

**\$249,220,000**  
**WASHINGTON CONVENTION AND SPORTS AUTHORITY**  
**(WASHINGTON, D.C.)**

**\$66,710,000**  
**SENIOR LIEN DEDICATED TAX REVENUE BONDS**  
**(Convention Center Hotel Project)**  
**Series 2010A**  
**(Tax-Exempt Recovery Zone Facility Bonds)**

**\$109,670,000**  
**SENIOR LIEN DEDICATED TAX REVENUE BONDS**  
**(Convention Center Hotel Project)**  
**Series 2010B**

**\$90,000,000 Subseries 2010B-1**  
**(Federally Taxable – Issuer Subsidy –**  
**Recovery Zone Economic Development**  
**Bonds)**

**\$19,670,000 Subseries 2010B-2**  
**(Federally Taxable – Issuer Subsidy –**  
**Build America Bonds)**

**\$72,840,000**  
**SENIOR LIEN DEDICATED TAX REVENUE AND REFUNDING BONDS**  
**(Convention Center Hotel Project)**  
**Series 2010C**  
**(Federally Taxable Bonds)**

**DATED: OCTOBER 26, 2010**  
**BASE CUSIP<sup>+</sup>: 93878L**



**2015/16**  
**ANNUAL CONTINUING DISCLOSURE**  
**INFORMATION STATEMENT**  
**AS OF MARCH 23, 2017**

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# LIST OF PARTICIPANTS

**WASHINGTON CONVENTION AND SPORTS AUTHORITY**  
***www.eventsdc.com***

Henry W. Mosley  
Chief Financial Officer  
801 Mount Vernon Place NW  
Washington, District of Columbia 20001  
202-249-3053

**DISCLOSURE CONSULTANT  
& DISSEMINATION AGENT**

Willdan Financial Services\*  
Temecula, California 92590  
(951) 587-3500  
***www.wildan.com***

**UNDERWRITERS**

BofA Merrill Lynch

Goldman, Sachs & Co.  
Siebert Brandford Shank & Co., LLC  
Loop Capital Markets, LLC

Morgan Stanley

**BOND COUNSEL**

Ballard Spahr LLP  
Washington, District of Columbia

**TRUSTEE**

Bridgett Casasnovas, Vice President  
The Bank of New York Mellon Trust Company, N.A.  
385 Rifle Camp Road, 3<sup>rd</sup> Floor  
West Paterson, New Jersey 07424  
(973) 247-4986

\* In its role as Disclosure Consultant and Dissemination Agent, Willdan Financial Services has not passed upon the accuracy, completeness or fairness of the statements contained herein.

# TABLE OF CONTENTS

|             |  |           |
|-------------|--|-----------|
| <b>I.</b>   | <b>INTRODUCTION.....</b>   | <b>1</b>  |
| <b>II.</b>  | <b>REFERENCE TO PREVIOUSLY FILED INFORMATION .....</b>                   | <b>3</b>  |
| <b>III.</b> | <b>BOND INFORMATION .....</b>  | <b>3</b>  |
|             | A. PRINCIPAL OUTSTANDING .....   | 3         |
|             | B. DEBT SERVICE RESERVE ACCOUNT .....                                    | 3         |
|             | C. SENIOR DEBT SERVICE REQUIREMENTS.....                                 | 4         |
| <b>IV.</b>  | <b>FINANCIAL INFORMATION.....</b>  | <b>5</b>  |
|             | A. AUDITED FINANCIAL STATEMENTS.....                                     | 5         |
|             | B. STATEMENTS OF NET POSITION .....                                      | 5         |
|             | C. STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET<br>POSITION ..... | 7         |
| <b>V.</b>   | <b>OPERATING INFORMATION.....</b>  | <b>8</b>  |
|             | A. HISTORICAL DEDICATED TAX RECEIPTS .....                               | 8         |
|             | B. TAX INCREMENT FINANCING REVENUE .....                                 | 9         |
|             | C. DEBT SERVICE COVERAGE.....  | 9         |
|             | D. SALES TAX COLLECTION HISTORY .....                                    | 10        |
|             | 1. HOTEL SALES TAX.....  | 10        |
|             | 2. RESTAURANT/RENTAL VEHICLE SALES TAX .....                             | 10        |
|             | E. PROJECTED AVAILABLE TAX INCREMENT .....                               | 11        |
|             | F. WASHINGTON CONVENTION CENTER BOOKINGS THROUGH<br>DESTINATION DC ..... | 12        |
|             | G. MAJOR EVENTS BY FISCAL YEAR .....                                     | 13        |
|             | H. ACTUAL EVENTS BY FISCAL YEAR.....                                     | 14        |
| <b>VI.</b>  | <b>RECENT EVENTS–FUTURE IMPACTS .....</b>                                | <b>14</b> |
| <b>VII.</b> | <b>OCCURRENCE OF LISTED EVENTS .....</b>                                 | <b>15</b> |

## ***I. INTRODUCTION***

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Pursuant to an Official Statement dated October 20, 2010, the Washington Convention and Sports Authority (“WCSA”) issued \$249,220,000 Senior Lien Dedicated Tax Revenue Bonds (Convention Center Hotel Project) consisting of \$66,710,000 Series 2010A (Tax-Exempt Recovery Zone Facility Bonds) (the “Series 2010A Bonds”); \$109,670,000 Series 2010B (the “Series 2010B Bonds”), which consist of \$90,000,000 Subseries 2010B-1 (Federally Taxable – Issuer Subsidy – Recovery Zone Economic Development Bonds) and \$19,670,000 Subseries 2010B-2 (Federally Taxable – Issuer Subsidy – Build America Bonds); and \$72,840,000 Senior Lien Dedicated Tax Revenue and Refunding Bonds (Convention Center Hotel Project), Series 2010C (Federally Taxable Bonds) (the “Series 2010C Bonds” and together with the Series 2010A Bonds and the Series 2010B Bonds, the “2010 Bonds”).

