles to development in Hartford, CRDA will require a continued need for creativity and incentives to offset the negatives. However, full build out of Front Street and maintaining the momentum of venue lease signings should create a buzz for all of the region.

Certainly the Board of CRDA will need to have access to capital for many of what will be proposed going forward, whether it be for increased housing, business recruitment and retention or maintenance of existing assets.

As stated at the beginning of this report much has been done and more needs to be done. Thank you to everyone who has been part of the success and good luck to those who will follow.

As Mayor Mike Peters always said "Go Hartford"!"

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

FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2012 AND 2011

CAPITAL REGION DEVELOPMENT AUTHORITY

Table of Contents

June 30, 2012 and 2011

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	EA – 1
MANAGEMENT'S DISCUSSION AND ANALYSIS	EA – 3
FINANCIAL STATEMENTS	
Balance Sheets	EA – 13
Statements of Revenues, Expenses and Changes in Net Assets	EA – 14
Statements of Cash Flows	EA – 15
Notes to Financial Statements	EA – 16
SUPPLEMENTARY INFORMATION	
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*	EA – 42

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Report of Independent Certified Public Accountants

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

We have audited the accompanying financial statements of the Capital Region Development Authority (the "Authority"), a component unit of the State of Connecticut, as of and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Authority as of and for the year ended June 30, 2011 were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated September 27, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Capital Region Development Authority as of June 30, 2012 and the changes in its financial position and its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2012 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page EA-6 be presented to supplement the basic financial statements. Such information, although not a required part of the 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. These limited procedures 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 financial statements, and other knowledge we obtained during our audit of the 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.

Grant Thornton LLP

Glastonbury, Connecticut
September 27, 2012

CAPITAL REGION DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

June 30, 2012 and 2011

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, 2012 and June 30, 2011. Following the MD&A are the financial statements of the Authority together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The Authority's financial statements use proprietary fund reporting and report its financial position, changes in financial position and cash flows in three financial statements: (1) the Balance Sheet, (2) the Statement of Revenues, Expenses and Changes in Net Assets, 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 assets represent the difference between total assets and total liabilities. Over time, increases or decreases in the Authority's net assets 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 Assets presents information showing how the Authority's net assets changed during the year.

2012 FINANCIAL HIGHLIGHTS

- Total assets exceeded total liabilities by $160,643,083 at June 30, 2012. Net assets totaling $4,398,527 are unrestricted, while net assets totaling $9,439,450 are restricted for capital projects. The Authority's net assets invested in capital assets, net of related debt, totaled $146,805,106, which is approximately 4.8% less than the previous year. Although investments were made in capital assets, these investments were offset by depreciation and contract assistance advances from the State of Connecticut for debt repayment.

- Net assets of the Authority decreased by $8,487,577 for the year ended June 30, 2012. This was a 5.0% decrease from the prior year.

- The loss from operations for the year ended June 30, 2012 was ($5,211,437), a reduction when compared to a profit of $299,431 in the prior year. After normalizing FY2011 for a $5 million restricted grant, operating revenues increased by $2,408,545 or 10.3% while operating expenses, after consideration of development costs associated with that restricted grant, increased $1,703,905 or 6.1%.

- The Convention Center's 2012 net operating loss decreased by $316,243 from ($3,109,026) in fiscal year 2011 to ($2,792,783) in fiscal year 2012. This was due to greater building utilization, higher combined revenues from rentals, event services and other convention and trade show revenue on slightly lower food & beverage revenue, partially offset by higher operating activity's expense.

- Parking net income increased by $970,510 from $2,587,547 in fiscal year 2011 to $3,558,057 in fiscal year 2012. Overall parking revenues increased by $559,415 in fiscal year 2012 over 2011 on greater transient parking from convention volume driven in part by 9.2% higher attendance on flat rates in FY2012. Operating expenses decreased by $411,095 or 11.8% in fiscal year 2012 over 2011 primarily due to lower costs for snow removal and utilities.

2011 FINANCIAL HIGHLIGHTS

- Total assets exceeded total liabilities by $169,130,660 at June 30, 2011. Net assets totaling $3,886,839 are unrestricted, while net assets totaling $11,005,064 are restricted for capital projects. The Authority's net assets invested in capital assets, net of related debt, totaled $154,238,757, which is approximately 4.3% less than the previous year. Although significant investments were made in capital assets, including construction in progress, these investments were offset by contract assistance advances from the State of Connecticut for debt repayment.

- The profit from operations for the year ended June 30, 2011 was $299,431, a significant improvement when compared to a ($7,909,255) loss in the prior year. Operating revenues increased by an average of 31.0% while operating expenses decreased an average of 5.0%.

- Net assets of the Authority decreased by $4,667,111 for the year ended June 30, 2011. This was a 2.7% decrease from the prior year, and the result of increased construction in progress, offset by depreciation on capital assets.

- The Convention Center's 2011 net operating loss increased by $318,598 from ($2,790,428) in fiscal year 2010 to ($3,109,026) in fiscal year 2011. This was due to higher combined revenues from rentals, event services and other convention revenue on slightly higher food and beverage revenue, offset by higher operating expenses for new sales and marketing responsibilities as well as higher fixed costs associated with snow removal and utilities.

- Parking net income decreased by $387,134 from $2,974,681 in fiscal year 2010 to $2,587,547 in fiscal year 2011. Overall revenues remained flat in fiscal year 2011 versus 2010 on slightly higher monthly contract parking volume and rates, offset by lower transient parking revenues on lower volumes and flat rates. Operating expenses increased by 11.8% in fiscal year 2011 over 2010 mainly due to higher costs for snow removal resulting from an increased number of snow storms and for utilities.

The following table summarizes the condensed Balance Sheets as of June 30, 2012, 2011 and 2010.

				Increase/(decrease)	
	2012	**2011***	**2010***	**2012 v 2011**	**2011 v 2010**
ASSETS:					
Current assets	$ 6,840,081	$ 5,711,448	$ 5,100,768	$ 1,128,633	$ 610,680
Noncurrent assets:					
Restricted cash and cash equivalents	8,302,646	9,960,151	8,318,818	(1,657,505)	1,641,333
Bond issuance costs, net	1,463,401	1,545,470	1,627,540	(82,069)	(82,070)
Capital assets, net	277,989,378	284,311,507	290,117,863	(6,322,129)	(5,806,356)
Deferred outflow of resources	3,543,221	3,876,030	4,709,456	(332,809)	(833,426)
Total assets	$298,138,727	$305,404,606	$309,874,445	($7,265,879)	($4,469,839)
LIABILITIES:					
Current liabilities	$ 5,970,064	$ 5,394,110	$ 5,353,978	$ 575,954	$ 40,132
Non-current liabilities	131,525,580	130,879,836	130,722,696	645,744	157,140
Total liabilities	137,495,644	136,273,946	136,076,674	1,221,698	197,272
NET ASSETS:					
Invested in capital assets, net of related debt	146,805,106	154,238,757	161,152,530	(7,433,651)	(6,913,773)
Restricted	9,439,450	11,005,064	9,579,263	(1,565,614)	1,425,801
Unrestricted	4,398,527	3,886,839	3,065,978	511,688	820,861
Total net assets	160,643,083	169,130,660	173,797,771	(8,487,577)	(4,667,111)
Total liabilities and net assets	$298,138,727	$305,404,606	$309,874,445	($7,265,879)	($4,469,839)

* As described more fully in Note 2, certain reclassifications have been made to the prior year amounts to conform to current year presentation.

