

\$53,500,000
WASHINGTON CONVENTION AND SPORTS AUTHORITY
(WASHINGTON, D.C.)

SENIOR LIEN DEDICATED TAX REVENUE REFUNDING BONDS
Series 2021A
(Tax-Exempt)

DATED: MAY 27, 2021
BASE CUSIP⁺: 93878L



2022 ANNUAL CONTINUING DISCLOSURE
INFORMATION STATEMENT

AS OF MARCH 28, 2023



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* 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.

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I. INTRODUCTION

The Washington Convention and Sports Authority (the “WCSA”) issued \$53,500,000 Senior Lien Dedicated Tax Revenue Refunding Bonds, Series 2021A (Tax-Exempt) (the “2021A Bonds”). The proceeds of the 2021A Bonds, together with certain other funds, were used to current refund all of the outstanding Senior Lien Dedicated Tax Revenue Bonds (Convention Center Hotel Project) Series 2010A (Tax-Exempt Recovery Zone Facility Bonds).

The Walter E. Washington Convention Center (“Convention Center”) is located in the Mount Vernon Square area of Northwest Washington, D.C., and is one of the largest buildings in the District of Columbia (“District”).

The WCSA issued \$99,715,000 Senior Lien Dedicated Tax Revenue Refunding Bonds, consisting of \$70,355,000 Series 2021B (Tax-Exempt) (the “2021B Bonds”) and \$29,360,000 Series 2021C (Federally Taxable) (the “2021C Bonds”). The proceeds of the 2021B Bonds, together with certain other funds, were used to current refund a portion of the outstanding Senior Lien Dedicated Tax Revenue Bonds (Convention Center Hotel Project) Series 2010B (the “2010B Bonds”). The proceeds of the 2021C Bonds were used to current refund the remaining portion of the outstanding 2010B Bonds and refund a portion of the outstanding Senior Lien Dedicated Tax Revenue Refunding Bonds Series 2018A (Tax-Exempt) (the “2018A Bonds”). For additional information, reference is made to the Official Statement dated May 14, 2021.

The 2021A Bonds are without recourse to the District, shall not be a pledge of or involve the full faith and credit or the taxing power of the District (except to the extent that the District imposes and collects the Dedicated Taxes and any Surtax thereon and the taxes generating TIF Revenues), shall not constitute a debt of the District, and shall not constitute a lending of the public credit for private undertakings as prohibited by the Home Rule Act. The 2021A Bonds are not secured by a lien on the Convention Center, the Convention Center Hotel, or any District Sports and Entertainment Facility. The WCSA has no taxing power. Payment of the principal of and interest on the 2021A Bonds is not subject to annual appropriation by the Council of the District of Columbia or the Congress of the United States.

This Annual Continuing Disclosure Information Statement (“Report”) is being provided pursuant to a covenant made by the WCSA for the benefit of the holders of the 2021A Bonds and includes the information specified in a Continuing Disclosure Agreement (“CDA”). For further information, a more complete description of the WCSA and the 2021A Bonds, reference is made to the Official Statement dated April 28, 2021.

The information set forth herein has been furnished by the WCSA and by other sources, which is believed to be accurate and reliable, but is not guaranteed as to accuracy or completeness. Statements contained in this Report, involve estimates, forecasts, and 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. Furthermore, the information and expressions of opinion contained herein are subject to change without notice. The delivery of this Report does not, under any circumstances, create any inference that there has been no change in the affairs of the WCSA or other parties described herein.

THIS REPORT 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 Reports previously filed on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA").

III. BOND INFORMATION

A. PRINCIPAL OUTSTANDING

Bond Issue	As of September 30, 2022 (\$ in thousands)
2021A Bonds	\$53,500

B. RESERVE ACCOUNTS ⁽¹⁾

Reserve Accounts	(Dollars in Thousands)		
	Investment Balances as of September 30, 2022	Minimum Required Reserve (Restricted)	Available Reserve Above the Required Minimum
<u>2018A Bonds and 2021C Bonds</u>			
Capital Renewal & Replacement Account	\$108,716	\$33,482	\$75,234
Debt Service	21,545	21,545	-
Debt Service Reserve Account	30,795	30,795	-
Operating and Marketing Reserve Account	125,612	41,388	84,224
Revenue Account	47,905	-	47,905
Totals	\$334,573	\$127,210	\$207,363
<u>2021A, 2021B Bonds and 2018B Bonds</u>			
Tax Increment Financing Accounts	\$23,139	\$23,139	\$-
Debt Service Reserve Account	25,002	25,002	-
Totals	\$48,141	\$48,141	\$-
Total Restricted and Non-restricted Investments	\$382,714	\$175,351	\$207,363

(1) This information is not required by the CDA.