The 2010 Bonds were issued to (i) make funds available to the Developer, as further described within the Official Statement, to pay a portion of the cost of acquiring, developing, constructing and equipping the Convention Center Hotel Project; (ii) fund capitalized interest on a portion of the 2010 Bonds during the construction of the Convention Center Hotel Project; (iii) fund the Debt Service Reserve Account Requirement for each series of the 2010 Bonds; (iv) defease to the earliest optional redemption date that portion of the WCSA’s outstanding Senior Lien Dedicated Tax Revenue and Refunding Bonds, Series 2007A (the “2007A Bonds”) maturing on December 1, 2036; (v) make \$2,000,000 available to WCSA for establishment of the D.C. Citizen’s Job Program created pursuant to the Hotel Act; and (vi) pay the Costs of Issuance of the 2010 Bonds.

The 2007A Bonds were used to finance the refunding of the Senior Lien Dedicated Tax Revenue Bonds, Series 1998 and to refinance a portion of the land acquisition costs of WCSA related to the Headquarters Hotel.

The 2010 Bonds are special obligations of WCSA and are not secured by or payable from revenues of WCSA, except for dedicated tax receipts (the “Dedicated Taxes”) on a parity basis with the 2007A Bonds, and the other revenue sources for each series of the 2010 Bonds as defined in Table 4 of the Official Statement. The 2010 Bonds are without recourse to, not a debt of, nor a pledge of Washington, D.C. (the “District”). The 2010 Bonds are not secured by a lien on the Walter E. Washington Convention Center, the Hotel or any District Sports and Entertainment Facility.

This Annual Continuing Disclosure Information Statement is being provided pursuant to a covenant made by WCSA for the benefit of the holders of the 2010 Bonds and includes the information specified in a Continuing Disclosure Agreement. For further information and a more complete description of WCSA and the 2010 Bonds, reference is made to the Official Statement.

The information set forth herein has been furnished by the WCSA and by other sources, that is believed to be accurate and reliable, but is not guaranteed as to accuracy or

completeness. Statements contained in this Annual Continuing Disclosure Information Statement that involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Annual Continuing Disclosure Information Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the WCSA or any other parties described herein.

This Annual Continuing Disclosure Information Statement is of a factual nature without subjective assumptions, opinions, or views and may not be relied upon as advice or recommendation to purchase or sell any product or utilize any particular strategy relating to the issuance of municipal securities or purchase of financial products. Willdan Financial Services and its employees (collectively "Willdan") do not recommend any actions and are not acting as an advisor to any municipal entity, board, officer, agent, employee or obligated person pursuant to Section 15B of the Exchange Act. Prior to acting on any information or material contained in this communication, you should discuss it with appropriate internal or external advisors and experts and only rely upon their advice.

## **II. REFERENCE TO PREVIOUSLY FILED INFORMATION**

For historical information, reference is made to the Annual Continuing Disclosure Information Statements previously filed on Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA").

## **III. BOND INFORMATION**

### **A. PRINCIPAL OUTSTANDING**

| <b>Bond Issue</b>       | <b>As of September 30, 2016<br/>(in thousands)</b> |
|-------------------------|--|
| Series 2010A Bonds      | \$66,710   |
| Series 2010B Bonds      | \$105,625  |
| Series 2010C Bonds      | \$72,840   |
| <b>Total 2010 Bonds</b> | <b>\$245,175</b>                                   |

### **B. DEBT SERVICE RESERVE ACCOUNT**

| <b>Reserve Subaccount</b>                 | <b>As of September 30, 2016<br/>(in thousands)</b> |
|---|--|
| Debt Service Reserve Account              | \$32,986   |
| Combined Debt Service Reserve Requirement | \$32,986   |

Note: For additional fund information, reference is made to Note 2 of the WCSA's Audited Financial Statements for the fiscal year ended September 30, 2016.