2012 BALANCE SHEET ANALYSIS

- Total assets as of June 30, 2012 decreased by $7,265,879 or (2.4%) compared to the same period in 2011. Restricted non-current cash levels decreased $1.6 million compared to the prior year due to decreased grants and there were reductions in construction in progress due to capitalization of costs for the Mayor Mike Peters' pedestrian bridge and the true-up of construction costs associated with the Science Center garage.
- Current assets, principally cash and cash equivalents, increased by $1,128,633 or 19.8%, resulting from the timing of the use of operating funds for the convention center as well as parking and energy expenses.
- Non-current assets decreased by $8,394,512 or (2.8%) as a result of reductions in construction in progress and the charge for depreciation expense on capital assets, as well as the change in fair value of the interest rate swap (i.e., deferred outflow of resources under non-current assets on the balance sheet), partially offset by increased development costs.
- Total liabilities increased by $1,221,698 when compared to the prior year. This increase was primarily due to an increase in the obligation to the State for contract assistance which was partially offset by a reduction in bonds and loan payable and the change in fair value of the interest rate swap.

2011 BALANCE SHEET ANALYSIS

- Total assets as of June 30, 2011 decreased by $4,469,839 or (1.4%) compared to the same period in 2010. Restricted non-current cash levels increased $1.6 million compared to the prior year due to increased grants and construction in progress, but these were offset by changes in capital assets ($5.8 million).
- Current assets, principally cash and cash equivalents, increased by $610,680 or 12.0%, resulting from the Authority using operating funds for parking and energy expenses and short-term investment funds.
- Non-current assets decreased by $5,080,519 or (1.7%) as a result of increased development costs and construction in progress, the charge for depreciation expense on capital assets and the change in fair value of the interest rate swap (i.e., deferred outflow of resources under non-current assets on the balance sheet).
- Total liabilities increased by $197,272 when compared to the prior year. This increase was primarily due to an increase in the obligation to the State for contract assistance which was partially offset by a reduction in bonds and loan payable and the change in fair value of the interest rate swap.

The following table summarizes the changes in net assets for the fiscal years ended June 30, 2012, 2011 and 2010.

	2012	2011	2010
Operating revenues:			
Grants-State of Connecticut			
Operational	$ 862,773	$ 755,000	$ 440,000
Convention Center Project	5,237,227	10,435,000	5,610,000
On-behalf payments	167,230	96,378	135,195
Adriaen's Landing Facilities	19,578,411	17,145,288	15,486,125
Other operating revenue	-	5,430	32,091
Total operating revenues	25,845,641	28,437,096	21,703,411
Operating expenses:			
Personnel and general	778,935	566,459	757,230
On-behalf pension	167,230	96,378	135,195
Adriaen's Landing Facilities	20,667,511	18,260,461	19,486,501
Depreciation and amortization expense	9,443,402	9,214,367	9,233,740
Total operating expenses	31,057,078	28,137,665	29,612,666
Income (loss) from operations	(5,211,437)	299,431	(7,909,255)
Non-operating revenue (expense):			
Interest income	22,309	31,379	59,859
Interest expense	(4,821,206)	(4,997,921)	(5,106,104)
Non-operating (expense), net	(4,798,897)	(4,966,542)	(5,046,245)
Loss before capital transfer in - State of CT	(10,010,334)	(4,667,111)	(12,955,500)
Capital transfer in - State of Connecticut	1,522,757	-	-
Change in net assets	(8,487,577)	(4,667,111)	(12,955,500)
Net assets, beginning of year	169,130,660	173,797,771	186,753,271
Net assets, end of year	$ 160,643,083	$ 169,130,660	$ 173,797,771

2012 OPERATING ACTIVITY HIGHLIGHTS

- Operational grant revenue, primarily derived from an appropriation from the State of Connecticut in the amount of $6,100,000, provides funding for the operations of the Authority ($862,773), and the Convention Center Project ($5,237,227), which includes the operations of the Convention Center, Front Street District Maintenance and marketing costs. Total appropriations from the State declined by $90,000 or 2% in FY2012 when compared to FY2011. Grant revenue also declined due to a one-time $5 million restricted use gift, received in FY2011, from The Walt Disney Company and ESPN towards eligible costs as defined in a pledge agreement for the development and operations of the Front Street District.

- Revenues from Adriaen's Landing Facilities operations increased by $2,433,123 or 14.2% in FY2012 when compared to FY2011, primarily driven by the increased utilization of the building for conventions and trade shows, combined with a 9.2% increase in attendance. After consideration of certain development costs associated with the one-time restricted grant, expenses from the operation of these facilities increased $1,676,635 or 6.0% from the prior year due primarily to servicing the increased activities of the facilities.

2011 OPERATING ACTIVITY HIGHLIGHTS

- Operational grant revenue, primarily derived from an appropriation from the State of Connecticut in the amount of $6,190,000, provides funding for the operations of the Authority ($755,000), and the Convention Center Project ($5,435,000), which includes the operations of the Convention Center, Front Street District Maintenance and marketing costs. Further enhancing grant revenue was a $5 million restricted use gift from The Walt Disney Company and ESPN towards eligible costs as defined in a pledge agreement, more specifically, for the development and operations of the Front Street District.

- Revenues from Adriaen's Landing Facilities operations increased by $1,659,163 or 10.7% from the prior year. Expenses from the operation of these facilities decreased $1,226,040 or 6.3% from the prior year. There were other operating revenues of $5,430 in the fiscal year related to interest from the Temple Street Project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's investment in capital assets as of June 30, 2012 and 2011 totaled \$277,989,378 and \$284,311,507, respectively (net of accumulated depreciation). This investment in capital assets includes general operating equipment, building and improvements, building equipment and furnishings, and construction in progress. The investment in capital assets at June 30, 2012 decreased by \$6,322,129, and resulted from the capitalization of assets (\$11.8 million) that was offset by a decrease in construction in progress (-\$8.8 million) and the reduction from the depreciation of the capital assets (-\$9.3 million).

Major capital asset events during the current and immediate prior two fiscal years included outlays for construction in progress (for the Front Street District, building improvements to the Connecticut Convention Center, and Mayor Mike Peters' pedestrian bridge) and completion of the Connecticut Science Center Garage.

Capital Assets, Net of Accumulated Depreciation
As of June 30, 2012, 2011 and 2010

	2012	2011	2010
Construction in progress	\$ 8,175,946	\$ 16,929,382	\$ 13,800,077
General operating equipment	102,083	132,930	164,971
Buildings and improvements, equipment and furnishings	269,711,349	267,249,195	276,152,815
Total	\$ 277,989,378	\$ 284,311,507	\$ 290,117,863

Additional information on the Authority's capital assets can be found in Note 5 beginning on page EA-23 of this report.

Long Term Debt

Bonds Payable

The Authority issued \$110 million of Parking and Energy Fee Revenue Bonds to pay a portion of the costs of construction of the Convention Center Project. The revenue bonds are payable from the parking and energy revenues from facilities associated with the Convention Center. The Authority and the State, acting by and through the Secretary of the Office of Policy and Management and the State Treasurer, entered into a Contract for Financial Assistance, pursuant to which the State is obligated to pay to the Trustee on each principal and interest payment date an amount equal to debt service on the 2004 Series A, the 2004 Series B Bonds, the 2005 Series C Bonds, and the

Bonds Payable (*Continued*)

2008 Series D Bonds. The obligation of the State to make such payments does not require further appropriation and constitutes a full faith and credit obligation of the State. The Contract currently provides that the maximum amount payable pursuant to the Contract is limited to $9.0 million in any calendar year. The Authority has agreed with the State in the Contract and covenanted in the Indenture to enter into no obligation which would cause this limit to be exceeded. For the fiscal year ended June 30, 2012 and 2011, the Authority utilized the contract assistance in the amount of $4,179,921 and $4,058,964, respectively.

Scheduled debt repayments of $2,620,000 and $2,525,000 (principal) reduced the bonded debt outstanding of the Authority to $97,535,000 and $100,155,000, respectively, at the end of the fiscal years 2012 and 2011.