C. DEBT SERVICE REQUIREMENTS ⁽¹⁾

2021A Bonds			
Date	Principal	Interest	Total
10/1/2022	\$-	\$1,183,000	\$1,183,000
4/1/2023	-	1,183,000	1,183,000
10/1/2023	-	1,183,000	1,183,000
4/1/2024	-	1,183,000	1,183,000
10/1/2024	-	1,183,000	1,183,000
4/1/2025	-	1,183,000	1,183,000
10/1/2025	-	1,183,000	1,183,000
4/1/2026	-	1,183,000	1,183,000
10/1/2026	2,395,000	1,183,000	3,578,000
4/1/2027	-	1,123,125	1,123,125
10/1/2027	2,515,000	1,123,125	3,638,125
4/1/2028	-	1,060,250	1,060,250
10/1/2028	2,040,000	1,060,250	3,100,250
4/1/2029	-	1,009,250	1,009,250
10/1/2029	2,835,000	1,009,250	3,844,250
4/1/2030	-	938,375	938,375
10/1/2030	2,960,000	938,375	3,898,375
4/1/2031	-	864,375	864,375
10/1/2031	3,125,000	864,375	3,989,375
4/1/2032	--	786,250	786,250
10/1/2032	3,285,000	786,250	4,071,250
4/1/2033	-	704,125	704,125
10/1/2033	3,445,000	704,125	4,149,125
4/1/2034	-	618,000	618,000
10/1/2034	3,620,000	618,000	4,238,000
4/1/2035	-	545,600	545,600
10/1/2035	3,760,000	545,600	4,305,600
4/1/2036	-	470,400	470,400
10/1/2036	3,910,000	470,400	4,380,400
4/1/2037	-	392,200	392,200
10/1/2037	4,070,000	392,200	4,462,200
4/1/2038	-	310,800	310,800
10/1/2038	4,225,000	310,800	4,535,800
4/1/2039	-	226,300	226,300
10/1/2039	4,405,000	226,300	4,631,300
4/1/2040	-	138,200	138,200
10/1/2040	6,910,000	138,200	7,048,200
Totals	\$53,500,000	\$29,021,500	\$82,521,500

(1) This information is not required by the CDA.

Note: Totals may not add up due to rounding.

IV. FINANCIAL INFORMATION

A. AUDITED FINANCIAL STATEMENTS

The audited financial statements for the WCSA for the fiscal year ended September 30, 2022 were not available at the time of this Report. The audited financial statements for the WCSA fiscal year ended September 30, 2022 are expected to be filed on EMMA by the third quarter of calendar year 2023.

The unaudited financial statements for the WCSA for the fiscal year ended September 30, 2022 have been separately filed on EMMA and are hereby incorporated by reference into this Report.

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,				
	2018	2019	2020	2021 ⁽¹⁾ as restated	2022 Unaudited
ASSETS					
Current Assets:					
Cash	\$14,522	\$17,146	\$10,263	\$11,716	\$16,971
Cash-Restricted	8,974	5,414	14,512	6,429	10,058
Investments	206,758	140,100	127,900	99,441	207,362
Due from District	13,344	21,259	5,277	12,390	17,536
Accounts Receivable, Net of Allowance for Uncollectible Accounts	3,449	5,656	4,426	2,217	6,008
Prepaid and Others	1,162	4,970	5,142	4,619	4,420
Accrued Interest	511	687	478	467	957
Total Current Assets	\$248,720	\$195,232	\$167,998	\$137,279	\$263,312
Noncurrent Assets:					
Lease Receivable	\$14,336	\$ -	\$ -	\$18,361	\$17,850
Other Receivable	39,410	28,443	18,543	11,464	10,164
Restricted Investments	190,331	214,339	190,102	167,186	175,351
Non-Depreciable Capital Assets	79,016	7,527	15,657	20,591	26,286
Depreciable Capital Assets, Net of Accumulated Depreciation	475,484	566,342	535,897	501,701	436,371
Total Noncurrent Assets	\$798,577	\$816,651	\$760,199	\$719,303	\$666,022
Total Assets	\$1,047,297	\$1,011,883	\$928,197	\$856,582	\$929,334
Deferred Outflow of Resources	10,692	-	9,639	11,141	10,575
Total Assets and Deferred Outflow of Resources	\$1,057,989	\$1,022,048	\$937,836	\$867,723	\$939,909

[Continued on next page]

	For Fiscal Years Ended September 30,				
	2018	2019	2020	2021 ⁽¹⁾ as restated	2022 Unaudited
LIABILITIES AND NET POSITION					
Current Liabilities:					
Accounts Payable	\$16,754	\$13,632	\$8,391	\$9,394	\$13,293
Other Current Liabilities	8,275	6,151	15,085	7,374	36,279
Due to DC Government	2,329	3,940	3,323	2,233	2,276
Compensation Liabilities	1,317	1,778	1,071	1,336	1,563
Unearned Revenue	3,273	7,211	6,885	6,784	8,164
Accrued Interest Payable	12,629	12,334	11,736	8,039	8,542
Lease - Current portion	147	143	142	138	134
Debt - Current Portion	18,105	24,380	25,600	16,235	10,705
Total Current Liabilities	\$62,829	\$69,569	\$72,233	\$51,533	\$80,956
Noncurrent Liabilities:					
Compensated Absences	\$1,231	\$1,332	\$1,716	\$1,715	\$1,666
Lease – Long Term	4,825	4,683	4,540	4,402	4,268
Bonds Payable	518,135	492,501	465,647	450,054	437,163
Contributed Capital – Long Term			-	5,251	-
Total Noncurrent Liabilities	\$524,191	\$498,516	\$471,903	\$461,422	\$443,097
Total Liabilities	\$587,020	\$568,085	\$544,136	\$512,955	\$524,053
Total Deferred Inflows of Resources	-	-	-	18,278	16,957
Net Position:					
Net Investment in Capital Assets	\$210,772	\$247,243	\$248,039	\$237,177	\$224,365
Restricted Net Position:					
Kenilworth Park	\$144	\$144	\$144	\$144	\$144
Debt Service and Capital Interest	23,635	31,310	33,475	25,675	21,592
Capital Renewal	21,815	31,797	33,394	32,816	33,509
Operating & Marketing Fund	50,635	67,677	42,129	35,352	45,067
Debt Service Reserve	27,554	27,554	27,554	31,255	30,748
ESA Project	6,621	-	-	-	-
Unrestricted Net Position	115,871	48,239	8,965	(25,929)	43,474
Total Net Position	\$457,047	\$453,964	\$393,700	\$336,490	\$398,899