### C. SENIOR DEBT SERVICE REQUIREMENTS

| Fiscal Year Ending Sept 30,             | Series 2007 Principal <sup>(1)(2)</sup> | Series 2007 Interest | Total Series 2007 Debt Service | Series 2010A Principal <sup>(1)</sup> | Series 2010A Interest | Series 2010B Principal <sup>(1)</sup> | Series 2010B Interest | Series 2010C Principal <sup>(1)</sup> | Series 2010C Interest | Total Series 2010 Debt Service | Less Subsidy Payments <sup>(3)</sup> | Less Projected DSRF Earnings <sup>(4)</sup> | Aggregate Series 2010 Debt Service (NET) |
|---|---|----------------------|--------------------------------|---------------------------------------|-----------------------|---------------------------------------|-----------------------|---------------------------------------|-----------------------|--------------------------------|--------------------------------------|---|--|
| 2017                                    | \$17,545,000                            | \$16,232,675         | \$33,777,675                   | -                                     | \$3,254,900           | \$3,110,000                           | \$6,295,833           | -                                     | \$5,054,432           | \$17,715,165                   | (\$2,766,951)                        | (\$229,952)                                 | \$14,718,262                             |
| 2018                                    | 18,415,000                              | 15,362,975           | 33,777,975                     | -                                     | 3,254,900             | 3,185,000                             | 6,175,911             | -                                     | 5,054,432             | 17,670,243                     | (2,724,978)                          | (229,952)                                   | 14,715,313                               |
| 2019                                    | 19,335,000                              | 14,442,225           | 33,777,225                     | -                                     | 3,254,900             | 3,280,000                             | 6,032,140             | \$810,000                             | 5,054,432             | 18,431,472                     | (2,674,658)                          | (229,952)                                   | 15,526,862                               |
| 2020                                    | 20,300,000                              | 13,475,475           | 33,775,475                     | -                                     | 3,254,900             | 3,380,000                             | 5,880,801             | 865,000                               | 4,999,644             | 18,380,345                     | (2,621,690)                          | (229,952)                                   | 15,528,703                               |
| 2021                                    | 21,315,000                              | 12,460,475           | 33,775,475                     | -                                     | 3,254,900             | 3,485,000                             | 5,721,468             | 925,000                               | 4,941,135             | 18,327,503                     | (2,565,923)                          | (229,952)                                   | 15,531,628                               |
| 2022                                    | 22,385,000                              | 11,394,725           | 33,779,725                     | -                                     | 3,254,900             | 3,585,000                             | 5,547,020             | 985,000                               | 4,878,568             | 18,250,488                     | (2,496,159)                          | (229,952)                                   | 15,524,377                               |
| 2023                                    | 23,390,000                              | 10,387,400           | 33,777,400                     | -                                     | 3,254,900             | 3,685,000                             | 5,360,098             | 1,055,000                             | 4,811,943             | 18,166,941                     | (2,412,044)                          | (229,952)                                   | 15,524,945                               |
| 2024                                    | 24,470,000                              | 9,309,850            | 33,779,850                     | -                                     | 3,254,900             | 3,790,000                             | 5,167,962             | 1,125,000                             | 4,740,582             | 18,078,444                     | (2,325,583)                          | (229,952)                                   | 15,522,909                               |
| 2025                                    | 25,690,000                              | 8,086,350            | 33,776,350                     | \$2,155,000                           | 3,254,900             | 3,895,000                             | 4,970,351             | 1,200,000                             | 4,664,487             | 20,139,738                     | (2,236,658)                          | (229,952)                                   | 17,673,128                               |
| 2026                                    | 26,975,000                              | 6,801,850            | 33,776,850                     | 2,350,000                             | 3,157,925             | 4,005,000                             | 4,767,266             | 1,280,000                             | 4,583,319             | 20,143,510                     | (2,145,270)                          | (229,952)                                   | 17,768,288                               |
| 2027                                    | 28,325,000                              | 5,453,100            | 33,778,100                     | 2,560,000                             | 3,052,175             | 4,150,000                             | 4,505,379             | 2,060,000                             | 4,496,740             | 20,824,294                     | (2,027,421)                          | (229,952)                                   | 18,566,921                               |
| 2028                                    | 29,600,000                              | 4,178,475            | 33,778,475                     | 2,780,000                             | 2,936,975             | 4,295,000                             | 4,234,011             | 2,550,000                             | 4,357,402             | 21,153,388                     | (1,905,305)                          | (229,952)                                   | 19,018,131                               |
| 2029                                    | 30,930,000                              | 2,846,475            | 33,776,475                     | 3,015,000                             | 2,811,875             | 4,445,000                             | 3,953,161             | 2,825,000                             | 4,184,920             | 21,234,956                     | (1,778,922)                          | (229,952)                                   | 19,226,082                               |
| 2030                                    | 32,325,000                              | 1,454,625            | 33,779,625                     | 3,260,000                             | 2,676,200             | 4,600,000                             | 3,662,502             | 3,120,000                             | 3,993,837             | 21,312,539                     | (1,648,126)                          | (229,952)                                   | 19,434,461                               |
| 2031                                    | -                                       | -                    | -                              | 3,520,000                             | 2,529,500             | 4,765,000                             | 3,361,708             | 3,440,000                             | 3,782,800             | 21,399,008                     | (1,512,769)                          | (229,952)                                   | 19,656,287                               |
| 2032                                    | -                                       | -                    | -                              | 3,815,000                             | 2,353,500             | 4,940,000                             | 3,039,403             | 3,790,000                             | 3,542,000             | 21,479,903                     | (1,367,732)                          | (229,952)                                   | 19,882,219                               |
| 2033                                    | -                                       | -                    | -                              | 4,120,000                             | 2,162,750             | 5,120,000                             | 2,705,262             | 4,170,000                             | 3,276,700             | 21,554,712                     | (1,217,368)                          | (229,952)                                   | 20,107,392                               |
| 2034                                    | -                                       | -                    | -                              | 4,450,000                             | 1,956,750             | 5,305,000                             | 2,358,945             | 4,580,000                             | 2,984,800             | 21,635,495                     | (1,061,525)                          | (229,952)                                   | 20,344,018                               |
| 2035                                    | -                                       | -                    | -                              | 4,795,000                             | 1,734,250             | 5,500,000                             | 2,000,115             | 5,025,000                             | 2,664,200             | 21,718,565                     | (900,052)                            | (229,952)                                   | 20,588,561                               |
| 2036                                    | -                                       | -                    | -                              | 5,160,000                             | 1,494,500             | 5,700,000                             | 1,628,095             | 5,500,000                             | 2,312,450             | 21,795,045                     | (732,643)                            | (229,952)                                   | 20,832,450                               |
| 2037                                    | -                                       | -                    | -                              | 5,545,000                             | 1,236,500             | 5,905,000                             | 1,242,547             | 6,010,000                             | 1,927,450             | 21,866,497                     | (559,146)                            | (229,952)                                   | 21,077,399                               |
| 2038                                    | -                                       | -                    | -                              | 5,955,000                             | 959,250               | 6,120,000                             | 843,133               | 6,565,000                             | 1,506,750             | 21,949,133                     | (379,410)                            | (229,952)                                   | 21,339,771                               |
| 2039                                    | -                                       | -                    | -                              | 6,385,000                             | 661,500               | 6,345,000                             | 429,176               | 7,160,000                             | 1,047,200             | 22,027,876                     | (193,129)                            | (229,952)                                   | 21,604,795                               |
| 2040                                    | -                                       | -                    | -                              | 6,845,000                             | 342,250               | -                                     | -                     | 7,800,000                             | 546,000               | 15,533,250                     | -                                    | (153,586)                                   | 15,379,664                               |
| <b>Total Outstanding <sup>(5)</sup></b> | <b>\$341,000,000</b>                    | <b>\$131,886,675</b> | <b>\$472,886,675</b>           | <b>\$66,710,000</b>                   | <b>\$59,360,000</b>   | <b>\$102,590,000</b>                  | <b>\$89,882,287</b>   | <b>\$72,840,000</b>                   | <b>\$89,406,223</b>   | <b>\$480,788,510</b>           | <b>(\$40,253,462)</b>                | <b>(\$5,442,482)</b>                        | <b>\$435,092,566</b>                     |

(1) Principal payments are due on October 1 of every Fiscal Year; however, funds required for debt service will be collected over the prior Fiscal Year.