The Authority's 2004 Series A, 2004 Series B, and 2008 Series D revenue bonds are rated AA+, Aa3, and AA- by Standard & Poor's Corporation, Moody's Investor Service, and Fitch Ratings, respectively.

Additional information on the Authority's bonded debt can be found in Note 8 beginning on page EA-26 of this report.

Loan Payable

At the end of fiscal years 2012 and 2011, the Authority had a loan payable to The Travelers Indemnity Company of $10,768,558 and $11,217,503, respectively. The loan payable decreased by $448,944 and $427,093 at June 30, 2012 and 2011, respectively, due to principal repayments made during the two fiscal years.

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

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

Long Term Debt
As of June 30, 2012, 2011 and 2010

	2012	2011	2010
Due to State of Connecticut - contract assistance	$ 23,205,936	$ 19,026,014	$ 14,967,051
Bonds payable, net	97,209,778	99,829,233	102,353,686
Loan payable	10,768,558	11,217,503	11,644,596
Total	$ 131,184,272	$ 130,072,750	$ 128,965,333

CURRENTLY KNOWN FACTS

ENTERTAINMENT/RETAIL/RESIDENTIAL/DEVELOPMENT PROJECT

Construction of the first phase of the Front Street project was completed in the summer of 2010. There is approximately 65,000 square feet of entertainment and commercial space in Phase I supported by an adjacent 261 car garage owned by the Authority and operated by LAZ Parking. An agreement was signed with Spotlight Theatres and discussions with other prospective tenants are in progress for Phase I, with tenant fit-out expected in fiscal year 2013.

Design plans for Phase II of the development include market-rate rental housing, restaurants and retail shops. The Front Street development is an important link between Adriaen's Landing and downtown Hartford. The Front Street District was designed with the goal of attracting not only patrons of the other properties in Adriaen's Landings, such as convention attendees and hotel guests, but also area residents and regional visitors to the area.

MAYOR MIKE PETERS' PEDESTRIAN BRIDGE

Construction on the 270 square foot pedestrian bridge connecting The Connecticut Convention Center with the Connecticut Science Center began on April 20, 2009 and was completed in July of 2011. The bridge provides access to the Connecticut Riverfront and the Founder's Bridge to East Hartford. It is a convenient causeway for convention and conference attendees who are staying in hotels just across the Connecticut River in East Hartford.

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

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

CAPITAL CITY REGION DEVELOPMENT AUTHORITY

Balance Sheets

June 30, 2012 and 2011

ASSETS

	2012	2011
Current assets:		
Unrestricted cash and cash equivalents	$ 4,649,045	$ 3,960,292
Restricted cash and cash equivalents	1,136,804	1,044,913
Accounts receivable, net	869,406	468,876
Inventory	108,941	112,512
Prepaid expenses	75,885	124,855
Total current assets	6,840,081	5,711,448
Non-current assets:		
Restricted cash and cash equivalents	8,302,646	9,960,151
Capital assets not being depreciated:		
Construction in progress	8,175,946	16,929,382
Capital assets being depreciated:		
General Operations, net	102,083	132,930
Adriaen's Landing, net	269,711,349	267,249,195
Bond issuance costs, net	1,463,401	1,545,470
Deferred outflow of resources	3,543,221	3,876,030
Total non-current assets	291,298,646	299,693,158
Total assets	$ 298,138,727	$ 305,404,606

LIABILITIES AND NET ASSETS

	2012	2011
Current liabilities:		
Accounts payable and accrued expenses	$ 2,564,953	$ 2,116,510
Accrued interest payable	203,198	208,656
Current portion of bonds payable	2,730,000	2,620,000
Current portion of loan payable	471,913	448,944
Total current liabilities	5,970,064	5,394,110
Non-current liabilities:		
Due to State of Connecticut - contract assistance	23,205,936	19,026,014
Bonds payable, net	94,479,778	97,209,233
Loan payable	10,296,645	10,768,559
Derivative instrument - interest rate swap	3,543,221	3,876,030
Total non-current liabilities	131,525,580	130,879,836
Total liabilities	137,495,644	136,273,946
Net assets:		
Invested in capital assets, net of related debt	146,805,106	154,238,757
Restricted	9,439,450	11,005,064
Unrestricted	4,398,527	3,886,839
Total net assets	160,643,083	169,130,660
Total net assets and liabilities	$ 298,138,727	$ 305,404,606

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

CAPITAL REGION DEVELOPMENT AUTHORITY

Statements of Revenues, Expenses and Changes in Net Assets

For the years ended June 30, 2012 and 2011

	2012	2011
Operating revenues:		
Grants - State of Connecticut/Other:		
Operational	$ 862,773	$ 755,000
Convention center project	5,237,227	5,435,000
Restricted grant- Front Street	-	5,000,000
On-behalf payments	167,230	96,378
Adriaen's Landing:		
Convention Center	11,551,579	9,618,934
Parking	6,633,336	6,073,921
Central utility plant	1,393,496	1,452,433
Other income	-	5,430
Total operating revenues	25,845,641	28,437,096
Operating expenses:		
Authority operations:		
Personnel	579,451	401,575
General and administrative	199,484	164,884
On-behalf pension	167,230	96,378
Adriaen's Landing:		
Convention Center	14,344,362	12,727,960
Parking	3,075,279	3,486,374
Front Street	138,099	98,828
Central utility plant	853,186	862,754
Convention services	475,000	500,000
Bond administration	538,807	557,275
Development costs	1,242,778	27,270
Depreciation and amortization	9,443,402	9,214,367
Total operating expenses	31,057,078	28,137,665
Income/(loss) from operations	(5,211,437)	299,431
Non-operating revenue/(expense):		
Interest income	22,309	31,379
Interest expense	(4,821,206)	(4,997,921)
Non-operating (expense), net	(4,798,897)	(4,966,542)
Loss before capital transfer in - State of Connecticut	(10,010,334)	(4,667,111)
Capital transfer in – State of Connecticut	1,522,757	-
Change in net assets	(8,487,577)	(4,667,111)
Net assets, beginning of year	169,130,660	173,797,771
Net assets, end of year	$ 160,643,083	$ 169,130,660

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, 2012 and 2011

		2012		2011
Cash flows from operating activities:				
Receipts from:				
Grants	$	6,100,000	$	11,190,000
Customers		19,194,110		17,052,290
Payments to:				
Employees		(585,885)		(405,018)
Contractors		(1,242,778)		(27,270)
Suppliers		(19,149,908)		(18,302,088)
Net cash provided by operating activities		4,315,539		9,507,914
Cash flows from investing activities:				
Interest income on cash and cash equivalents		22,309		31,379
Purchases of capital assets		(1,499,567)		(3,325,943)
Net cash used in investing activities		(1,477,258)		(3,294,564)
Cash flows from capital and related financing activities:				
Advances from State of Connecticut - contract assistance		4,179,921		4,058,964
Principal paid on loan		(448,944)		(427,093)
Interest paid on loan payable		(550,680)		(572,530)
Principal paid on bonds		(2,620,000)		(2,525,000)
Interest paid on bonds payable		(4,275,439)		(4,430,104)
Net cash used in financing activities		(3,715,142)		(3,895,763)
Net increase/(decrease) in cash and cash equivalents		(876,861)		2,317,587
Cash and cash equivalents, beginning of year		14,965,356		12,647,769
Cash and cash equivalents, end of year	$	14,088,495	$	14,965,356
Cash and cash equivalents, end of year:				
Unrestricted cash and cash equivalents	$	4,649,045	$	3,960,292
Restricted cash and cash equivalents (current)		1,136,804		1,044,913
Restricted cash and cash equivalents (non-current)		8,302,646		9,960,151
	$	14,088,495	$	14,965,356
Reconciliation of operating income/(loss) to net cash provided by operating activities:				
Income /(loss) from operations	$	(5,211,437)	$	299,431
Adjustments to reconcile operating income/(loss) to net cash provided by operating activities:				
Depreciation and amortization		9,443,402		9,214,367
(Increase)/decrease in operating assets:				
Accounts receivable		(400,530)		44,017
Inventory		3,571		(12,895)
Prepaid expenses		48,971		34,452
Increase/(decrease) in operating liabilities:				
Accounts payable and accrued expenses		431,562		(71,458)
Net cash provided by operating activities	$	4,315,539	$	9,507,914
Non-cash operating activity:				
On-behalf pension payments	$	167,230	$	96,378
Non-cash capital and related financing activities:				
Capital transfer in – State of Connecticut		1,522,757		-
Change in fair value of interest rate swap		(332,809)		(833,426)