(1) During the fiscal year ended September 30, 2022, the Authority adopted GASB No. 87, Leases. The Authority is the lessor for several leases which required the adoption of GASB No. 87. As part of the adoption, the Authority restated its balance sheet as of September 30, 2021, to account for these leases under the new standard. The adoption required the Authority to record a lease receivable and deferred inflow related to leases of \$18,278,000 as of September 30, 2021 (See Note 1 for Restatement). The restatement of amounts effective as of October 1, 2020, was not practical.

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

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

Table 18, as Required by the CDA

	For Fiscal Years Ended September 30,				2022
	2018	2019	2020	2021 ⁽¹⁾	Unaudited
Operating Revenues:					
Venue Rental	\$8,417	\$8,807	\$4,807	\$5,357	\$7,121
Catering Services	7,721	6,549	1,527	31	3,596
Electrical Services	3,036	2,842	1,496	111	2,375
Rigging Services	2,014	1,504	894	35	1,345
Parking Revenue	425	608	312	206	526
Telecommunications Services	2,158	2,182	1,093	142	2,643
Retail & Office Space Rental	1,131	1,203	870	585	735
Advertising & Sponsorship	928	946	1,093	713	701
Building Lease Rental	3,246	3,419	3,922	3,912	3,836
Digital Revenue	-	-	-	-	52
Audio and Visual	-	-	-	-	751
Miscellaneous Revenue	2,425	3,105	2,329	2,555	1,719
Total Operating Revenues	\$31,501	\$31,165	\$18,343	\$13,647	\$25,400
Operating Expenses:					
Personnel and Payroll Services	\$27,284	\$30,376	\$33,063	\$31,484	\$31,797
Contractual Services	23,113	33,058	25,537	25,413	36,186
Occupancy	6,433	6,796	5,698	4,484	6,224
Payment to District	2,501	2,232	1,607	803	319
Miscellaneous Expenses	1,428	1,555	1,044	947	1,680
Depreciation Expense	33,996	37,828	39,599	40,722	45,234
Net Bad Debt Expense (recovery)	16	74	265	(30)	-
Total Operating Expenses	\$94,771	\$111,919	\$106,813	\$103,823	\$121,440
Operating Loss	(\$63,270)	(\$80,754)	(\$88,470)	(\$90,176)	(\$96,040)
Non-operating Revenues and (Expenses):					
Interest Expense	(29,295)	(24,702)	(23,510)	(19,410)	(15,108)
Marketing Agencies Payments	(19,846)	(20,370)	(11,640)	(6,085)	(15,354)
Hospitality & Marketing Relief and other Grants	-	-	(22,814)	(822)	-
Miscellaneous Expenses	(7,589)	(11,971)	(10,970)	(8,080)	(2,300)
Bond Cost Amortization Expense	(294)	729	728	(349)	0
Interest Income - Total	4,821	8,478	3,973	1,126	1,082
Dedicated Taxes	141,448	147,633	74,067	54,932	122,281
Tax Increment Financing (TIF) Revenue	20,320	19,248	12,175	5,838	12,029
Miscellaneous -Non-operating	27,043	5,933	6,197	5,816	55,819
Total Non-operating Revenues and (Expenses)	\$136,608	\$124,978	\$28,206	\$32,966	\$158,449
Excess Cash Transfer to the District	-	(47,847)	-	-	-
Increase (Decrease) in Net Position	\$73,338	(\$3,623)	(\$60,264)	(\$57,210)	\$62,409
Net Position, Beginning of Year	383,709	457,047	453,964	393,700	336,490
Change in Accounting Principle	-	540	-	-	-
Net Position, End of Year	\$457,047	\$453,964	\$393,700	\$336,490	\$398,899

- (1) In accordance with DC Code § 10-1202.13, Transfer of Excess Cash, if, at the end of a fiscal year, the WCSA's balance of cash and investments in its Convention Center Operating Fund exceeds the balance of current liabilities, reserves, and any amounts the WCSA will need to purchase or redeem its outstanding indebtedness during the upcoming fiscal year, the WCSA must transfer the excess, in cash, to the District's General Fund. Consistent with District legislation, the Master Trust Agreement between the WCSA and The Bank of New York (as Trustee), and a Memorandum of Understanding between the District and the WCSA, the WCSA must maintain the following reserves: (1) maximum annual debt service on outstanding bonds and notes issued by the WCSA; (2) an operating reserve equal to 1.5 times the operating and marketing budget; and (2) a capital reserve of 5% of the original cost of the convention center adjusted for inflation. There was no excess cash transfer made in the fiscal years 2022 and 2021.

Note: Totals may not add up due to rounding.