(2) Debt Service is net of the Refunded Bonds.

(3) Subsidy payments are estimated and pledged to the Series 2010B Bonds upon deposit to the Series 2010B Bonds Subsidy Payment Sub-Account within the Subsidy Account of the Revenue Fund, as stated in the Official Statement.

(4) Assumes an earnings rate of 1.15%.

(5) Balances as of October 1, 2016.

## IV. FINANCIAL INFORMATION

### A. AUDITED FINANCIAL STATEMENTS

The audited financial statements for the WCSA for the fiscal year ended September 30, 2016 have been separately filed with EMMA and are hereby incorporated by reference into this Annual Continuing Disclosure Information Statement.

### B. STATEMENTS OF NET POSITION

The following table sets forth a five-year history of the WCSA's Assets, Liabilities, and Net Position (Dollars in thousands).

|  | For Fiscal Years Ended September 30, |                  |                  |                  |                  |
|--|--------------------------------------|------------------|------------------|------------------|------------------|
|  | 2012                                 | 2013             | 2014             | 2015             | 2016             |
| <b>ASSETS</b>  |                                      |                  |                  |                  |                  |
| <b>Current Assets:</b>   |                                      |                  |                  |                  |                  |
| Cash and Cash Equivalents  | \$10,455                             | \$12,506         | \$8,828          | \$13,162         | \$10,501         |
| Restricted Cash  | 2,287                                | 7,600            | 8,975            | 7,094            | 8,204            |
| Investments  | 59,056                               | 66,700           | 80,866           | 99,912           | 119,329          |
| Due from District of Columbia                                    | 12,611                               | 8,224            | 12,370           | 11,258           | 13,161           |
| Accounts Receivable, Net of Allowance for Uncollectible Accounts | 2,533                                | 2,335            | 3,160            | 1,845            | 2,287            |
| Prepaid Expenses and Other Assets                                | -                                    | 70               | 35               | 275              | 357              |
| Accrued Interest Receivable                                      | 678                                  | 254              | 190              | 219              | 397              |
| <b>Total Current Assets</b>                                      | <b>\$87,620</b>                      | <b>\$97,689</b>  | <b>\$114,424</b> | <b>\$133,765</b> | <b>\$154,236</b> |
| <b>Noncurrent Assets:</b>  |                                      |                  |                  |                  |                  |
| Notes Receivable   | -                                    | \$25,008         | \$27,181         | -                | -                |
| Other Assets   | -                                    | 47,000           | 47,000           | \$47,000         | \$47,000         |
| Long-Term Investments  | -                                    | -                | -                | 20,000           | -                |
| Restricted Investments   | \$327,045                            | 147,022          | 145,169          | 180,860          | 231,782          |
| Non-Depreciable Capital Assets                                   | 46,998                               | 47,535           | 7,527            | 7,527            | 8,370            |
| Depreciable Capital Assets, Net of Accumulated Depreciation      | 591,954                              | 569,434          | 574,294          | 547,298          | 521,522          |
| <b>Total Noncurrent Assets</b>                                   | <b>\$965,997</b>                     | <b>\$835,999</b> | <b>\$801,171</b> | <b>\$802,685</b> | <b>\$808,674</b> |
| <b>Total Assets</b>  | <b>\$1,053,617</b>                   | <b>\$933,688</b> | <b>\$915,595</b> | <b>\$936,450</b> | <b>\$962,910</b> |
| Bond Deferral of Refunding Costs                                 | \$9,743                              | \$19,622         | \$16,871         | \$15,688         | \$14,504         |
| <b>Total Assets and Deferred Outflow of Resources</b>            | <b>\$1,063,360</b>                   | <b>\$953,310</b> | <b>\$932,466</b> | <b>\$952,138</b> | <b>\$977,414</b> |

(Continued on next page)