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

Note 1 – Organization

The Authority was established in 1998 under Title 32, Chapter 600 of the General Statutes of the State of Connecticut (the "Act"), as amended, and was created as a body politic and instrumentality of the State of Connecticut (the "State"). For purposes of financial reporting, the Authority is a component unit of the State of Connecticut and the Authority's financial statements are included in the State's Comprehensive Annual Financial Report. In 2012, the General Assembly renamed the Authority (The Capital Region Development Authority had formerly been called the Capital City Economic Development Authority) and expanded its powers to serve as a regional planning authority. The powers of the Authority are vested in its thirteen member Board of Directors appointed pursuant to C.G.S. § 32-601.

The purpose of the Authority shall be (1) to stimulate new investment within the capital region and provide support for multicultural destinations and the creation of a vibrant multidimensional downtown; (2) to work with the Department of Economic and Community Development to attract through a coordinated sales and marketing effort with the capital region's major sports, convention and exhibition venues large conventions, trade shows, exhibitions, conferences, consumer shows and events; (3) to encourage residential housing development; (4) to operate, maintain and market the convention center; (5) to stimulate family-oriented tourism, art, culture, history, education and entertainment through cooperation and coordination with city and regional organizations; (6) to manage facilities through contractual agreement or other legal instrument; (7) to stimulate economic development in the capital region; (8) upon request from the legislative body of a city or town within the capital region, to work with such city or town to assist in the development and redevelopment efforts to stimulate the economy of the region and increase tourism; (9) upon request of the Secretary of the Office of Policy and Management, may enter into an agreement for funding to facilitate the relocation of state offices within the capital city economic development district; (10) in addition to the authority set forth in subdivision (9) of section 32-600, as amended by this 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 as defined in subdivision (3) of this section; (B) a downtown higher education center; (C) the renovation and rejuvenation of the civic center and coliseum complex; (D) the development of the infrastructure and improvements to the riverfront; (E) (i) the creation of up to three thousand downtown housing units through rehabilitation and new construction, and (ii) the demolition or redevelopment of vacant buildings; (F) the addition to downtown parking capacity; (G) development and redevelopment; and (H) the promotion of and attraction to in-state professional and amateur sports and sporting events in consultation with the Sports Advisory Board established under section 10-425. All capital city projects shall be located or constructed and operated in the capital city economic development district, as defined in the Act, provided any project undertaken pursuant to subparagraph (G) of this paragraph may be located anywhere in the town and city of Hartford, and any project undertaken pursuant to subparagraph (D) or (E) (ii) of this paragraph may be located anywhere in the town and city of Hartford or town of East Hartford, and any project undertaken pursuant to subparagraph (H) of this subdivision may be located anywhere in the state.

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

Note 1 – Organization *(Continued)*

Section 32-666 of the General Statutes allows CRDA 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, CRDA is conferred the authority 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 CRDA.

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. The principal operating revenues of the Authority are State of Connecticut grants, revenues generated from the Connecticut Convention Center and revenues generated from the Connecticut Convention Center's parking facilities. 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.

The Authority follows Paragraph No. 6 of GASB Statement No. 20 which states that proprietary funds should follow all GASB pronouncements as well as all pre-codification guidance included in Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) and the Committee on Accounting Procedure (ARB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

Net Assets – The net assets of the Authority are presented in the following three categories:

- Net assets invested in capital assets, net of related debt 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.

Note 2 – Significant Accounting Policies *(Continued)*

- Restricted net assets consists of net assets 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 net assets represent those which do not meet the definition of the two preceding categories.

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) with an original maturity of three months or less to be cash equivalents.

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 Issuance Costs and Original Issue Premium or Discount – Bond issuance costs are deferred and amortized over the life of the related bonds using the straight line method and are reported as deferred charges. 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, and deferred amounts on refundings, as applicable. At June 30, 2012 and 2011, bond issuance costs are as follows:

	2012	2011
Bond issuance costs	$ 2,023,800	$ 2,023,800
Less: accumulated amortization	(560,399)	(478,330)
	$ 1,463,401	$ 1,545,470

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 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

Note 2 – Significant Accounting Policies *(Continued)*

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

Accounts Receivable – Receivables are reported at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. This estimate is based on history and current information regarding the credit worthiness of the debtors. The Authority does not require collateral or other forms of security from its customers. As of June 30, 2012 and 2011, the Authority had no provision for bad debts.

Approximately 27.2% and 51.7% of accounts receivable is due from two customers at June 30, 2012 and 2011, respectively. Further, the five largest customers' balances amount to 44.1% and 72.8% of the accounts receivable at June 30, 2012 and 2011, respectively.

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.

Central Utility Plant – The Authority recognizes revenue from billings to the Connecticut Convention Center, the adjacent Marriott Hotel and the adjacent Connecticut Science Center for each entities' share of the use and maintenance of the Central Utility Plant upon invoicing. Revenues associated with billings made to the Convention Center have been eliminated in the accompanying statements of revenue, expenses and changes in net assets for the years ended June 30, 2012 and 2011.

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

Reclassifications – Certain amounts in the fiscal year end June 30, 2011 financial statements have been reclassified to conform to the fiscal year ended June 30, 2012 presentation. Specifically, bond issuance costs that were previously reported as a component of invested in capital assets, net are now being reported as a component of unrestricted net assets. The reclassifications did not result in a change in the previously reported

Note 3 – Funding

change in net assets for the fiscal year ended June 30, 2011 or in total assets, total liabilities or total net assets as of June 30, 2011.

Since its inception, the Authority has received a line item appropriation for annual operating funding from the State of Connecticut. The Authority's appropriation for operational use for 2011-2012 increased to $862,773 from $755,000 in 2010-2011. 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 through state agencies (the Department of Economic and Community Development and the Office of Policy and Management), in accordance with the enabling legislation. During the fiscal years ended June 30, 2012 and 2011, the Authority was appropriated $5,237,227 and $5,435,000, respectively, to be expended for the Convention Center Project.

From time to time, the Authority receives funding from other sources. In fiscal year 2011, the Authority received a $5,000,000 restricted use gift from The Walt Disney Company and ESPN to use for eligible costs (as defined in the Pledge Agreement), associated with the construction and tenant fit-out of the Front Street District.

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

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

Note 4 – Cash Deposits and Investments

Cash and cash equivalents:

Cash and cash equivalents consist of the following as of June 30, 2012 and 2011:

		2012		2011
Unrestricted:				
Cash deposits	$	3,970,817	$	3,251,603
Cash equivalents:				
Short Term Investment Fund		678,228		708,689
		4,649,045		3,960,292
Restricted:				
Cash deposits		7,337,551		8,266,912
Cash equivalents:				
Short Term Investment Fund		2,101,899		2,738,152
		9,439,450		11,005,064
	$	14,088,495	$	14,965,356

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, 2012 and 2011, the Authority's bank balance of cash deposits totaled $11,545,530 and $12,113,910, respectively. Of those balances, the following represents the amounts exposed to custodial credit risk:

		2012		2011
Uninsured but collateralized with securities held in the Authority's name *	$	3,774,182	$	3,097,433
Uninsured but collateralized with securities held by the pledging bank's trust department or agent but not in the Authority's name		7,271,349		8,516,477
Total	$	11,045,531	$	11,613,910

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

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

Cash deposits – custodial credit risk (Continued)

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.