V. OPERATING INFORMATION

A. HISTORICAL DEDICATED TAX RECEIPTS

The dedicated taxes consist of separate sales and use tax of 4.45% (of the District's 14.5%) on hotel room charges and a sales and use tax of 1% (of the District's 10%) on restaurant meals, alcoholic beverages consumed on-premises, and rental vehicle charges. Effective October 1, 2017, the hotel room charges of 14.5% changed to 14.8% and subsequently raised to 14.95%, with the additional 0.3% increase going to Destination DC through the WCSA for marketing and promoting the District of Columbia as a destination.

The following table shows a ten-year history of Dedicated Tax Receipts transferred to the WCSA and the Total Hotel Sales and Use Tax collected by the WCSA (calculated based on actual Hotel Sales and Use Tax transferred to the WCSA) for fiscal years ended September 30, 2013 through 2022.

Table 2, as Required by the CDA
Receipts from Dedicated Taxes
(Dollars in Thousands)

Fiscal Year	Dedicated Hotel Sales Tax ⁽¹⁾	% Change	Dedicated Restaurant/Rental Car Sales Tax ⁽¹⁾	% Change	Total Dedicated Tax Receipts¹	% Change
2013	\$70,266	4.4%	\$33,842	0.4%	\$104,108	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	6.9%	40,100	4.4%	123,551	6.1%
2017	95,867	14.9%	42,261	5.4%	138,128	11.8%
2018	100,106	4.4%	41,342	(2.2%)	141,448	2.4%
2019	101,426	1.3%	46,207	11.8%	147,633	4.4%
2020	45,283	(55.4%)	28,784	(37.7%)	74,067	(49.8%)
2021	27,755	(38.7%)	27,178	(5.6%)	54,933	(25.8%)
2022	78,604	183.2%	43,677	60.7%	122,281	122.6%

(1) The breakdown between Dedicated Hotel Sales Tax and Dedicated Restaurant/Rental Car Sales Tax is unaudited and based on the report from the D.C. Office of Tax and Revenue and the Lockbox Bank for specific year; reflected on an accrual basis accounting. However, the total dedicated tax receipts are audited.

B. VISITOR VOLUME-WASHINGTON, D.C.

The following table indicates the annual volume of domestic and international visitors to the District in calendar years 2017-2021.

Table 5, as Required by the CDA

(In Millions of Visitors)			
Year	Domestic	Overseas	Total
2017	20.8	2.0	22.8
2018	21.9	1.9	23.8
2019	22.8	1.8	24.6
2020	13.1	0.2	13.3
2021	18.8	0.3	19.1

Sources: S&P Global Market Intelligence; MMGY Travel Insights; Travel Market Insights Inc., National Travel & Tourism Office, U.S. Department of Commerce; data reflects visitation to the District of Columbia only. Data is shown on a calendar year basis; 2022 visitor volume is expected to be available in the spring/summer of 2023.

C. DISTRICT OF COLUMBIA TEN LARGEST HOTELS BY NUMBER OF ROOMS

The following table sets forth the ten largest hotels in DC, including the number of guestrooms, as of September 30, 2022.

Table 6, as Required by the CDA

Hotel	Number of Rooms
1. Marriott Marquis Washington DC (the Convention Center Hotel)	1,175
2. Hilton Washington	1,107
3. Grand Hyatt Washington	897
4. Hyatt Regency Washington On Capitol Hill	838
5. Omni Shoreham Hotel	836
6. Renaissance Washington DC Downtown Hotel	807
7. JW Marriott Hotel Washington	777
8. Autograph Collection The Mayflower	581
9. Capital Hilton	550
10. Holiday Inn Washington Capitol – National Mall	536
Total	8,104

Source: STR (formerly known as Smith Travel Research).

D. HOTEL OCCUPANCY RATES

The following tables set forth **percent of hotel occupancy** and **average daily room rates** in the District and in the United States in calendar years 2018 through 2022, and as of September 30, 2022.

Table 7, as Required by the CDA

Washington, D.C. Hotel Occupancy 2018-2022

Calendar Year	D.C.	National
2018	77.5%	66.2%
2019	76.3%	66.1%
2020 ⁽¹⁾	30.1%	44.0%
2021	41.3%	57.6%
2022	61.7%	62.7%

(1) Occupancy in 2020 was based on the available rooms in open hotels, not all rooms in the city.

Source: 2018-2022 STR (formerly known as Smith Travel Research)

Source: 2022 Destination DC.

Table 8, as Required by the CDA

Washington, D.C. Average Daily Room Rate 2018-2022

Calendar Year	D.C.	National
2018	\$221.47	\$129.83
2019	\$225.93	\$131.21
2020	\$172.41	\$103.25
2021	\$171.39	\$124.67
2022	\$242.44	\$148.83

Source: 2022 Destination DC.

E. DEBT SERVICE COVERAGE RATIO

The following table sets forth the Debt Service Coverage ratio from Dedicated Tax Receipts for fiscal years 2018 through 2022.