|   | For Fiscal Years Ended September 30, |                  |                  |                  |                  |
|---|--------------------------------------|------------------|------------------|------------------|------------------|
|   | 2012                                 | 2013             | 2014             | 2015             | 2016             |
| <b>LIABILITIES AND NET POSITION</b>                   |                                      |                  |                  |                  |                  |
| <b>Current Liabilities:</b>                           |                                      |                  |                  |                  |                  |
| Accounts Payable                                      | \$8,413                              | \$6,394          | \$3,719          | \$5,209          | 6,273            |
| Other Liabilities                                     | 6,477                                | 9,956            | 9,965            | 8,518            | 7,951            |
| Due to District of Columbia                           | 5,666                                | 1,886            | 3,535            | 1,703            | 2,051            |
| Compensation Liabilities                              | 588                                  | 665              | 1,254            | 1,572            | 1,141            |
| Unearned Revenue                                      | 3,202                                | 3,442            | 2,980            | 3,486            | 2,365            |
| Accrued Interest Payable                              | 17,376                               | 17,037           | 16,692           | 16,326           | 15,884           |
| Other Financing Arrangement Payable, Current Portion  | 719                                  | -                | -                | -                | -                |
| Capital Lease - Current portion                       | 2,121                                | 2,120            | 115              | 113              | 110              |
| Bonds Payable - Current Portion                       | 13,865                               | 15,625           | 16,315           | 18,900           | 19,760           |
| <b>Total Current Liabilities</b>                      | <b>\$58,427</b>                      | <b>\$57,125</b>  | <b>\$54,575</b>  | <b>\$55,827</b>  | <b>\$55,535</b>  |
| <b>Noncurrent Liabilities:</b>                        |                                      |                  |                  |                  |                  |
| Compensated Absences                                  | \$982                                | \$1,081          | \$1,061          | \$1,003          | \$1,205          |
| Bonds Payable, Net of Current Portion                 | 645,299                              | 648,861          | 633,117          | 613,708          | 593,439          |
| Capital Lease, Net of Current Portion                 | 14,719                               | 12,609           | 3,938            | 3,824            | 3,714            |
| Long-term Other Financing Arrangement Payable         | 6,494                                | -                | -                | -                | -                |
| <b>Total Noncurrent Liabilities</b>                   | <b>\$667,494</b>                     | <b>\$662,551</b> | <b>\$638,116</b> | <b>\$618,535</b> | <b>\$598,358</b> |
| <b>Total Liabilities</b>                              | <b>\$725,921</b>                     | <b>\$719,676</b> | <b>\$692,691</b> | <b>\$674,362</b> | <b>\$653,893</b> |
| <b>Net Position:</b>                                  |                                      |                  |                  |                  |                  |
| Net Investment in Capital Assets, Net of Related Debt | \$200,710                            | \$176,359        | \$162,200        | \$151,890        | \$142,344        |
| <b>Restricted:</b>                                    |                                      |                  |                  |                  |                  |
| Debt Service and Capital Interest                     | \$26,888                             | \$26,659         | \$26,214         | \$24,857         | 25,273           |
| Capital Renewal                                       | 17,672                               | 17,901           | 18,134           | 18,370           | 18,609           |
| Operating and Marketing Fund                          | 31,580                               | 33,706           | 35,031           | 36,959           | 42,330           |
| Senior Proceeds Account                               | 2                                    | 2                | 2                | -                | -                |
| Debt Service Reserve                                  | 37,207                               | 33,700           | 33,700           | 33,700           | 33,700           |
| ESA Project   | -                                    | -                | -                | -                | 37,238           |
| Kenilworth Park                                       | 144                                  | 144              | 144              | 144              | 144              |
| Hotel Project   | 46,961                               | -                | -                | -                | -                |
| <b>Unrestricted (Deficit)</b>                         | <b>(23,725)</b>                      | <b>(54,837)</b>  | <b>(35,650)</b>  | <b>11,856</b>    | <b>23,883</b>    |
| <b>Total Net Position</b>                             | <b>\$337,439</b>                     | <b>\$233,634</b> | <b>\$239,775</b> | <b>\$277,776</b> | <b>\$323,521</b> |

## C. STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following table sets forth a five-year history of the WCSA's revenues, expenses, and changes in net position.

|  | For Fiscal Years Ended September 30, |                   |                   |                   |                   |
|--|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2012                                 | 2013              | 2014              | 2015              | 2016              |
| <b>Operating Revenues:</b>                         |                                      |                   |                   |                   |                   |
| Building Rental                                    | \$8,536                              | \$10,030          | \$9,508           | \$10,316          | \$10,231          |
| Plumber's Building Rental                          | -                                    | -                 | -                 | 2,300             | 2,369             |
| Ancillary Charges                                  | 14,017                               | 16,475            | 15,842            | 15,988            | 17,830            |
| <b>Total Operating Revenues</b>                    | <b>\$22,553</b>                      | <b>\$26,505</b>   | <b>\$25,350</b>   | <b>\$28,604</b>   | <b>\$30,430</b>   |
| <b>Operating Expenses:</b>                         |                                      |                   |                   |                   |                   |
| Personal Services                                  | \$18,291                             | \$19,964          | \$21,929          | \$23,092          | \$24,407          |
| Contractual Services                               | 18,064                               | 18,207            | 18,267            | 17,432            | 19,341            |
| Depreciation                                       | 31,442                               | 30,510            | 36,368            | 31,890            | 32,032            |
| Occupancy  | 7,056                                | 6,925             | 5,803             | 9,085             | 6,478             |
| Payments to District                               | 2,380                                | 2,292             | 1,995             | 2,378             | 2,643             |
| Miscellaneous                                      | 964                                  | 914               | 822               | 1,009             | 1,199             |
| Provision for Doubtful Accounts                    | 1,213                                | 100               | 117               | 231               | 176               |
| <b>Total Operating Expenses</b>                    | <b>\$79,410</b>                      | <b>\$78,912</b>   | <b>\$85,301</b>   | <b>\$85,117</b>   | <b>\$86,276</b>   |
| <b>Operating Loss</b>                              | <b>(\$56,857)</b>                    | <b>(\$52,407)</b> | <b>(\$59,951)</b> | <b>(\$56,513)</b> | <b>(\$55,846)</b> |
| <b>Non-operating Revenues and (Expenses):</b>      |                                      |                   |                   |                   |                   |
| Investment Income                                  | \$2,006                              | \$614             | \$3,322           | \$2,744           | \$970             |
| Dedicated Taxes                                    | 101,026                              | 104,108           | 105,451           | 116,448           | 123,551           |
| Tax Increment Financing Taxes                      | -                                    | -                 | 4,131             | 18,298            | 19,513            |
| Miscellaneous Revenues                             | 4,284                                | 3,085             | 2,792             | 2,634             | 2,615             |
| Bond Amortization Expense <sup>(1)</sup>           | (36,320)                             | (35,835)          | (35,395)          | (33,340)          | (32,458)          |
| Marketing Agencies and Internal Marketing Expenses | (10,610)                             | (10,844)          | (10,578)          | (12,270)          | (12,600)          |
| Funding Hotel Project                              | (18,730)                             | (95,197)          | (1,335)           | -                 | -                 |
| Funding Baseball Academy                           | -                                    | (7,925)           | (2,296)           | -                 | -                 |
| <b>Total Non-operating Revenues and (Expenses)</b> | <b>\$41,656</b>                      | <b>(\$41,994)</b> | <b>\$66,092</b>   | <b>\$94,514</b>   | <b>\$101,591</b>  |
| Change in Net Position                             | (15,201)                             | (94,401)          | 6,141             | 38,001            | 45,745            |
| Change in Accounting Principle                     | -                                    | (9,403)           | -                 | -                 | -                 |
| Net Position, Beginning of Year                    | \$352,640                            | \$337,439         | \$233,635         | \$239,775         | \$277,776         |
| <b>Net Position, End of Year</b>                   | <b>\$337,439</b>                     | <b>\$233,635</b>  | <b>\$239,775</b>  | <b>\$277,776</b>  | <b>\$323,521</b>  |