Investments in the Short-Term Investment Fund ("STIF") and a money market account as of June 30, 2012 and 2011 are included in cash and cash equivalents in the accompanying balance sheets. For purposes of disclosure under GASB Statement No. 40, such amounts in STIF are considered investments and are included in the investment disclosures that follow.

Investments

Interest rate risk

As of June 30, 2012 and 2011, the Authority's investments consisted of \$2,780,127 and \$3,446,841, respectively, in the Short Term Investment Fund ("STIF"). STIF is an investment pool of short-term money market instruments that may include adjustable-rate federal agency and foreign government securities whose interest rates vary directly with short-term money market indices and are generally reset daily, monthly, quarterly, and semi-annually. The adjustable-rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers. The balance in the pool is reported at net asset value, which is representative of the Authority's pool shares. With respect to interest rate risk, the Authority's investment policy follows Connecticut General Statutes. The Authority's money market account is a timed deposit which earns interest based on the rate posted by the bank, as such it is considered to have a maturity of less than one year.

As of June 30, 2012 and 2011, 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, 2012 and 2011.

Credit risk

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

As of June 30, 2012 and 2011, the Short Term Investment Fund had a AAA rating from Standard & Poor's.

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

Investments *(Continued)*

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, 2012 and 2011, the Authority was 100% invested in STIF, which is rated in the highest rating category by Standard & Poor's and provides daily liquidity.

Note 5 – Capital Assets:

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

A summary of capital assets as of June 30, 2012 is as follows:

	2012			
	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ 16,929,382	$ 900,740	$ (9,654,176)	$ 8,175,946
Capital assets being depreciated:				
General operations:				
General operating equipment	$ 283,661	$ -	$ (315)	$ 283,346
Less:accumulated depreciation	150,731	30,847	(315)	181,263
General operations, net	$ 132,930	$ (30, 847)	$ -	$ 102,083
Adriaen's Landing:				
Buildings and improvements	$ 311,812,247	$ 11,187,969	$ -	$ 323,000,216
Equipment and furnishings	6,040,968	608,396	(20,289)	6,629,075
Total Adriaen's Landing	317,853,215	11,796,365	(20,289)	329,629,291
Less:accumulated depreciation	50,604,020	9,330,485	(16,563)	59,917,942
Adriaen's Landing, net	$ 267,249,195	$ 2,465,880	$ (3,726)	$ 269,711,349

Capital asset additions of $3,022,325 in fiscal year 2012 were from Authority expenditures and capital contributions from the State of Connecticut. The Mayor Mike Peters Pedestrian Bridge at Adriaen's Landing

Note 5 – Capital Assets *(Continued)*

constituted the largest portion of these additions.

A summary of capital assets as of June 30, 2011 is as follows:

		2011						
		Beginning Balance		Additions		Deletions		Ending Balance
Capital assets not being depreciated:								
Construction in progress	$	13,800,077	$	3,129,305	$	-	$	16,929,382
Capital assets being depreciated:								
General operations:								
General operating equipment	$	280,850	$	2,811	$	-		283,661
Less:accumulated depreciation		115,879		34,852		-		150,731
General operations, net	$	164,971	$	(32,041)	$	-		132,930
Adriaen's Landing:								
Buildings and improvements	$	311,812,247	$	-	$	-	$	311,812,247
Equipment and furnishings		5,847,141		193,827		-		6,040,968
Total Adriaen's Landing		317,659,388		193,827				317,853,215
Less:accumulated depreciation		41,506,573		9,097,447		-		50,604,020
Adriaen's Landing, net	$	276,152,815	$	(8,903,620)	$	-	$	267,249,195

Capital asset additions of $3,325,943 in fiscal year 2011 were from Authority expenditures only. Construction in progress accounted for most of these additions. There were no capital contributions from the State of Connecticut.

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Note 6 – Contingent Assets

During the year ended June 30, 2003, the Authority recommended that the State Bond Commission authorize the State to issue $6,000,000 of bonds in conjunction with a residential apartment unit development in downtown Hartford known as Trumbull on the Park, LLC (TOTP). Bonds were issued and a Memorandum of Understanding (MOU) dated February 27, 2003 was entered into between the Authority and the Connecticut Housing Finance Authority (CHFA) whereby $6,000,000 of funding known as the Authority Housing Funds were used by CHFA to acquire the Class B Membership Interest in TOTP. The TOTP Class B Membership Interest provides for certain distributions from cash flow or capital proceeds, if any, available after prior payment of operating expenses, first mortgage indebtedness and certain agreed priority returns to other investors, including CHFA. The MOU provides that CHFA will have management control of TOTP, but requires the Authority's written consent for certain major actions. The MOU also provides that if at any time the Authority is granted the legal authority to hold the Class B Membership Interest in its own name, that CHFA will transfer the Class B Membership Interest to the Authority. There have been no Class B Distributions from TOTP and none are forecasted in the near future. The property began occupancy in 2005. The property is currently 100% occupied.

Note 6 – Contingent Assets *(Continued)*

During the year ended June 30, 2004, the Authority recommended that the State Bond Commission authorize the State to issue $30,500,000 of bonds in conjunction with a housing, retail and parking project to be located on the L-shaped, 4-acre parcel of land adjoining the Veterans' Memorial Coliseum in downtown Hartford known as Hartford 21. Bonds were issued and a Memorandum of Understanding dated June 30, 2004 was entered into between the Authority and the Connecticut Development Authority (CDA) whereby $13,000,000 of funding known as the Authority's Housing Funds and $2,500,000 of funding known as the Authority Parking Funds were used by CDA to acquire a Class C2 membership interest in Northland Two Pillars, LLC, ("NTP"); and $15,000,000 of funding known as the Authority Civic Center Funds will be used for a Class D Equity interest in NTP. The NTP Class C and D Membership Interests provide for certain distributions from cash flow or capital proceeds, if any, subject to any restrictions in the construction loan agreement, and certain agreed priority returns to other investors, including CDA. The MOU also provides that if at any time the Authority is granted the legal authority to hold these membership interests in its own name, that CDA will transfer these interests to the Authority. If the Authority is not legally authorized to receive and use the distributions, CDA and the Authority shall jointly identify one or more projects or programs supporting the Hartford Civic Center, housing or parking in downtown Hartford, and CDA shall use or apply the distributions in support of those projects. At this time there have not been any Class C or Class D Distributions from NTP. This project has completed the construction phase. Lease-up continues as residential occupancy has achieved 96.90%.