**Table 3, as Required by the CDA
Debt Service Coverage Ratio
(Dollars in Thousands)**

	FY 2018	FY 2019	FY 2020	FY2021	FY2022
Dedicated Hotel Sales Tax Receipts ^(1,2)	\$100,106	\$101,426	\$45,283	\$27,755	\$78,604
Dedicated Restaurant /Rental Car Sales Tax Receipts	41,342	46,207	28,784	27,178	43,677
Total Dedicated Tax Receipts ^(1,2)	\$141,448	\$147,633	\$74,067	\$54,933	\$122,281
Net Debt Service (All Bonds)	\$40,991	\$47,932	\$47,927	\$34,464	\$26,856
DSCR (without credit for prior application of Other Principal Revenue Sources)	3.45x	3.08x	1.55x	1.59x	4.55x
DSCR (without credit for prior application of Other Principal Revenue Sources)	4.11x	3.66x	1.98x	2.01x	12.80x

- (1) The breakdown between Dedicated Hotel Sales Tax and Dedicated Restaurant/Rental Car Sales Tax is unaudited and based on the report from the D.C. Office of Tax and Revenue and the Lockbox Bank for specific year; reflected on an accrual basis accounting.
- (2) Revised Sales Tax and Restaurant/Rental Car Sales Tax. Historically, the breakdown between the Hotel tax and Restaurant tax would result in the total allocations. The Total Dedicated Tax Receipts are audited. In 2021, the Office of Tax and Revenue provided the details from its newly implemented tax system.

F. HOTEL SALES TAX COLLECTION HISTORY

The largest portion of the Dedicated Tax Receipt is derived from the Dedicated Hotel Sales Tax. Effective October 1, 2018, the hotel room charges of 14.8% changed to 14.95% with the additional 0.15% increase going to Destination DC through the WCSA for the purposes of marketing and promoting the District of Columbia as a destination

**Table 9, as Required by the CDA
Hotel Sales Tax Collection History
Fiscal Years 2018 – 2022
(Dollars in Thousands)**

	2018	2019	2020	2021	2022
Number of Hotels	137	140	124	137	146
Number of Rooms	32,593	33,434	26,597	31,837	33,032
Total Hotels Sales Tax	\$311,909	\$319,224	\$142,523	\$87,354	\$247,395
Total Dedicated Hotel Sales Tax	\$100,106	\$101,426	\$45,283	\$27,755	\$78,604

Source: Number of Hotels and Number of Rooms – Destination DC.

Source: Total Hotel Sales Tax and Total Dedicated Hotel Sales Tax – WCSA.

G. NUMBER OF EATING AND DRINKING ESTABLISHMENTS IN THE DISTRICT

Table 10, as Required by the CDA

Year	Establishments ⁽¹⁾
2018	2,438
2019	2,493
2020	2,508
2021	2,476
2022	(2)

(1) Includes only establishments with payroll employees.

(2) Data for 2022 is not available.

Source: Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages.

H. NUMBER OF JOBS IN EATING AND DRINKING ESTABLISHMENTS IN THE DISTRICT

Table 11, as Required by the CDA

Year	Jobs ⁽¹⁾
2017	52,800
2018	54,800
2019	55,500
2020	37,300
2021	36,094
2022	⁽²⁾

(1) Includes only payroll employees.

(2) Data for 2022 is not available.

Source: Bureau of Labor Statistics; National Restaurant Association.

I. RESTAURANT INDUSTRY SALES IN THE DISTRICT

Table 12, as Required by the CDA

Calendar Year	Sales
2017	\$4.0 billion
2018	\$4.1 billion
2019	\$4.6 billion
2020	\$2.8 billion
2021	\$2.6 billion
2022	\$4.2 billion

Source: Office of Revenue Analysis: Data is based on Taxable Sales for Restaurants in DC.

Table 13, as Required by the CDA

Restaurant/Rental Car Sales Tax at 10% for Fiscal Years 2018 – 2022⁽¹⁾ (Dollars in Thousands)

	2018	2019	2020	2021	2022
Total Restaurant/Rental Car Sales Tax	\$413,419	\$462,254	\$279,670	\$272,185	\$420,426
Total Dedicated Restaurant/Rental Car Sales Tax ⁽²⁾	41,342	46,207	28,784	27,178	43,677

(1) Revised Sales Tax and Restaurant/Rental Car Sales Tax. Historically, the breakdown between the Hotel tax and Restaurant tax would result in the total allocations. The Total Dedicated Tax Receipts are audited. In 2021, the Office of Tax and Revenue provided the details from its newly implemented tax system.

(2) Includes \$1.6 million from Central Taxes.

Source: District of Columbia OCF.

J. NET DEBT SERVICE COVERAGE FROM OTHER PRINCIPAL REVENUE SOURCES

**Table 4, as Required by the CDA
(Dollars in Thousands)**

2021 A/B Bonds				2018B Bonds			Debt Service to be paid and Expected to be paid from Dedicated Tax Receipts				
Fiscal Year	Net Debt Service ⁽¹⁾	TIF Revenues	Debt Service Coverage from TIF Revenues	Net Debt Service	WCSA Lease Payments and Loan Prepayments	Debt Service Coverage from WCSA Lease Payments and Loan Prepayments	2018A and 2021C Net Debt Service	Remainder of Net Debt Services to be paid from Dedicated Tax Receipts	Aggregate Debt Service paid and Expected to be paid from Dedicated Tax Receipts	Dedicated Tax Receipts	Debt Service Coverage (with Credit for Prior Application of Other Principal Revenue Sources)
2022	\$5,364	\$12,029	2.24X	\$3,502	\$2,098	0.60X	\$17,607	\$0	\$17,607	\$122,281	6.94X

K. ACTUAL EVENTS BY FISCAL YEAR

Table 14, as Required by the CDA

Fiscal Year	Actual Number of Events	Number of Attendees
2018	167 ⁽¹⁾	1,563,622 ⁽²⁾
2019	147	1,059,809
2020	57	569,534 ⁽³⁾
2021	24	118,029
2022	95	443,071 ⁽⁴⁾

(1) Regarding the total number of events: While the total number of events has declined, the decline is largely the result of reduction of internal bookings of single-day events that do not materially affect the Convention Center’s overall occupancy or revenue performance.