(1) Includes Interest Expense

## V. OPERATING INFORMATION

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### A. HISTORICAL DEDICATED TAX RECEIPTS

The following table shows a ten-year history of Dedicated Tax Receipts transferred to WCSA and the Total Hotel Sales and Use Tax collected by WCSA (calculated based on actual Hotel Sales and Use Tax transferred to WCSA) for fiscal years ended September 30, 2007 through 2016.

#### Receipts from Dedicated Taxes (Dollars in Thousands)

| <b>Fiscal Year</b> | <b>Hotel Sales Tax <sup>(1)</sup></b> | <b>% Change</b> | <b>Restaurant Rental Car Sales Tax <sup>(1)</sup></b> | <b>% Change</b> | <b>Total Receipts <sup>(2)</sup></b> | <b>% Change</b> |
|--------------------|---------------------------------------|-----------------|---|-----------------|--------------------------------------|-----------------|
| 2007               | \$56,329                              | 4.9%            | \$26,983  | 3.8%            | \$83,312                             | 4.5%            |
| 2008               | 62,295                                | 10.6%           | 29,199  | 8.2%            | 91,493                               | 9.8%            |
| 2009               | 62,070                                | (0.4%)          | 29,398  | 0.7%            | 91,468                               | 0.0%            |
| 2010               | 61,927                                | (0.2%)          | 32,181  | 9.5%            | 94,108                               | 2.9%            |
| 2011               | 65,291                                | 5.4%            | 32,705  | 1.6%            | 97,996                               | 4.1%            |
| 2012               | 67,309                                | 3.1%            | 33,717  | 3.1%            | 101,026                              | 3.1%            |
| 2013               | 70,266                                | 4.4%            | 33,842  | 0.4%            | 104,168                              | 3.1%            |
| 2014               | 70,089                                | (0.2%)          | 35,362  | 4.5%            | 105,451                              | 1.3%            |
| 2015               | 78,378                                | 11.8%           | 38,070  | 7.7%            | 116,448                              | 10.4%           |
| 2016               | 83,451                                | 6.5%            | 40,100  | 5.3%            | 123,551                              | 6.1%            |

(1) The breakdown between hotel and restaurant/rental car sales tax is unaudited and based on reports from the D.C. Office of Tax and Revenue and the Lockbox Bank for the specific year and are reflected on an accrual basis.

(2) Total Receipts are audited. Numbers may not add up due to rounding.

## B. TAX INCREMENT FINANCING REVENUE

The District issued a TIF Note to the WCSA, and the WCSA pledged the TIF Note to the Trustee to secure the payment of the Series 2010A Bonds and the 2010B Bonds. Pursuant to the TIF Note, the District has agreed to make regularly scheduled payments of principal and interest to the extent that funds are available in the New Convention Center Hotel Fund. TIF revenue is from the sales and use taxes and property taxes generated from the operation of the HQ Hotel. In fiscal years 2016 and 2015, the WCSA recognized revenue from TIF tax receipts of \$19.5 million and \$18.3 million, respectively. As of September 30, 2016 and 2015, TIF receivables due from the District Government were \$747 thousand and \$1.5 million, respectively.

The TIF revenue generated from the HQ Hotel operations is projected to cover the debt services related to hotel project. If the TIF revenue is not sufficient to pay the debt services, the Authority will utilize dedicated taxes to meet the requirements.

## C. DEBT SERVICE COVERAGE

| Fiscal Year | Dedicated Taxes | TIF Revenues <sup>(1)</sup> | Actual<br>(Dollars in Thousands) |                           |          | Debt Service Coverage | Debt Service Coverage Including TIF <sup>(1)</sup> |
|-------------|-----------------|-----------------------------|----------------------------------|---------------------------|----------|-----------------------|--|
|             |                 |                             | Debt Service                     |                           |          |                       |  |
|             |                 |                             | 2007A Bonds <sup>(2)</sup>       | 2010 Bonds <sup>(3)</sup> | Total    |                       |  |
| 2011/12     | \$101,026       | -                           | \$34,620                         | \$2,374                   | \$36,994 | 2.73x                 | N/A  |
| 2012/13     | 104,168         | -                           | 34,580                           | 2,374                     | 36,954   | 2.82x                 | N/A  |
| 2013/14     | 105,451         | \$4,131                     | 33,433                           | 7,465 <sup>(4)</sup>      | 40,898   | 2.58x                 | 2.68x  |
| 2014/15     | 116,448         | 18,298 <sup>(5)</sup>       | 33,429                           | 13,262                    | 46,070   | 2.53x                 | 2.92x  |
| 2015/16     | 123,551         | 19,513 <sup>(5)</sup>       | 33,383                           | 15,102                    | 48,486   | 2.55x                 | 2.95x  |

(1) Tax Increment Financing (TIF) means the available real property tax revenues, as defined in the Official Statement. TIF began in fiscal year 2013/14.

(2) Net of the Refunded Bonds.

(3) Net of subsidy payments

(4) Net of capitalized interest.

(5) Net of subsidy payments.

## D. SALES TAX COLLECTION HISTORY

The largest portion of the Dedicated Tax Receipt is derived from the Dedicated Hotel Sales Tax @ 14.5%, the balance of the Dedicated Tax Receipts is generated by the Dedicated Restaurant/Rental Vehicle Sales Tax at 10%.