During the year ended June 30, 2005, the Authority recommended that the State Bond Commission authorize the State to issue $4,680,000 of bonds in conjunction with a mixed use apartment, retail, student/corporate housing and parking project in downtown Hartford known as Temple Street. Bonds were issued and a Memorandum of Understanding dated May 18, 2005 was entered into between the Authority and the Connecticut Housing Finance Authority (CHFA), whereby $4,000,000 of funding known as the Authority Housing Funds and $680,000 of funding known as the Authority Parking Funds has been advanced by CHFA in the form of a construction to permanent second mortgage loan from CHFA to 18 Temple Street LLC (Temple). The loan bears interest at a rate of 0.0% during construction and thereafter at .10%, for a term of 40 years, with interest payable currently and principal payable in full at stated maturity or upon earlier acceleration of the payment of principal, subject and subordinate to a first mortgage in favor of CHFA in a principal amount of $43,448,000. On December 8, 2006, the Authority board approved a resolution that $750,000 of additional Authority parking funds be authorized by CGS Section 32-616(b)5. On May 3, 2007, the second mortgage loan was amended to increase the amount of the Authority Parking Funds to $1,430,000 in order to increase the number of affordable parking spaces in the Temple Street parking garage from 40 to 80. The MOU provides that any interest payments made by Temple and collected by CHFA under the Second Mortgage are to be held by CHFA and remitted to the Authority at intervals agreed to by the parties. As for principal payments, CHFA will advise the Authority of CHFA's receipt of any second mortgage principal payments known as "distributions." If the Authority is legally authorized to receive and use such distributions, then CHFA will pay over to the Authority these distributions. If the Authority is not legally authorized to receive and use the distributions, then CHFA and the Authority shall jointly identify one or more projects or programs supporting or benefiting housing in downtown Hartford, and CHFA shall use or apply the distributions in support of those projects. There have been no distributions from Temple under the Second Mortgage. Interest pertaining to the property was received from CHFA on June 22, 2011 in the amount of $5,430. This project reached substantial completion on May 24, 2007. The apartment component of Temple Street, known as the Lofts, is currently 99% occupied, and the townhouse component (student housing) is currently 91% occupied.

Note 7 – Advances from State of Connecticut

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

For the fiscal years ended 2012 and 2011 respectively, amounts available from parking and energy fee revenues to reimburse the State for contract assistance payments were $4,179,921 and $4,058,964 less than the amount required to fully reimburse the State. *(See Note 8).* It is anticipated that for the fiscal year 2013, a shortfall of approximately $5 million will occur. The Authority remains obligated to repay these amounts that currently total $23,205,936, without interest, from parking and energy fee revenues as and if amounts are available.

Note 8 – Long Term Debt

Bonds Payable

The Act authorizes the Authority to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as, in the opinion of the Authority will be necessary to provide sufficient funds for carrying out its purposes. As of June 30, 2012 the Authority was authorized to issue bonds and other obligations up to $122,500,000 and, as of that date, has issued four series of its Parking and Energy Fee Revenue Bonds in the original aggregate principal amount of $110,000,000 and a loan agreement with the Travelers Indemnity Company of $12,500,000. Proceeds from the bonds provide financing for the construction of the Adriaen's Landing Project.

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

Note 8 – Long Term Debt *(Continued)*

Bonds Payable *(Continued)*

Changes in bonds payable (in 000's) were as follows for the year ended June 30, 2012:

Issue	Balance, July 1, 2011	Increases	Decreases	Balance, June 30, 2012
2004 Series A, fixed rate bonds $15,030,000 due from June 2006 to June 2016 (interest rates ranging from 2.5% - 5.0%)	$ 8,080	$ -	$ 1,460	$ 6,620
2004 Series B, variable rate bonds $57,470,000 due from June 2017 to June 2034	57,470	-	-	57,470
2005 Series C, fixed rate bonds $15,000,000 due from June 2008 to June 2029 (interest rate 5.0%)	13,085	-	670	12,415
2008 Series D fixed rate bonds $22,500,000 due from June 2010 to June 2034 (interest rates ranging from 3.5%-7.0%)	21,520	-	490	21,030
Subtotal	100,155	-	2,620	97,535
Bond premium, 2004 Series A	86	-	18	68
Bond discount, 2009 Series D	(412)		(18)	(394)
Bonds payable	$ 99,829	$ -	$ 2,620	$ 97,209

Note 8 – Long Term Debt *(Continued)*

Bonds Payable *(Continued)*

Changes in bonds payable (in 000's) were as follows for the year ended June 30, 2011:

Issue	Balance, July 1, 2010	Increases	Decreases	Balance, June 30, 2011
2004 Series A, fixed rate bonds $15,030,000 due from June 2006 to June 2016 (interest rates ranging from 2.5% - 5.0%)	$ 9,445	$ -	$ 1,365	$ 8,080
2004 Series B, variable rate bonds $57,470,000 due from June 2017 to June 2034	57,470	-	-	57,470
2005 Series C, fixed rate bonds $15,000,000 due from June 2008 to June 2029 (interest rate 5.0%)	13,750	-	665	13,085
2008 Series D fixed rate bonds $22,500,000 due from June 2010 to June 2034 (interest rates ranging from 3.5%-7.0%)	22,015	-	495	21,520
Subtotal	102,680	-	2,525	100,155
Bond premium, 2004 Series A	104	-	18	86
Bond discount, 2009 Series D	(430)		(18)	(412)
Bonds payable	$ 102,354	$ -	$ 2,525	$ 99,829

Note 8 – Long Term Debt *(Continued)*

Bonds Payable *(Continued)*

The following tables provide a summary of debt service requirements and net swap payments 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, 2012, 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 (unswapped)		Variable Rate Bonds (swapped)			
	Principal	Interest	Principal	Interest	Swaps, net	Total
2013	$ 2,730	2,010	$ -	$ 184	$ 2,034	$ 2,218
2014	2,835	1,902	-	184	2,034	2,218
2015	2,955	1,786	-	184	2,034	2,218
2016	3,095	1,644	-	184	2,034	2,218
2017	1,295	1,505	1,940	184	2,034	4,158
2018-2022	7,165	6,546	11,215	820	9,069	21,104
2023-2027	8,970	4,559	13,815	624	6,909	21,348
2028-2032	8,010	2,094	20,350	374	4,128	24,852
2033-2034	3,010	263	10,150	48	542	10,740
	$ 40,065	$ 22,309	$ 57,470	$ 2,786	$ 30,818	$ 91,074

Year ending June 30:	Total Debt Service			
	Principal	Interest	Swaps, net	Total
2013	$ 2,730	2,194	$ 2,034	$ 6,958
2014	2,835	2,086	2,034	6,955
2015	2,955	1,970	2,034	6,959
2016	3,095	1,828	2,034	6,957
2017	3,235	1,689	2,034	6,958
2018-2022	18,380	7,366	9,069	34,815
2023-2027	22,785	5,183	6,909	34,877
2028-2032	28,360	2,468	4,128	34,956
2033-2034	13,160	311	542	14,013
	$ 97,535	$ 25,095	$ 30,818	$ 153,448

Note 8 – Long Term Debt *(Continued)*

Bonds Payable *(Continued)*

Interest Rate Swap

The Authority has entered into an agreement to moderate the effects of bond interest rate fluctuations through the use of contracts commonly known as interest rate swap agreements. The Authority has entered into a fully amortizing interest rate swap agreement, pursuant to which the Authority owes a fixed payment to the counterparty of the swaps. In return, the counterparty owes the Authority a payment based on the London Interbank Offered Rate ("LIBOR") that is comparable to the rates required by the Authority's bonds. Only the net difference in payments is actually exchanged with the counterparties. The Authority will continue to pay interest to the bondholders at the variable rates provided by the bonds. However, during the term of the swap agreement, and because of the net payment under the swap agreement, the Authority effectively pays a fixed rate on the debt. The Authority will be exposed to variable rates if the counterparties to the swap default or if the swaps are terminated. Termination of the swap agreements may also result in the Authority making or receiving termination payments. The notional amount of the swap will not be exchanged; it is only the basis on which payments are calculated. The Authority may terminate the swap at its option in 2014 without any termination payment.

Objective of the Interest Rate Swap

The Authority entered into the swap to establish synthetic fixed rates for a like amount of variable rate bond obligations. The Authority's interest rate swap transaction is structured such that the Authority pays a fixed interest rate while receiving variable interest rates from the counterparty, which are comparable to the rates required by the variable rate bonds. These synthetic fixed rates were lower than those available to the Authority for fixed rate obligations of comparable maturity.