(2) Regarding the total attendance: The FY 2019 Citywide events equaled the same number of Citywide events as FY 2018 but included fewer building-wide events. The year-over-year comparison of Citywide events show an average attendance of 23,235 for FY 2018 Citywide and an average attendance of 16,889 for FY 2019 Citywide. This is paralleled with a reduction in average leased space per Citywide event, from 746,319 Gross Square Footage (GSF) in FY 2018 to 684,890 in FY 2019. Given the unusual performance of FY 2018, FY 2019 was expected to be a correction year.

(3) Prior to the COVID-19 pandemic, the Authority had projected a total of 1,174,550 in number of attendees for 2020.

(4) The WCSA operated under pandemic restrictions for most of Q1 and Q2. For Q1 and Q2 the convention center hosted 32 events with total attendance of 185,004. Restrictions were lifted just prior to Q3. FY 2023 booking is on pace for 125~150 events with forecast attendance 600,000.

Note: Unlike venues that depend on direct sales from ticketed admission events as a primary revenue source, attendance is not a key performance indicator for major convention centers. Convention center revenues are based on rent and certain ancillary services revenues. Attendance is useful for measuring venue usage, and is a factor for determining per capita performance metrics, but is not a true Key Performance Indicator (KPI) for measuring convention center performance.

L. TOP TEN EVENTS BY ATTENDANCE

**Table 15, as Required by the CDA
Fiscal Years 2017-2022**

	Meeting Name	Attendance	Date of Event
1.	USA Science and Engineering Festival ^(1,2)	370,000	Apr 7 – Apr 8, 2018
2.	Washington Auto Show ^(1,3)	250,000	Jan 25 – Feb 2, 2020
3.	National Book Festival ^(1,2)	150,000	Aug 31, 2019
4.	GEICO All Star FanFest ⁽⁴⁾	112,390	Jul 13 – Jul 17, 2018
5.	Mizuno Capitol Hill Volleyball Classic ⁽⁵⁾	95,177	Feb 18 – Feb 20, 2017
6.	NBC Health & Fitness Expo ^(1,2)	83,500	Jan 7 – Jan 8, 2017
7.	Awesome Con DC ^(1,3)	69,000	Apr 26 – Apr 28, 2019
8.	DC Covid Vaccination Clinic ⁽⁶⁾	60,052	Mar 16 - May 31, 2021
9.	OTAKON 2022 ⁽⁷⁾	40,038	Jul 29 – Jul 31, 2022
10.	Association of the US Army ⁽⁴⁾	32,872	Oct 14 – Oct 16, 2019

(1) Annual or semi-annual consumer event; highest attendance recorded, Fiscal Years 2017-2021.

(2) Free admission; attendance estimate provided by event organizer.

(3) Ticketed event; attendance estimate provided by event organizer.

(4) Audited official attendance number provided by event organizer.

(5) Prior to Fiscal Year 2019, event organizer provided aggregate total attendance for entire event. For Fiscal Years 2019 and 2020, event organizer provided unique registrant total only – 33,000 in Fiscal Year 2019 and 36,053 in Fiscal Year 2020.

(6) Aggregate attendance from multiple clinics scheduled through DC Department of Health master agreement.

(7) Annual event; the 2022 event is the largest recorded attendance for this event.

M. MAJOR EVENTS BY FISCAL YEAR

The following major events were held at the Convention Center during the fiscal years 2018 through 2022, beginning with the most recent completed fiscal year.

Table 16, as Required by the CDA

Meeting Name	Attendance
FY 2022	
Washington Auto Show	49,547
OTAKON 2022	40,038
National Book Festival	32,000
Mizuno Capitol Hill Classic Volleyball Tournament	30,114
Awesome Con 2022	23,968
FY 2021⁽¹⁾	
DC Covid Vaccination Clinic	60,052
OTAKON 2021	25,170
Awesome Con 2021	23,501
AWS World Wide Public Sector Summit	4,200
Rammys 2021	1,950
FY 2020	
Washington Auto Show	250,000
NBC4 Health & Fitness Expo	70,000
Capitol Hill Classic Volleyball Tourney	36,053
Association of the US Army	32,872
American Israel Public Affairs Committee	18,544
FY 2019	
Washington Auto Show	187,500
National Book Festival	150,000
NBC4 Health and Fitness Expo	70,000
Awesome Con 2019	69,000
Capitol Hill Classic Volleyball Classic	33,000
FY 2018	
USA Science and Engineering Festival	370,000
Washington Auto Show	250,000
National Book Festival	150,000
2018 GEICO All-Star FanFest	112,390
Mizuno Capitol Hill Volleyball Classic	93,066

[Footnotes continued on next page]

(1) Except for the public health use of the venue Events DC was restricted by capacity limits until May. Regular event programming resumed in July 2021, with large events resuming in August 2021.