### 1. Hotel Sales Tax

#### Hotel Sales Tax at 14.5% for Fiscal Years 2012 – 2016 (Dollars in Thousands)

|                                       | 2012      | 2013      | 2014      | 2015      | 2016      |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Number of Hotels <sup>(1)</sup>       | 117       | 121       | 120       | 126       | 129       |
| Number of Rooms <sup>(1)</sup>        | 27,702    | 28,711    | 28,698    | 30,665    | 31,293    |
| Total Hotels Sales Tax <sup>(2)</sup> | \$219,321 | \$228,957 | \$247,930 | \$255,389 | \$271,919 |

(1) Source: September 30, 2012, 2013 and 2014—Hotel News Now; 2015 and 2016 Destination DC.

(2) Total Hotel Sales Tax revenues are unaudited. The District does not audit Hotel Sales Tax revenues separately in connection with its audit process.

### 2. Restaurant/Rental Vehicle Sales Tax

#### Restaurant/Rental Car Sales Tax at 10% for Fiscal Years 2012 – 2016<sup>(1)</sup> (Dollars in Thousands)

| 2012      | 2013      | 2014      | 2015      | 2016      |
|-----------|-----------|-----------|-----------|-----------|
| \$337,170 | \$338,420 | \$353,620 | \$380,700 | \$401,000 |

(1) Amount were previously reported in thousands in error.

## E. PROJECTED AVAILABLE TAX INCREMENT

(Dollars in Thousands)

| Increment                          | FY 2015          | FY 2016          | FY 2017          | FY 2018          | FY 2019          | FY 2020          | FY 2021          | FY 2022          | FY 2023          |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Rooms Occupancy Tax <sup>(1)</sup> | \$ 8,550         | \$ 9,351         | \$ 9,912         | \$ 10,343        | \$ 10,721        | \$ 11,042        | \$ 11,374        | \$ 11,715        | \$ 12,066        |
| Food & Beverage Tax <sup>(1)</sup> | 4,369            | 4,685            | 4,970            | 5,213            | 5,438            | 5,642            | 5,832            | 6,007            | 6,187            |
| Parking Tax                        | 345              | 369              | 389              | 406              | 420              | 433              | 446              | 459              | 473              |
| Real Property Tax <sup>(2)</sup>   | 3,414            | 3,366            | 3,439            | 3,557            | 3,678            | 3,803            | 3,932            | 4,064            | 4,200            |
| <b>Total Projected</b>             |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Available Tax Increment</b>     | <u>\$ 16,678</u> | <u>\$ 17,771</u> | <u>\$ 18,710</u> | <u>\$ 19,519</u> | <u>\$ 20,257</u> | <u>\$ 20,920</u> | <u>\$ 21,584</u> | <u>\$ 22,245</u> | <u>\$ 22,926</u> |

1. The "Rooms Occupancy Tax" is referred to herein as the Hotel Sales Tax. The "Food & Beverage Tax" comprises that portion of the Restaurant/Rental Car Sales Tax generated by restaurant food and beverage sales.
2. The calculation of real property tax increment in a particular year is: (A) the real property taxes that are projected to be payable in such year in the New Convention Center Hotel TIF Area (real property taxes are not payable on the land owned by the District or the Authority that is leased to the Developer pursuant to the Ground Lease Agreement; approximately 40% of the total value of the Convention Center Hotel Project will be attributable to the value of the land and approximately 60% of the total value of the Convention Center Hotel Project will be attributable to the Hotel), less (B) the real property taxes in the base year for such Area (\$671,561), less (C) that portion of the real property taxes that is pledged to the payment of general obligation indebtedness of the District. It is estimated for purposes of the Market Study that 28% of real property taxes will be allocated to pay the District's general obligation indebtedness.

Source: Market Study, dated August 17, 2010.

**F. WASHINGTON CONVENTION CENTER BOOKINGS THROUGH DESTINATION DC**

The following chart sets forth the number of room nights booked through the services of Destination DC, as of September 1, 2016, at hotels within the District in connection with events held and projected to be held at the Convention Center in 2015 through 2022. Destination DC is a private, non-profit corporation with a membership of approximately 1,000 businesses and organizations that support the District’s travel and tourism sector. Pursuant to the WCSA Act, Destination DC provides marketing services under a contract with the WCSA and is the WCSA’s primary contractor to market and sell meetings and conventions for the Convention Center. Destination DC facilitates hotel bookings in the District for hotel stays related primarily to conventions and meetings in the District.