Terms, fair value and credit risk

The notional amount of the swap matches the principal amount of the Series B bonds. The Authority's swap agreement contains scheduled reductions to the outstanding notional amounts that are expected to follow scheduled or anticipated reductions in bonds payable. The Authority did not pay or receive any cash when the swap transaction was initiated.

Note 8 – Long Term Debt *(Continued)*

Interest Rate Swap *(Continued)*

The terms, fair values, and credit ratings of the outstanding swap related to the 2004 Series B bonds as of June 30, 2012 are as follows:

Notional Amount	Original Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
$ 57,470,000	7/21/2004	3.96%	62% of LIBOR + 0.27%	($3,543,221)	6/15/2034	A-/Baa2/A

The terms, fair values, and credit ratings of the outstanding swap related to the 2004 Series B bonds as of June 30, 2011 were as follows:

Notional Amount	Original Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
$ 57,470,000	7/21/2004	3.96%	62% of LIBOR + 0.27%	($3,876,030)	6/15/2034	A/A2/A+

The change in the fair value of the interest rate swap related to the 2004 Series B bonds for the years ended June 30, 2012 and 2011 totaled $332,809 and $833,426, respectively. Because the interest rate swap was determined to be an effective derivative hedging instrument, this change in fair value has been reported as a deferred inflow/outflow in the accompanying balance sheets as of June 30, 2012 and 2011.

Fair Value

The valuation of the swap changes with movements in interest rate levels; generally, as interest rates lower, the fair value of the swap becomes lower. The Authority's swap portfolio had an aggregate negative fair value of ($3,543,221) and ($3,876,030) as of June 30, 2012 and 2011, respectively. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit Risk

Because the Authority's swap portfolio had a negative fair value, it was not exposed to credit risk for termination payments, which means in the event of termination, no counterparty would be obligated to make payments to the Authority. However, should interest rates change and the fair value of the swap become positive, the Authority will be exposed to credit risk in the amount of the swap's fair value.

Basis Risk

Basis risk is the risk that there may be a difference between the floating rate component of the swap, which is based on LIBOR, and the rate on the Authority's variable rate bonds, which is based on rates specified in the

Note 8 - Long Term Debt *(Continued)*:

Interest Rate Swap *(Continued)*

bond issue. The swap exposes the Authority to basis risk should the relationship between LIBOR and the variable rate on the bonds converge, changing the synthetic rate on the bonds. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized.

Termination Risk

The counterparty to the Authority's interest rate swap agreement has default termination rights that may require settlement payments by the Authority to the counterparty based on the fair value of the swap at the date of termination. As of June 30, 2012 and 2011, no termination events had occurred.

Interest Rate Risk

The Authority is exposed to interest rate risk on its interest rate swap since, as LIBOR decreases, the Authority's net payment on the swap increases.

Rollover Risk

The Authority's interest rate swap agreement has limited rollover risk because the swap agreement contains scheduled reductions to outstanding notional amounts, which are expected to follow scheduled and anticipated reductions in the associated bonds payable. Because the swap terminates when the associated debt is fully paid, the Authority is only exposed to rollover risk if an early termination occurs.

Remarketing Agreement and Standby Bond Purchase Agreement

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

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

Under a liquidity agreement dated March 1, 2009, as amended June 24, 2011, 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 31, 2014, 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 .80% per annum through July 1, 2011 and .73% per annum thereafter of the unused available commitment, with the rate subject to change based upon the rating category assigned to the long-term, unenhanced general obligation bonds of the State of Connecticut. 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

Note 8 – Long Term Debt *(Continued)*:

to .07% of the average aggregate principal amount of the bonds outstanding for the immediately preceding 3 month period

Loan Payable

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

Changes in the loan payable (in 000's) were as follows for the year ended June 30, 2012:

	Balance, July 1, 2011	Increases	Decreases	Balance, June 30, 2012
Traveler's Loan Payable	$ 11,218	$ -	$ 449	$ 10,769

Changes in the loan payable (in 000's) were as follows for the year ended June 30, 2011:

	Balance, July 1, 2010	Increases	Decreases	Balance, June 30, 2011
Traveler's Loan Payable	$ 11,645	$ -	$ 427	$ 11,218

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

Year ending June 30:	Principal	Interest
2013	$ 472	$ 528
2014	496	504
2015	521	478
2016	548	452
2017	576	423
2018-2022	3,354	1,644
2023-2027	4,305	693
2028	497	7
	$ 10,769	$ 4,729

Note 9 – Pension Plans

Defined Benefit Pension Plan

Employees of the Authority participate in the Connecticut State Employees' Retirement System ("SERS"), which is administered by the State Employees' Retirement Commission. The annual required contribution is contributed directly by the State on behalf of the Authority, and therefore, the Authority is not required to and does not make contributions on its own, and does not record a liability for pension costs. Actuarial valuations are performed on the SERS as a whole and do not provide separate information for employees of the Authority. Information about the funding status and progress, annual required contributions and trend information can be found in the State of Connecticut's Comprehensive Annual Financial Report.

Plan Description - SERS is a single-employer defined benefit public employee retirement system ("PERS") established in 1939 and governed by sections 5-152 to 5-192 of the Connecticut General Statutes. Employees are covered under one of three 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.

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

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

Note 9 – Pension Plans *(Continued)*

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.

Contributions: Contributions made by the State on behalf of the Authority are determined by applying the annually determined State mandated percentage to eligible salaries and wages. The State calculated percentage for the years ended June 30, 2012 and 2011 was approximately 28.86% and 24%, respectively. Payroll for employees of the Authority for the years ended June 30, 2012 and 2011 was $579,451 and $401,575 respectively.

In accordance with GASB No. 24, the Authority has recorded on behalf payments of $167,230 and $96,378 made by the State of Connecticut into the plan as grant revenue and Authority operations expense in the accompanying statements of revenue, expenses and changes in net assets for the years ended June 30, 2012 and 2011, respectively.

Defined Contribution Pension Plan

During fiscal year 2008, the Authority adopted the State of Connecticut's defined contribution 457 (b) Plan, which allows its employees to participate in the State of Connecticut's deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The Authority holds no fiduciary responsibility for the plan. Such authority rests with the State Comptroller's office.

Note 10 – Commitments and Contingencies

Lease agreements

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

On November 3, 2008, the Authority and the State of Connecticut entered into a site lease for Tract 1 with the HBN Front Street District, Inc. The term of the lease is for 96 years and the required lease payment is $1 per

Note 10 – Commitments and Contingencies *(Continued)*

year. 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 term of the lease is for 95 years, terminates on August 31, 2104 and requires a lease payment of $1 per year.

Management and other agreements

As part of the development, operation, and marketing of the Connecticut Convention Center, 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 management agreement's term is for a period of five years, cancelable by the Authority after the completion of the third year. Fees paid for fiscal years ended June 30, 2012 and 2011 was $179,889 and $177,830, respectively.

- Catering and concessions agreement for the Connecticut Convention Center - The management agreement's term is for a period of five years, cancelable by the Authority after the completion of the third year. Catering and concession fees paid for fiscal years ended June 30, 2012 and 2011 was $107,749 and $106,516, respectively.

- Parking management agreement for all the Authority's owned parking at Adriaen's Landing - The management agreement's term is for a period of three years, with options to extend for two additional years. Fees paid for management of the Parking Facilities totaled $77,250 and $75,000 for the years ended June 30, 2012 and 2011, respectively.

- Central Utility Plant ("CUP") operations and maintenance agreement - The agreement commenced on April 1, 2008 and has been extended through March 31, 2014. Fees paid under this agreement totaled $391,865 and $391,812 for fiscal years ended June 30, 2012 and 2011, 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.