Note: During the winter surge of the Omicron COVID variant the District reimposed mask mandates and vaccination checks/proof of negative COVID tests as a condition of entry into public buildings. The mandate was imposed immediately prior to the opening of the Auto Show. This combined with a significant reduction in Metro subway service directly impacted the attendance of the Auto Show; up to 50% of the Auto Show attendees take Metro to the Show. The 2023 Auto Show returned to its pre-COVID attendance numbers.

The Capitol Hill Classic Volleyball Tournament and Awesome Con approximated pre-COVID unique registrants. Public health mandates were lifted immediately prior to the Volleyball event.

OTAKON 2022 recorded its highest-ever attendance in 2022.

N. FUTURE MAJOR EVENTS BY FISCAL YEAR

The following table reflects certain future major events scheduled to be held at the Convention Center during Fiscal Years 2023 through 2027.

**Table 17, as Required by the CDA
Certain Future Events by Fiscal Year
(Fiscal Year 2023 - 2027)**

Meeting Name	COVID Adjusted Attendance
FY 2023 ⁽¹⁾	
Washington Auto Show*	200,000
National Book Festival*	150,000
Association of the US Army*	30,000
National Association for the Education of Young Children	20,000
American Thoracic Society International Conference	16,000
2023 AWS Public Sector Summit*	15,000
2023 USA Jr. National Championships	12,000
Transportation Research Board Annual Meeting*	10,500
2023 Capitol Hill Classic Volleyball Tourney*	8,000
2023 Annual Green Building Conference and Expo	8,000
FY 2024	
Digestive Disease Week	25,000
Society for Neuroscience Annual Convention	25,000
American Academy of Pediatrics	15,000
Satellite 2024	15,000
ASCD Annual Conference & Exhibit Show	15,000
AIA National Convention 2024	14,000
2024 USA Jr. National Championships	12,000
National Council of Teachers of Mathematics	10,000
2023 American Physical Society - Division of Fluid Dynamics	9,500
AAAAI Annual Convention	8,000

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Meeting Name	COVID Adjusted Attendance
FY 2025	
2025 Presidential Inaugural	42,500
AGU Fall Meeting	24,000
eXp Shareholder Summit	21,600
American College of Rheumatology Annual Meeting	15,000
American Chemical Society Annual Meeting	15,000
ASTRO's 64th Annual Convention	12,500
Transcatheter Cardiovascular Therapeutics Annual Meeting	12,000
American Veterinary Medical Association Annual Convention	10,500
Delta Sigma Theta Sorority Inc. 57th National Convention	10,000
IHI National Forum 2024	8,000
FY 2026	
American Dental Association's Annual Meeting	40,000
44th Annual ICNA Convention	20,000
American Urological Association	17,000
2026 ASCRS*ASOA Annual Symposium & Congress	15,000
ASM Microbe	15,000
American College of Surgeons Annual Clinical Congress	15,000
American Psychological Association Annual Meeting	14,000
American Public Health Association's Annual Convention	12,500
American College of Obstetricians and Gynecologists	12,000
Cable-Tech Expo 2025	11,000
FY 2027 ⁽²⁾	
Association of the US Army	30,000
Society for Neuroscience	25,000
Digestive Disease Week	25,000
Lions Club International Convention 2027	25,000
National Association for the Education of Young Children	20,000
American Diabetes Association Annual Meeting	18,800
2027 OTAKON Annual Convention	17,000
American College of Surgeons Annual Clinical Congress	15,000
American Academy of Neurology Annual Spring Meeting	12,000
Transportation Research Board Annual Meeting	10,500
<p>(1) Annual legacy events (*) return to full operation by FY 2023 and are shown at projected normal attendance. These events will not be duplicated in the lists for FY 2024 - 2025.</p> <p>(2) The following groups are currently holding tentative dates for FY 2027 and are expected to confirm: Washington Auto Show - 200,000 National Book Festival - 100,000 Capitol Hill Classic Volleyball - 35,000 Destination DC continues to actively solicit business for FY 2026 and beyond. At this time Events DC confirms non-convention events through FY 2025.</p>	

O. FISCAL YEAR 2023 BUDGET

Table 19, as Required by the CDA

Description	Original	Revised	Variance
<u>Operating Revenues</u>			
Building Rental	\$8,936,992	\$9,649,665	\$712,674
Food Service	5,078,750	7,078,750	2,000,000
Electrical	2,124,159	2,181,509	57,350
Rigging	1,043,741	941,673	(102,068)
Telecommunications	1,465,990	1,349,361	(116,629)
Audio Visual	227,696	189,827	(37,869)
Retail Space Rental	644,964	644,964	-
Digital Signage	118,207	104,750	(13,457)
Parking	530,775	530,775	-
Event Services	446,698	2,357,090	1,910,392
Advertising and Sponsorship	1,161,369	1,161,369	-
Office Rent	-	-	-
Facility Fee	411,435	411,435	-
Carnegie Library	841,103	841,103	-
Miscellaneous	241,583	241,583	-
Ticket Sales	368,445	368,445	-
Total Operating Revenues	\$23,641,905	\$28,052,298	\$4,410,393
<u>Operating Expenses</u>			
<u>Personal Services</u>			
Full-time Salaries	\$26,602,528	\$27,929,041	\$1,326,513
Part-time Salaries	1,984,620	2,460,191	475,571
Overtime	709,953	709,953	-
Fringe Benefits	8,859,652	9,342,267	482,615
Total Personal Services	\$38,156,753	\$40,441,452	\$2,284,698
<u>Non-Personal Services</u>			
Supplies	\$1,099,519	\$1,103,809	\$4,290
Utilities	5,948,764	6,177,521	228,757
Professional/Contractual	34,013,789	44,316,693	10,302,904
Equipment	449,148	1,454,730	1,005,582
Subsidies and Transfers	-	-	-
Total Non-Personal Services	\$41,511,221	\$53,052,754	\$11,541,533
Total Operating Expenses	\$79,667,974	\$93,494,205	\$13,826,231
Net Operating Loss/Surplus	(\$56,026,070)	(\$65,441,907)	(\$9,415,838)