**Room Nights  
Confirmed as of September 1, 2016**

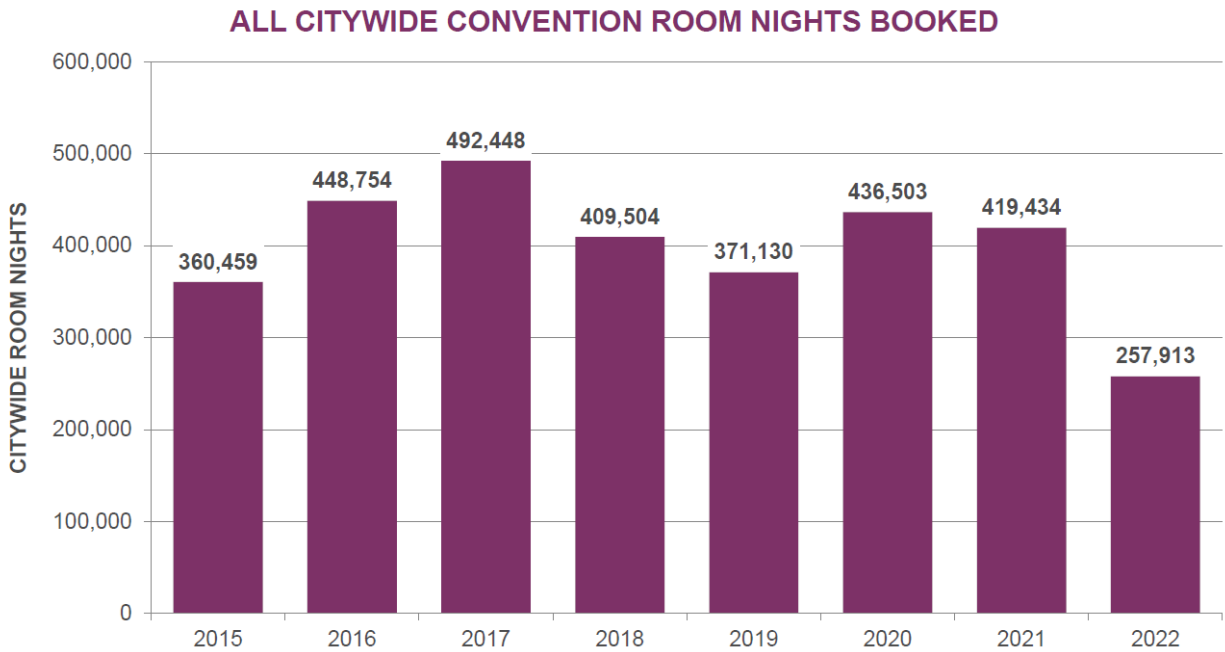


Chart reflects room nights confirmed as definite as of September 1, 2016; citywides are a minimum of 2,500 rooms on peak  
Source: Destination DC

Note: 2015 is the most current information available as of the date of the report.

## G. MAJOR EVENTS BY FISCAL YEAR

The following major events were held at the Convention Center during the fiscal years 2012 through 2016, beginning with the most recent completed fiscal year.

| <b>Meeting Name</b>                                      | <b>Attendance</b> |
|--|-------------------|
| <b>FY2016</b>  |                   |
| Association of the U.S. Army                             | 26,101            |
| American Dental Association                              | 21,491            |
| 2015 Annual U.S. Green Building Conference and Expo      | 20,000            |
| American Israel Public Affairs Committee 2016 Conference | 18,850            |
| American Academy of Dermatology                          | 18,253            |
| <b>FY2015</b>  |                   |
| NBC4 Health and Fitness Expo                             | 85,000            |
| Capitol Hill Classic Volleyball Tournament               | 75,046            |
| National Book Festival                                   | 75,000            |
| Awesome Con DC   | 44,300            |
| Society for Neuroscience                                 | 31,250            |
| <b>FY2014</b>  |                   |
| USA Science and Engineering Festival.                    | 325,000           |
| Capitol Hill Volleyball Classic                          | 70,000            |
| National Book Festival                                   | 35,000            |
| Association of the US Army                               | 27,449            |
| Awesome Con DC   | 29,000            |
| <b>FY2013</b>  |                   |
| Delta Sigma Theta  | 38,063            |
| Association of the US Army                               | 30,713            |
| American Association for Cancer Research                 | 18,108            |
| American College of Rheumatology                         | 15,530            |
| American Society of Anesthesiologists                    | 16,757            |
| <b>FY2012</b>  |                   |
| Association of the US Army                               | 35,293            |
| Society for Neuroscience                                 | 32,329            |
| Islamic Society of North America                         | 25,364            |
| AIDS 2012  | 24,536            |
| American Institute of Architects                         | 18,600            |



## H. ACTUAL EVENTS BY FISCAL YEAR

| <b>Fiscal Year</b> | <b>Actual Number of Events</b> | <b>Number of Attendees</b> |
|--------------------|--------------------------------|----------------------------|
| 2011               | 231                            | 1,015,473                  |
| 2012               | 201                            | 1,155,268                  |
| 2013               | 204                            | 1,086,556                  |
| 2014               | 204                            | 1,276,834                  |
| 2015               | 233                            | 1,120,398                  |
| 2016               | 217                            | 1,461,513                  |

## ***VI. RECENT EVENTS–FUTURE IMPACTS***

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Due to the nature of the Authority's business, it is involved in several claims and lawsuits. In the opinion of management and legal counsel, the expected outcome of claims and lawsuits, individually, or in the aggregate will not have a material adverse effect on the financial statements.

The Authority did not have any subsequent events, that based on the facts and circumstances, required recording or disclosure in the financial statements for the fiscal year ended September 30, 2016. Events and transactions were evaluated through December 30, 2016, the date the financial statements were available to be issued.

## **VII. OCCURRENCE OF LISTED EVENTS**

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As amended, the Continuing Disclosure Covenants outline the Occurrence of Listed Events that must be reported in not more than ten (10) business days after the occurrence of the event, ***irrespective of any determination as to whether such event may or may not be deemed material.*** The WCSA has no knowledge that any of the events listed below have occurred or have not been previously reported during the fiscal year ended September 30, 2016.

1. Principal and interest payment delinquencies on the 2010 Bonds.
2. Unscheduled draws on debt service reserves reflecting financial difficulties.
3. Unscheduled draws on credit enhancements reflecting financial difficulties.
4. Substitution of credit or liquidity providers, or their failure to perform.
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2010 Bonds.
6. Defeasances.
7. Tender offers.
8. Bankruptcy, insolvency, receivership or similar proceedings pertaining to WCSA.
9. Ratings changes.

As amended, the Continuing Disclosure Covenants outline the Occurrence of Listed Events that must be reported in not more than ten (10) business days after the occurrence of the event, ***if deemed material.*** WCSA has no knowledge that any of the events listed below have occurred or have not been previously reported during the fiscal year ended September 30, 2016.

10. Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of WCSA or the dissolution of WCSA.
11. Appointment of a successor or additional Trustee or the change of the name of the Trustee or any successor or additional Trustee.
12. Non-payment related defaults.
13. Modifications to the rights of Holders.
14. Optional, contingent or unscheduled bond calls, prepayment or redemptions other than defeasances.
15. Release, substitution or sale of property securing repayment of the 2010 Bonds.