- Services and marketing contract - For the fiscal year ending 2012, the Authority has contracted with the Greater Hartford Convention and Visitors Bureau as the provider of housing management services, convention services and regional marketing. Fees paid for the fiscal year ended June 30, 2012 and 2011 totaled $475,000 and $500,000, respectively.

Effective July 1, 2010 the Authority took over responsibility for sales and sales administration for the Convention Center from the Greater Hartford Convention and Visitors Bureau. This responsibility includes ensuring that all conditions of the Authority's charter are met and that the Convention Center's assets are fully utilized. As such, from time to time the Authority or its designate 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-

Note 10 – Commitments and Contingencies *(Continued)*

Management and other agreements *(Continued)*

binding arrangements to potential customers, and subject to final contracts stipulating acceptable area participation and attendance, has proposed inducements or subsidies not yet committed of approximately $1,281,201 for fiscal years 2013 through 2018. The Authority records these subsidies as a reduction to revenues once contracts are executed in the year the services are provided. In fiscal years 2012 and 2011, $165,015 and $185,395, respectively, was paid and expensed under these subsidies.

Note 11 – Development Costs

During the years ended June 30, 2012 and 2011, the Authority was obligated to fund the payment of certain development-related costs associated with projects that, when completed, will not be designated assets of the Authority. These costs included land remediation costs, legal services, project management fees, and repair work related to the development of Adriaen's Landing. Such costs totaled $1,242,778 and $27,270 for the years ended June 30, 2012 and 2011, respectively, and are reported as development costs in the accompanying statements of revenues, expenses and changes in net assets.

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 and no decreases in insurance coverage over the last three years.

Note 13 – Segment Information

The Authority has issued various revenue bonds to provide financing for the construction of the Convention Center Project (*See Note 8*). The revenue bonds are secured by a pledge of parking and energy fee revenues (except for parking revenues from the Travelers parking agreement which are pledged for the Travelers loan), as well as certain other funds on deposit with the trustee. Financial segment information as required by the Authority's continuing disclosure requirements is presented below for the years ended June 30, 2012 and 2011, respectively.

Condensed Statements of Revenues, Expenses and Changes in Net Assets				
Pledged revenues:		2012		2011
Parking:				
Bond pledge	$	5,633,712	$	5,074,297
Traveler's loan pledge		999,624		999,624
Total Parking		6,633,336		6,073,921
Energy		3,041,963		3,288,556
Other		5,121		6,335
Total pledged revenues		9,680,420		9,368,812
Operating expenses:				
Parking		3,076,673		3,526,914
Energy		1,690,144		1,914,000
Other		538,807		557,275
Total operating expenses		5,305,624		5,998,189
Net revenue over expenses		4,374,797		3,370,623
Available for the Traveler's loan repayment		999,624		999,624
Available for debt service	$	3,375,173	$	2,370,999

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

Note 14 – Litigation:

On or about November 1 2004, Capital Properties Associates, L.P. brought an action against the State of Connecticut, Office of Policy and Management and the Authority in Connecticut Superior Court for breach of contract, breach of the implied covenant of good faith dealing and violation of the Connecticut Unfair Trade Practices Act. It is the State's and Authority's position that Capital Properties relinquished or forfeited its development rights and that Capital Properties' conduct constituted a material breach of and default under the amended Development Agreement. Based on Capital Properties' conduct and its failure to act, the State and the Authority terminated its rights under the amended Development Agreement.

Thereafter, on September 1, 2005, the State of Connecticut, Office of Policy and Management and the Authority countersued Capital Properties in Connecticut Superior Court. By its complaint, the State and the Authority assert claims of anticipatory breach of contract/repudiation, breach of contract, breach of the implied covenant of good faith and fair dealing, conversion, violation of the Connecticut Unfair Trade Practices Act and respondeat superior/general partner liability. Both suits relate to the failed construction on the residential, retail and entertainment district located at Adriaen's Landing in Hartford, Connecticut by Capital Properties.

On or about July 18, 2012, the Superior Court in Hartford rendered a decision, based on liability only, that

Note 14 – Litigation *(Continued)*

Capital Properties was entitled to a hearing in damages. Therefore, OPM and the Authority have been held liable for breach of contract. The case is on appeal and the outcome is unknown.

Management believes that the resolution of all matters will not materially affect the Authority's financial position or results of operations.

Note 15 – Recent Accounting Pronouncements

The Governmental Accounting Standards Board ("GASB") has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014 and early adoption is permitted. The Authority is currently evaluating the impact of this standard on its financial statements.

The GASB has issued Statement No. 67, *Financial Reporting for Pension Plans - An amendment of GASB Statement No. 25*, which replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. The provisions in GASB 67 are effective for financial statements for periods beginning after June 15, 2013 and early adoption is permitted. The Authority is currently evaluating the impact of this standard on its financial statements.

The GASB has issued Statement No. 66, *Technical Corrections – 2012*, which amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for 1) operating lease payments that vary from a straight-line basis, 2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and 3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The provisions in GASB 66 are effective for periods beginning after December 15, 2012 and early adoption is permitted. The Authority is currently evaluating the impact of this standard on its financial statements.

The GASB has issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure

Note 15 – Recent Accounting Pronouncements *(Continued)*

consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, GASB 65 recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The provisions of GASB 65 are effective for periods beginning after December 15, 2012 and early adoption is permitted. The Authority is currently evaluating the impact of this standard on its financial statements.

The GASB has issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources*, Deferred Inflows of Resources, and Net Position, which provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). GASB 63 requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. GASB 63 also amends certain provisions of GASB Statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. The provisions of GASB 63 are effective for financial statements for periods beginning after December 15, 2011 and early adoption is permitted. The Authority is currently evaluating the impact of this standard on its financial statements.

The GASB has issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. GASB 62 incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989:

- FASB Statements and Interpretations;
- Accounting Principles Board Opinions; and
- Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure.

By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports. In addition, GASB 62 is expected to improve financial reporting by eliminating the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, thereby resulting in a more consistent application of relevant guidance in financial statements of state and local governments. Further, GASB 62 contributes to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they can be found within a single source. The requirements of GASB 62 are effective for financial statements for periods beginning after December 15, 2011 and early adoption is permitted. The Authority is currently evaluating the impact of this standard on its financial statements.

The GASB has issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, which is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, to better meet the needs of users and address reporting entity issues that have come to light since GASB 14 and GASB 34 were issued in 1991 and

Note 15 – Recent Accounting Pronouncements *(Continued)*

1999, respectively. GASB 61 is intended to improve the information presented about the financial reporting entity, which is comprised of a primary government and related entities (component units). In addition, GASB 61 amends the criteria for blending - reporting component units as if they were part of the primary government - in certain circumstances. The requirements of GASB 61 are effective for financial statements for periods beginning after June 15, 2012 and early adoption is permitted. The Authority is currently evaluating the impact of this standard on its financial statements.

The GASB has issued GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which addresses how to account for and report service concession arrangements. The requirements of GASB 60 are effective for financial statements for periods beginning after December 15, 2011. The Authority is currently evaluating the impact of this standard on its financial statements.

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Report of Independent Certified Public Accountants On Internal Control Over Financial Reporting and On Compliance and Other Matters

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

We have audited the financial statements of the Capital Region Development Authority (the "Authority"), a component unit of the State of Connecticut, as of and for the year ended June 30, 2012 and have issued our report thereon dated September 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion.

A deficiency in internal control over financial reporting 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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control would not necessarily identify all deficiencies in internal control over financial reporting that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in the Authority's internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

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

This report is intended solely for the information and use of management and the Board of Directors of the Authority and the State of Connecticut and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Glastonbury, Connecticut
September 27, 2012