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Description	Original	Revised	Variance
<u>Non-Operating Revenue</u>			
Dedicated Taxes - Convention Center	\$110,055,000	\$135,206,000	\$25,151,000
Interest Income	1,164,885	1,164,885	-
Lease Income (Plumber's Building)	-	-	-
Dedicated Taxes - Destination DC	4,247,000	6,041,000	1,794,000
Hotel Contribution Reimbursement	4,052,276	4,052,276	-
Ballpark Maintenance Fee	1,500,000	1,500,000	-
Total Non- Operating Revenue	\$121,019,161	\$147,964,161	\$26,945,000
<u>Non-Operating Expenses</u>			
Marketing Fund	\$17,596,169	\$20,155,414	\$2,559,245
Business Development	4,000,000	-	(4,000,000)
Dedicated Taxes - Destination DC	4,247,000	6,041,000	1,794,000
Debt Service	24,231,998	24,231,998	-
Possessory Interest Tax	202,529	202,529	-
Total Non-Operating Expenses	\$50,277,696	\$50,630,941	\$353,245
Net Non-Operating (Loss)/Surplus	70,741,465	97,333,220	26,591,755
Total Revenue	\$144,661,066	\$176,016,459	\$31,355,393
Total Expense	\$129,945,670	\$144,125,146	\$14,179,476
Total Surplus (Operating + Non-Operating)	\$14,715,396	\$31,891,313	\$17,175,917
<i>Less Capital & Other</i>			
Capital Expenditures	\$39,115,000	\$42,920,000	\$3,805,000
Destination Marketing	-	-	-
Total Capital & Other	39,115,000	42,920,000	3,805,000
Total Surplus/(Loss)	(\$24,399,604)	(\$11,028,687)	\$13,370,917

Note: Totals may not add up due to rounding.

P. SUMMARY REVENUE AND EXPENSES

**Table 20, as Required by the CDA
Fiscal Year End 2022**

	<u>Actual</u>
<u>Operating</u>	
Revenue	\$23,728,199
Expenses	<u>63,877,862</u>
Surplus/(Deficit)	(\$40,149,663)
<u>Non-Operating</u>	
Revenue	\$126,702,794
Expenses	<u>43,598,663</u>
Surplus/(Deficit)	<u>\$83,104,131</u>
Total Surplus/(Deficit)	\$42,954,468
<u>Capital & Other</u>	
Capital	\$19,754,589
Other	<u>-</u>
Total Capital & Other	\$19,754,589
Surplus/(Deficit)	<u>\$23,199,879</u>

(1) Capital Expenditures were unavailable at the time of this Report and will be updated at a later time.

VI. RECENT EVENTS–FUTURE IMPACTS

Due to the nature of the WCSA'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 audited financial statements for the fiscal year ended September 30, 2022.

On or about September 29, 2022, the WCSA discovered evidence of an unauthorized information systems intrusion. The WCSA subsequently received a monetary extortion demand from a threat actor in exchange for the release of encrypted personal network drive files, which files are believed to contain financial information and personally identifiable information of employees, as well as vendor, stakeholder, and customer information. The WCSA refused to accede to the extortion demand and immediately notified the Federal Bureau of Investigation. The WCSA also engaged a forensics firm and undertook system restoration and hardening efforts.

The WCSA evaluated the subsequent events and transactions through January 13, 2023, the date the *unaudited* financial statements for the fiscal year ended September 30, 2022 were available for issue and have determined that no subsequent material events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure individually or in the aggregate, will not have a material adverse effect on the financial statements.

VII. OCCURRENCE OF LISTED EVENTS

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 that have not been previously reported during the fiscal year ended September 30, 2022.

1. Principal and interest payment delinquencies on the 2021A 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 2021A Bonds.
6. Defeasances.
7. Tender offers.
8. Bankruptcy, insolvency, receivership or similar proceedings pertaining to the WCSA.
9. Ratings changes.
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person any of which reflect financial difficulties.

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**. The WCSA has no knowledge that any of the events listed below have occurred that have not been previously reported during the fiscal year ended September 30, 2022.

11. Mergers, consolidations, acquisitions, the sale of all or substantially all the assets of the WCSA or the dissolution of WCSA.
12. Appointment of a successor or additional Trustee or the change of the name of the Trustee or any successor or additional Trustee.
13. Non-payment related defaults.
14. Modifications to the rights of Holders.
15. Optional, contingent or unscheduled bond calls, prepayment or redemptions other than defeasances.
16. Release, substitution or sale of property securing repayment of the 2021A Bonds.
17. Incurrence of a financial obligation of the obligated person or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders.