

**NEW ISSUE
BOOK-ENTRY ONLY**

Ratings (2018 First Priority Bonds): Moody's Aa3, S&P A+
Ratings (2018 Subordinate Priority Bonds): Moody's A1, S&P A-
(See "RATINGS" herein)

In the opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel, under existing law and subject to certain qualifications described herein, the interest on the Bonds is excludable from gross income for federal income tax purposes. In addition, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. See "TAX MATTERS" herein.



Washington State
Convention Center

PUBLIC FACILITIES DISTRICT

\$598,790,000

Lodging Tax Bonds, 2018

\$404,805,000

Subordinate Lodging Tax Bonds, 2018

DATED: Date of Delivery

DUE: July 1, as shown on inside covers

The Washington State Convention Center Public Facilities District (the "District"), formed by and located in King County, Washington (the "County"), is issuing its Lodging Tax Bonds, 2018 (the "2018 First Priority Bonds") and its Subordinate Lodging Tax Bonds, 2018 (the "2018 Subordinate Priority Bonds" and together with the 2018 First Priority Bonds, the "Bonds"). The Bonds of each series will be issued as fully registered bonds under a book-entry system, initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form in the principal amount of \$5,000 or any integral multiple thereof within a single series and maturity. Purchasers of the Bonds (the "Beneficial Owners") will not receive certificates representing their beneficial ownership interests in the Bonds.

Interest on the Bonds is payable on January 1 and July 1, commencing January 1, 2019, until maturity or prior redemption, by U.S. Bank National Association, Seattle, Washington, as trustee, bond registrar and paying agent (the "Trustee"). As long as DTC or its nominee is the registered owner of the Bonds, such payments will be made by the Trustee to DTC, which will remit such principal and interest to the DTC Participants, which will in turn remit such payments to the Beneficial Owners of the Bonds as described herein in APPENDIX G—"Book-Entry Only System."

Maturity Dates, Principal Amounts, Interest Rates, Yields, Prices and CUSIP Numbers on Inside Covers

The Bonds are being issued (a) to finance a portion of the cost of an addition to the Washington State Convention Center located in Seattle, Washington (the "Convention Center"), (b) to purchase surety bonds to satisfy the Common Reserve Requirement – First Priority and the Common Reserve Requirement – Subordinate Priority, and (c) to pay expenses incidental to the issuance of the Bonds. See "PLAN OF FINANCE—Sources and Uses of Bond Proceeds."

Certain of the Bonds are subject to redemption prior to their stated dates of maturity as further described herein. See "THE BONDS—Redemption Provisions."

The Bonds are being issued pursuant to Revised Code of Washington ("RCW") 36.100.060, Resolution No. 2018-06 (the "Bond Resolution"), adopted on June 26, 2018 by the Board of Directors of the District, the Master Trust Agreement, dated as of August 1, 2018, between the District and the Trustee (the "Master Agreement"), the Series Trust Agreement with respect to the 2018 First Priority Bonds, dated as of August 1, 2018, between the District and the Trustee (the "First Priority Series Agreement"), and the Series Trust Agreement with respect to the 2018 Subordinate Priority Bonds, dated as of August 1, 2018, between the District and the Trustee (the "Subordinate Priority Series Agreement"). The 2018 First Priority Bonds are issued as First Priority Bonds payable from and secured by Lodging Tax Revenues derived from excise taxes imposed on lodging by the District and remitted to the Trustee for deposit into the Lodging Tax Account and by a pledge and assignment of the Trust Estate (each as defined herein). The 2018 First Priority Bonds are issued on a parity with the District's Lodging Tax Bonds, 2010B (Taxable Build America Bonds – Direct Payment), outstanding in the aggregate principal amount of \$271,615,000 (the "2010 Bonds"). The 2018 Subordinate Priority Bonds are issued as Subordinate Priority WSCC Obligations (as defined herein) payable from and secured by a subordinate pledge of the Lodging Tax Revenues and by a subordinate claim to the pledge and assignment of the Trust Estate. The Master Agreement supplements the resolution and trust agreement authorizing the 2010 Bonds and additional bonds; by purchase of the 2018 First Priority Bonds, such Bondowners are deemed to have consented to these amendments as described herein.

The District has reserved the right in the Master Agreement to issue additional bonds on a parity with the 2018 First Priority Bonds and to issue subordinate obligations on a parity with the 2018 Subordinate Priority Bonds. The District also has entered into a Purchase and Sale Agreement with the County, dated as of July 25, 2017 (the "Purchase and Sale Agreement") and has pledged the Lodging Tax Revenues to the payment of the \$141,010,940 Note issued on July 25, 2018, securing its obligation thereunder, on a further subordinated basis (the "Note"). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The Bonds are not an obligation of the State of Washington, the County, or any other municipal corporation, subdivision or agency of the State other than the District. Principal of and interest on the Bonds are payable only from the Lodging Tax Revenues and the Trust Estate described in the Master Agreement. The District has limited taxing powers and has no power to impose any *ad valorem* tax on property. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

The Bonds are offered when, as and if issued, subject to the approving legal opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel and Disclosure Counsel to the District. Certain matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Seattle, Washington. It is expected that the Bonds in book-entry form will be ready for delivery to the Trustee on behalf of DTC by Fast Automated Securities Transfer on or about August 9, 2018.

CITIGROUP

GOLDMAN SACHS & CO. LLC

RBC CAPITAL MARKETS

BofA MERRILL LYNCH

JP. MORGAN

Date of Official Statement: August 1, 2018

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

Maturity Schedule

**\$598,790,000
Lodging Tax Bonds, 2018**

Maturity (July 1)	Principal Amount	Interest Rate	Initial Yield	Initial Price	CUSIP No.*
2020	\$ 305,000	5.00%	1.75%	106.028	93976AAL6
2021	325,000	5.00	1.92	108.629	93976AAM4
2022	355,000	5.00	2.05	110.985	93976AAN2
2023	385,000	5.00	2.17	113.071	93976AAP7
2024	420,000	5.00	2.33	114.623	93976AAQ5
2025	455,000	5.00	2.47	115.945	93976AAR3
2026	495,000	5.00	2.61	116.948	93976AAS1
2027	535,000	5.00	2.70	118.075	93976AAT9
2028	575,000	5.00	2.80	118.895	93976AAU6
2029	620,000	5.00	2.88	118.136**	93976AAV4
2030	675,000	5.00	2.95	117.477**	93976AAW2
2031	720,000	5.00	3.02	116.823**	93976AAX0
2032	785,000	5.00	3.09	116.172**	93976AAY8
2033	840,000	5.00	3.14	115.711**	93976AAZ5
2034	905,000	5.00	3.18	115.343**	93976ABA9
2035	970,000	5.00	3.22	114.976**	93976ABB7
2036	1,040,000	5.00	3.26	114.611**	93976ABC5
2037	1,125,000	5.00	3.30	114.247**	93976ABD3
2038	1,205,000	5.00	3.32	114.066**	93976ABE1

\$68,870,000, 5.00% Term Bonds due July 1, 2043 at a price of 112.985** to yield 3.44% CUSIP No. 93976ABF8
 \$134,325,000, 5.00% Term Bonds due July 1, 2048 at a price of 112.538** to yield 3.49% CUSIP No. 93976ABG6
 \$206,960,000, 5.00% Term Bonds due July 1, 2058 at a price of 111.211** to yield 3.64% CUSIP No. 93976ABJ0
 \$175,900,000, 4.00% Term Bonds due July 1, 2058 at a price of 100.077** to yield 3.99% CUSIP No. 93976ABH4

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** Priced to the optional par call date of July 1, 2028.

\$404,805,000
Subordinate Lodging Tax Bonds, 2018

Maturity (July 1)	Principal Amount	Interest Rate	Initial Yield	Initial Price	CUSIP No.*
2020	\$ 375,000	5.00%	1.80%	105.931	93976ABK7
2021	395,000	5.00	1.99	108.423	93976ABL5
2022	415,000	5.00	2.15	110.590	93976ABM3
2023	435,000	5.00	2.27	112.576	93976ABN1
2024	455,000	5.00	2.45	113.914	93976ABP6
2025	475,000	5.00	2.59	115.124	93976ABQ4
2026	500,000	5.00	2.74	115.943	93976ABR2
2027	525,000	5.00	2.83	116.955	93976ABS0
2028	550,000	5.00	2.93	117.665	93976ABT8
2029	585,000	5.00	3.01	116.916**	93976ABU5
2030	6,505,000	5.00	3.06	116.451**	93976ABV3
2031	6,830,000	5.00	3.13	115.803**	93976ABW1
2032	7,170,000	5.00	3.20	115.159**	93976ABX9
2033	7,530,000	5.00	3.25	114.702**	93976ABY7
2034	7,905,000	5.00	3.30	114.247**	93976ABZ4
2035	8,300,000	5.00	3.34	113.885**	93976ACA8
2036	8,715,000	5.00	3.39	113.434**	93976ACB6
2037	9,150,000	5.00	3.43	113.075**	93976ACC4
2038	9,610,000	5.00	3.45	112.896**	93976ACD2

\$55,755,000, 5.00% Term Bonds due July 1, 2043 at a price of 111.917** to yield 3.56% CUSIP No. 93976ACE0

\$71,155,000, 5.00% Term Bonds due July 1, 2048 at a price of 111.475** to yield 3.61% CUSIP No. 93976ACF7

\$76,470,000, 5.00% Term Bonds due July 1, 2058 at a price of 110.162** to yield 3.76% CUSIP No. 93976ACH3

\$125,000,000, 4.00% Term Bonds due July 1, 2058 at a price of 97.848 to yield 4.11% CUSIP No. 93976ACG5

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** Priced to the optional par call date of July 1, 2028.

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriters to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Bonds, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the District and other sources which are believed to be reliable, but the information is not guaranteed as to accuracy or completeness. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

Certain statements contained in this Official Statement reflect not historical facts but forecasts and “forward-looking statements.” The words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except for the historical information described in the continuing disclosure undertaking of the District, the District does not plan to issue any updates or revisions to those forward-looking statements.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND NEITHER THE MASTER AGREEMENT, THE FIRST PRIORITY SERIES AGREEMENT, THE SUBORDINATE PRIORITY SERIES AGREEMENT, NOR THE BOND RESOLUTION HAS BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The CUSIP numbers herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence. These numbers are not intended to create a database and do not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for the convenience of reference only. CUSIP numbers are subject to change. The District takes no responsibility for the accuracy of such CUSIP numbers.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “ASSURED GUARANTY MUNICIPAL CORP.”

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

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DISTRICT BOARD OF DIRECTORS

Frank K. Finneran	Chair
Deryl Brown-Archie	Vice Chair
Robert J. Flowers	Member
Susana Gonzalez-Murillo	Member
Nicole Grant	Member
Jerome L. Hillis	Member
J. Terry McLaughlin	Member
Denise Moriguchi	Member
Craig Shafer	Member

DISTRICT EXECUTIVE STAFF AND LEGAL COUNSEL

Jeffrey A. Blosser	President/Chief Executive Officer
Linda Willanger	Vice President Administration/Assistant General Manager
Chip Firth	Director of Finance/Treasurer
Matthew Hendricks, Hendricks & Bennett	Legal Counsel

BOND AND DISCLOSURE COUNSEL

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Seattle, Washington

FINANCIAL ADVISOR

PFM Financial Advisors LLC
Seattle, Washington

TRUSTEE

U.S. Bank National Association
Seattle, Washington

* This inactive textual reference to the District's website is provided for convenience. It is not a hyperlink and the website is not by its reference incorporated into this Official Statement.

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OFFICIAL STATEMENT

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

\$598,790,000

Lodging Tax Bonds, 2018

\$404,805,000

Subordinate Lodging Tax Bonds, 2018

INTRODUCTION

General

The Washington State Convention Center Public Facilities District (the “District”) furnishes this Official Statement in connection with the offering of its Lodging Tax Bonds, 2018 (the “2018 First Priority Bonds”) and its Subordinate Lodging Tax Bonds, 2018 (the “2018 Subordinate Priority Bonds” and, together with the 2018 First Priority Bonds, the “Bonds”). This Official Statement, which includes the cover page, inside cover page and appendices, provides information concerning the District, the Bonds, and the Washington State Convention Center (the “Convention Center”).

The District was formed by King County (the “County”) in 2010 pursuant to Ordinance No. 16883, adopted by the Metropolitan King County Council on July 19, 2010, and is governed by chapter 36.100 of the Revised Code of Washington (“RCW”). The District is a municipal corporation and a political subdivision of the State of Washington (the “State”) separate from the County. All liabilities incurred by the District are required to be satisfied exclusively from the assets, credit, and property of the District and no creditor or other person shall have any right of action against or recourse to the County, or any of its respective assets, credit, or services on account of any debts, obligations, liabilities, or omissions of the District. Prior to the formation of the District, the Convention Center was owned and operated by a public nonprofit corporation (the “Nonprofit Corporation”) that was formed in 1988 and that functioned as an instrumentality of the State. In 2010, the Nonprofit Corporation transferred the Convention Center and substantially all of its remaining assets to the District, and has been dissolved.

Bond Authorization

The Bonds are issued pursuant to Resolution No. 2018-06 (the “Bond Resolution”), adopted by the Board of Directors of the District (the “Board”) on June 26, 2018, the Master Trust Agreement (the “Master Agreement”), dated as of August 1, 2018, between the District and U.S. Bank National Association, Seattle, Washington (the “Trustee”), the Series Trust Agreement with respect to the 2018 First Priority Bonds, dated as of August 1, 2018, between the District and the Trustee (the “First Priority Series Agreement”) and the Series Trust Agreement with respect to the 2018 Subordinate Priority Bonds, dated as of August 1, 2018, between the District and the Trustee (the “Subordinate Priority Series Agreement” and together with the First Priority Series Agreement, the “Series Agreements”). Forms of the Master Agreement and the Series Agreements are included in this Official Statement as Appendix D. Capitalized terms used but not defined in the body of this Official Statement are defined in the Master Agreement.

Purpose

Proceeds of the Bonds will be used (a) to finance a portion of the cost of an addition to the Convention Center, (b) to purchase surety bonds to satisfy the Common Reserve Requirement – First Priority and the Common Reserve Requirement – Subordinate Priority, and (c) to pay expenses incidental to the issuance of the Bonds. See “PLAN OF FINANCE—Sources and Uses of Bond Proceeds.”

Security and Sources of Payment

The 2018 First Priority Bonds are being issued as First Priority Bonds under and as defined in the Master Agreement on a parity with the District's Lodging Tax Bonds, 2010B (the "2010 Bonds"), outstanding in the aggregate principal amount of \$271,615,000, and any Additional First Priority Bonds that may be issued from time to time under the Master Agreement. The 2018 First Priority Bonds, the 2010 Bonds and any Additional First Priority Bonds are referred to herein as "First Priority Bonds."

The 2018 Subordinate Priority Bonds are being issued as Subordinate Priority WSCC Obligations under and as defined in the Master Agreement. Upon the issuance of the 2018 Subordinate Priority Bonds, the 2018 Subordinate Priority Bonds will be the only Subordinate Priority WSCC Obligations Outstanding. The 2018 Subordinate Priority Bonds and any Additional Subordinate Priority WSCC Obligations that may be issued from time to time under the Master Agreement are referred to herein as "Subordinate Priority WSCC Obligations."

The Bonds are payable solely from "Lodging Tax Revenues" of the District and the "Trust Estate" (each as defined in the Master Agreement) pursuant to RCW 36.100.060 and chapter 39.46 RCW. Lodging Tax Revenues means the "Regular Lodging Tax Revenues," "Additional Lodging Tax Revenues," and "Extended Lodging Tax Revenues," defined in the Master Agreement as follows:

- Regular Lodging Tax Revenues mean the revenues the District is entitled to collect generated by the excise tax on the sale of or charge made for the furnishing of lodging imposed by the District pursuant to RCW 36.100.040(4) on any premises having 60 or more units that is subject to tax under chapter 82.08 RCW at the rate of 7% within the portion of the District that corresponds to the boundaries of the City of Seattle and 2.8% in the remainder of the District (the "Regular Lodging Tax").
- Additional Lodging Tax Revenues means the revenues the District is entitled to collect generated by the excise tax on the sale of or charge made for the furnishing of lodging imposed by the District pursuant to RCW 36.100.040(5) at the rate of 2% within the portion of the District that corresponds to the boundaries of the City of Seattle (the "Additional Lodging Tax").
- The Legislature passed Chapter 245, laws of 2018, in 2018 (the "Extended Lodging Tax Legislation"). Extended Lodging Tax Revenues mean the revenues the District is entitled to collect generated by the excise tax on the sale of or charge made for the furnishing of lodging authorized by Section 2 of the Extended Lodging Tax Legislation and imposed by the District on any premises having fewer than 60 units subject to tax under chapter 82.08 RCW at the rate of 7% within the portion of the District that corresponds to the boundaries of the City of Seattle and 2.8% in the remainder of the District, excluding the portion of the tax required by RCW 36.100.040(14) and (15) to be paid to the City of Seattle (the "City") and the County (the "Extended Lodging Tax").

The First Priority Bonds, including the 2018 First Priority Bonds, are payable from and secured by Lodging Tax Revenues and by a pledge and assignment of the Trust Estate. The Subordinate Priority WSCC Obligations, including the 2018 Subordinate Priority Bonds, are payable from and secured by a subordinate pledge of the Lodging Tax Revenues and by a subordinate claim to the pledge and assignment of the Trust Estate. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Lodging Tax Revenues."

The Bonds are not an obligation of the State, the County, or any other municipal corporation, subdivision or agency of the State other than the District. The District has limited taxing powers and has no power to impose any *ad valorem* tax on property. The Bonds are not payable from the operating revenues of the District or secured by a mortgage, deed of trust, lien or other security interest on or in the Convention Center. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Debt Service Reserve Insurance Policies

The District has obtained a commitment from Assured Guaranty Municipal Corp. ("AGM") to issue a debt service reserve insurance policy as Qualified Insurance in the dollar amount equal to the Common Reserve Requirement - First Priority for the 2010 Bonds and the 2018 First Priority Bonds, and a commitment of AGM to issue a debt

service reserve insurance policy as Qualified Insurance in the dollar amount equal to the Common Reserve Requirement - Subordinate Priority for the 2018 Subordinate Priority Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Bond Funds for First Priority Bonds,” “—Bond Funds for Subordinate Priority WSCC Obligations” and “ASSURED GUARANTY MUNICIPAL CORP.”

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to provide certain financial information and operating data and to give notices of certain events to assist the Underwriters in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5). See “CONTINUING DISCLOSURE UNDERTAKING” and Appendix F.

Forecast of Lodging Tax Revenues

CBRE Hotels Advisory (the “Independent Revenue Consultant”) has prepared its Forecast of Lodging Tax Revenues dated as of July 18, 2018 (the “Forecast of Lodging Tax Revenues” or the “Report”), which is included in Appendix A. The Independent Revenue Consultant was tasked with developing an annual forecast of Lodging Tax Revenues available to the District in calendar years 2018 through 2047. In preparing its report the Independent Revenue Consultant relied upon its existing general knowledge of the Seattle and County lodging market, additional interviews with Visit Seattle, the District, municipalities in the County and hotel management, information regarding historical lodging tax revenues as reported by the Office of Financial Management of the State of Washington and the District and a review of market performance of hotels in the County. The Report constitutes a “forward-looking statement.” The Report should be read in its entirety for a full understanding of the Independent Revenue Consultant’s analysis and the basis for its conclusions. The Report is addressed solely to the District and may not be relied upon by any other person to establish an estimated value of the Bonds or for any other purpose. The Report does not constitute a recommendation to any person to purchase or sell the Bonds. The conclusions reached in the Report are subject to certain assumptions, hypothetical conditions and qualifications, which are being set forth in the Report. In addition, the District has agreed to indemnify the Independent Revenue Consultant against certain liabilities arising out of its engagement to provide the Report. For a more detailed summary of the methodology utilized by the Independent Revenue Consultant, including with respect to applicable assumptions, hypothetical conditions and qualifications, see the “Methodology” section of the Forecast of Lodging Tax Revenues. See “FORECAST OF LODGING TAX REVENUES” and Appendix A. **The District makes no representation or warranty as to the correctness of the Report or the conclusions set forth therein.**

Amendments to 2010 Bond Documents

The 2010 Bonds were issued as First Priority Bonds pursuant to Resolution No. 2010-12, adopted by the Board on November 12, 2010, as amended and as it may be further amended from time to time (the “2010 Bond Resolution”), and the Trust Agreement, dated as of November 1, 2010 between the District and the Trustee, as it may be amended from time to time (the “2010 Series Agreement”).

The Master Agreement amends and supplements the 2010 Bond Resolution and the 2010 Series Agreement as follows:

- To reflect the Extended Lodging Tax Legislation (see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Lodging Tax Revenues—*Extended Lodging Tax*”):
 - The definitions of “Lodging Tax Revenues,” “Additional Lodging Tax” and “Additional Lodging Tax Revenues” are amended to reflect the Extended Lodging Tax Legislation.
 - The definitions, pledge and provisions relating to the “Extended Lodging Tax” and “Extended Lodging Tax Revenues” are incorporated into the 2010 Bond Resolution and 2010 Series Agreement.
 - Section 15 of the 2010 Bond Resolution relating to the issuance of Additional First Priority Bonds is amended to permit the District to take into account Regular Lodging Tax Revenues plus

Extended Lodging Tax Revenues during the Base Period for purposes of satisfying the requirements for the issuance of Additional First Priority Bonds and, in the event that the tax rate for the Extended Lodging Tax Revenues is increased, to allow the District to make certain adjustments with respect to Extended Lodging Tax Revenues during the Base Period to reflect the tax rate change for purposes of satisfying the test.

- To revise certain provisions related to the issuance of and security for Additional First Priority Bonds and Subordinate Priority WSCC Obligations:
 - Section 15 of the 2010 Bond Resolution relating to the issuance of Additional First Priority Bonds is amended to provide an additional coverage test that must be satisfied in the event that Subordinate Priority WSCC Obligations are Outstanding.
 - The definition of “Common Reserve Requirement – First Priority” is amended to mean maximum Annual Debt Service with respect to Outstanding Covered Bonds.
 - The definition of “Interlocal Agreement” is amended to incorporate any amendments to such agreement.
 - The definition of “Qualified Insurance” is amended to clarify that the rating requirement applies at the time of issuance of any insurance or surety policy.
 - Section 2.02 of the 2010 Series Agreement related to deposits and disbursements from the Lodging Tax Account is amended to permit the District, at its option, to direct the Trustee to retain all or a portion of any Available Balance to satisfy all or a portion of the Required Monthly Deposits.
 - Section 21(a) of the 2010 Bond Resolution is amended to permit amendments, without the consent of Registered Owners, as may be necessary to preserve the exemption from federal income taxation of interest on any Tax-Exempt Bonds.
 - Section 2.04(b) of the 2010 Series Agreement is amended to permit, in the event that the District obtains a Qualified Letter of Credit or Qualified Insurance in substitution for cash or securities in the Common Reserve Fund, all or a portion of the money on hand in the Common Reserve Fund to be transferred to the Lodging Tax Account and/or the Project Fund, as directed by the District, and to provide that U.S. Treasury obligations, U.S. agency obligations and municipal debt obligations shall be valued at face value.
 - Section 14(c) of the 2010 Bond Resolution related to “Books and Records” is amended to clarify that certain operating statements prepared by the District are not required to be audited.
 - Section 2.04 of the 2010 Series Agreement is amended in connection with the payments required to be made under Paragraph Third of the Priority of Payments, a reimbursement agreement with any issuer of a Qualified Letter of Credit or Qualified Insurance may require reimbursement for draws on such Qualified Insurance or Qualified Letter prior to replenishment of cash in the Common Reserve Fund as provided in the Master Agreement.
 - Section 2.04 of the 2010 Series Agreement is amended to provide that draws on any Qualified Letter of Credit or Qualified Insurance, and reimbursement payments to any issuer of a Qualified Letter of Credit or Qualified Insurance, in the event that there is both a Qualified Letter of Credit and Qualified Insurance or if there is more than one Qualified Letter of Credit or Qualified Insurance shall be on a *pro rata* basis as provided in the Master Agreement.
 - A new section is added to the 2010 Series Agreement to provide that after Default, Lodging Tax Revenues are to be applied by the Trustee as provided in Section 4.01(c) of the Master Agreement.

- To implement the Purchase and Sale Agreement:
 - Section 9(c) of the 2010 Bond Resolution regarding the “Flow of Funds” is amended and replaced with Section 2.02(b) of the Master Agreement (“Priority of Payments”) to provide for the payment of the Note as priority Seventh and to add new priority Ninth. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Lodging Tax Account; Flow of Funds.”
 - Section 1.03(g) of the 2010 Series Agreement related to the “Purchase of Bonds” is amended to provide that the District has reserved the right to use at any time any Lodging Tax Revenues available after providing for the payments required by paragraphs First through Eighth of the Priority of Payments set forth in Section 2.02(b) to the Master Agreement, to correspond with the amendments to the Priority of Payments.

Except as otherwise amended, supplemented, modified and/or clarified by the Master Agreement, all other terms of the 2010 Bond Resolution and 2010 Series Agreement remain in full force and effect. To the extent that there are any conflicts between the Master Agreement and the 2010 Bond Resolution and/or the 2010 Series Agreement, as such terms relate to the 2010 Bonds and except as otherwise provided in Section 8.07 of the Master Agreement, the 2010 Bond Resolution and the 2010 Series Agreement shall control.

The amendments to the 2010 Bond Resolution and the 2010 Series Agreement will become effective on the date that consent is received from Registered Owners of a majority in aggregate principal amount of the First Priority Bonds then Outstanding. By purchase of the 2018 First Priority Bonds, the Owners of the 2018 First Priority Bonds are deemed to have consented to these amendments to the 2010 Bond Resolution and the 2010 Series Agreement. **The amendments to the 2010 Bond Resolution and the 2010 Series Agreement will become effective on the date of issuance of the 2018 First Priority Bonds because at the time of issuance of the 2018 First Priority Bonds, the Owners of the 2018 First Priority Bonds will own more than a majority of the aggregate principal amount of the First Priority Bonds then Outstanding.**

Investment Considerations

The Bonds may not be suitable for all investors. Prospective purchasers of the Bonds should give careful consideration to the information set forth in this Official Statement and confer with their own tax and financial advisors before deciding whether to purchase the Bonds.

A number of risk factors may adversely affect Lodging Tax Revenues. This Official Statement describes the District, the Lodging Tax Revenues, and the Convention Center, including certain risks, but it is impossible for the District to specify or anticipate all risks. See “CERTAIN INVESTMENT CONSIDERATIONS.” Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

Miscellaneous

Brief descriptions of the Bonds, the Bond Resolution, the Master Agreement, the Series Agreements, and the Purchase and Sale Agreement, and certain statutes and agreements are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to such instruments, documents and statutes and to any other documents, statutes, agreements or other instruments described herein are qualified in their entirety by reference to each such document, statute or other instrument. Appendix D includes the form of the Master Agreement and Series Agreements. Appendix H includes the form of the Purchase and Sale Agreement.

THE BONDS

Principal Amount, Date, Interest Rates and Maturities

The Bonds will be dated and bear interest from their date of delivery. The Bonds of each series will mature on the dates and in the principal amounts, and will bear interest payable semiannually on January 1 and July 1 (each, an “Interest Payment Date”), commencing January 1, 2019, at the respective rates as set forth on the inside front

cover of this Official Statement. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months.

Registration and Payment

The Bonds will be issued only as fully registered bonds under a book-entry system and will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as the initial securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds.

For so long as the Bonds are in fully immobilized form, payments of principal of and interest on the Bonds will be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations. To meet payment requirements for interest on and principal of the 2018 First Priority Bonds as they become due and payable, the Trustee is required to remit principal and interest payments from the “Washington State Convention Center Public Facilities District Lodging Tax Bond Fund” (the “Bond Fund”) to DTC or its nominee which, in turn, is required to disburse such principal and interest payments to its participants (the “DTC Participants”) in accordance with DTC policies. To meet payment requirements for interest on and principal of the 2018 Subordinate Priority Bonds as they become due and payable, the Trustee is required to remit principal and interest payments from the “Washington State Convention Center Public Facilities District Lodging Tax Subordinate Priority Bond Fund” (the “Subordinate Priority Bond Fund”) to DTC or its nominee which, in turn, is required to disburse such principal and interest payments to DTC Participants in accordance with DTC policies. Payments by such DTC Participants to the Beneficial Owners of each series of Bonds will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers or registered in “street name,” and will be the responsibility of such DTC Participants and not of DTC, the Trustee or the District.

For so long as any Bonds are held in fully immobilized form, DTC or its successor depository will be deemed to be the Registered Owner for all purposes under the Master Agreement, the Bond Resolution and the applicable Series Agreement, and all references to the Registered Owners will mean DTC (or any successor depository) and will not mean the Beneficial Owners. Neither the District nor the Trustee has any responsibility or obligation to DTC Participants or the persons for whom they act as nominees with respect to the Bonds in respect of the accuracy of any records maintained by DTC or any DTC Participant, the payment by DTC or any DTC Participant of any amount in respect of principal of or interest on the Bonds, any notice which is permitted or required to be given to Registered Owners under the Master Agreement, the Bond Resolution and the applicable Series Agreement (except such notices as are required to be given by the District to the Trustee or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner.

Beneficial ownership interests in the Bonds will be subject to transfer and exchange pursuant to the operational arrangements of DTC in effect from time to time. See APPENDIX G—“Book-Entry Only System” for additional information. As indicated therein, the information in APPENDIX G—“Book-Entry Only System” has been provided by DTC. The District makes no representation as to the accuracy or completeness thereof. Beneficial Owners of the Bonds should confirm its contents with DTC or DTC Participants.

For so long as all Bonds are in fully immobilized form with DTC, payments of principal and interest thereon will be made as provided in accordance with the operational arrangements of DTC referred to in the District’s Blanket Issuer Letter of Representations to DTC. In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed (or by wire transfer, without transfer fee, to a Registered Owner of the Bonds in aggregate principal amount of \$1,000,000 or more who so requests) to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the Record Date. “Record Date” is defined in the Master Agreement as the close of business for the Trustee that is 15 days preceding any Interest Payment Date or date on which a payment of principal is due and payable (a “Principal Payment Date”, and together, a “Debt Service Payment Date”) or redemption date. Principal and premium, if any, of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Trustee.

Redemption Provisions

Optional Redemption. The 2018 First Priority Bonds maturing on or before July 1, 2028 are not subject to optional redemption prior to maturity. The 2018 First Priority Bonds maturing on or after July 1, 2029 are subject to redemption, at the option of the District, on any date on or after July 1, 2028, at a price of par plus accrued interest, if any, to the date of redemption.

The 2018 Subordinate Priority Bonds maturing on or before July 1, 2028 are not subject to optional redemption prior to maturity. The 2018 Subordinate Priority Bonds maturing on or after July 1, 2029 are subject to redemption, at the option of the District, on any date on or after July 1, 2028, at a price of par plus accrued interest, if any, to the date of redemption.

Mandatory Sinking Fund Redemption. The 2018 First Priority Bonds maturing on July 1, 2043, July 1, 2048, and July 1, 2058 (“First Priority Term Bonds”) shall be redeemed prior to maturity (or paid at maturity), on July 1 in the years as shown below (to the extent such 2018 First Priority Bonds have not been previously redeemed (pursuant to optional redemption) or purchased) and in the principal amounts set forth below, at a redemption price of 100% of the principal amount thereof and without premium, together with the interest accrued to the date fixed for redemption:

2043 First Priority Term Bonds

Redemption Years	Principal Amount
2039	\$ 1,290,000
2040	1,380,000
2041	21,000,000
2042	22,050,000
2043**	23,150,000

** Final Maturity.

2048 First Priority Term Bonds

Redemption Years	Principal Amount
2044	\$ 24,310,000
2045	25,525,000
2046	26,800,000
2047	28,140,000
2048**	29,550,000

** Final Maturity.

2058 First Priority Term Bonds (5%)

Redemption Years	Principal Amount
2049	\$ 31,025,000
2050	15,955,000
2051	16,755,000
2052	17,590,000
2053	18,470,000
2054	19,395,000
2055	20,360,000
2056	21,385,000
2057	22,450,000
2058**	23,575,000

** Final Maturity.

2058 First Priority Term Bonds (4%)

Redemption Years	Principal Amount
2050	\$ 16,620,000
2051	17,285,000
2052	17,980,000
2053	18,695,000
2054	19,445,000
2055	20,225,000
2056	21,030,000
2057	21,875,000
2058**	22,745,000

** Final Maturity.

The 2018 Subordinate Priority Bonds maturing on July 1, 2043, July 1, 2048, and July 1, 2058 (“Subordinate Priority Term Bonds”) shall be redeemed prior to maturity (or paid at maturity), on July 1 in the years as shown below (to the extent such 2018 Subordinate Priority Bonds have not been previously redeemed (pursuant to optional redemption) or purchased) and in the principal amounts set forth below, at a redemption price of 100% of the principal amount thereof and without premium, together with the interest accrued to the date fixed for redemption:

2043 Subordinate Priority Term Bonds

Redemption Years	Principal Amount
2039	\$ 10,090,000
2040	10,595,000
2041	11,125,000
2042	11,680,000
2043**	12,265,000

** Final Maturity.

2048 Subordinate Priority Term Bonds

Redemption Years	Principal Amount
2044	\$ 12,875,000
2045	13,520,000
2046	14,200,000
2047	14,910,000
2048**	15,650,000

** Final Maturity.

2058 Subordinate Priority Term Bonds (5%)

Redemption Years	Principal Amount
2049	\$ 16,435,000
2050	5,445,000
2051	5,720,000
2052	6,000,000
2053	6,305,000
2054	6,615,000
2055	6,950,000
2056	7,295,000
2057	7,660,000
2058**	8,045,000

** Final Maturity.

2058 Subordinate Priority Term Bonds (4%)

Redemption Years	Principal Amount
2050	\$ 11,815,000
2051	12,280,000
2052	12,775,000
2053	13,285,000
2054	13,820,000
2055	14,370,000
2056	14,945,000
2057	15,545,000
2058**	16,165,000

** Final Maturity.

Selection of Bonds for Redemption

If the Bonds of a series are held in book-entry only form, the selection of particular Bonds within such series and maturity to be redeemed will be made in accordance with the operational arrangements then in effect at DTC. If the Bonds of a series are no longer held by a depository, the selection of such Bonds to be redeemed and the surrender and reissuance thereof, as applicable, will be made as follows: If the District redeems at any one time fewer than all of the Bonds of a series having the same maturity date, the particular Bonds or portions of Bonds of such series and maturity to be redeemed will be selected by lot (or in such manner determined by the Trustee) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the District and the Trustee will treat each Bond as representing such number of separate Bonds of such series each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the designated office of the Trustee there shall be issued to the Registered Owner, without charge therefor, for the then-unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like series, maturity and interest rate in any of the denominations authorized in the Master Agreement and the applicable Series Agreement.

Notice of Redemption

For so long as the Bonds are held by a depository, notice of redemption will be provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations, and no additional published or other notice will be provided by the District. Notice of optional redemption may be conditional. Unless waived by any Owner of Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned by the Trustee on the receipt of sufficient funds for redemption or otherwise) shall be given by the District to the

Trustee who shall give notice to DTC at least 20 days and not more than 60 days prior to the date fixed for redemption.

On or prior to any redemption date, unless such notice has been rescinded or revoked, the District will deposit with the Trustee an amount of money sufficient to pay the redemption price of all the Bonds or portions of the Bonds which are to be redeemed on that date. The District retains the right to rescind any redemption notice and the related optional redemption of Bonds giving notice of rescission to DTC at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded will be of no effect, and the Bonds for which the notice of optional redemption has been rescinded will remain outstanding.

Effect of Redemption

Unless the District has revoked a notice of optional redemption (or unless the District provided a conditional notice and the conditions for redemption set forth therein are not satisfied), the District will transfer to the Trustee amounts that, in addition to other money, if any, held by the Trustee, will be sufficient to redeem, on the redemption date, all the Bonds to be redeemed. If and to the extent that funds have been provided to the Trustee for the redemption of a series of Bonds, then from and after the date fixed for redemption of such series of Bonds, interest on each such Bond will cease to accrue, and such Bonds or portions thereof will cease to be Outstanding and to be entitled to any benefit, protection or security of the Master Agreement. The Registered Owners of such Bonds or portions thereof will thereafter have no rights in respect thereof except to receive payment of the redemption price upon delivery of such Bonds to the Trustee.

Any notice mailed as described above will be conclusively presumed to have been given, whether or not actually received by any Owner of a Bond. The failure to mail notice with respect to any Bond will not affect the validity of the proceedings for the redemption of any other Bond with respect to which notice was so mailed.

Purchase of Bonds by the District

The District may acquire any Bonds by purchase of such Bonds offered to the District at any time at such purchase price as the District deems appropriate, or by gift at any time on terms as the District deems appropriate. Bonds so acquired need not be surrendered to the Trustee for cancellation. Any First Priority Bonds or Subordinate Priority WSCC Obligations so acquired by the District shall be disregarded for purposes of any Registered Owner consent, approval or direction under the Master Agreement. The District has reserved the right to use at any time any Lodging Tax Revenues available after providing for the payments required by paragraph First through Eighth of Section 2.02(b) of the Master Agreement to purchase any of the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Lodging Tax Account; Flow of Funds.”

Defeasance

Any First Priority Bonds (including the 2018 First Priority Bonds) and Subordinate Priority WSCC Obligations (including the 2018 Subordinate Priority Bonds) will be deemed to have been paid and no longer Outstanding under the Master Agreement or the related resolution and Series Agreement and shall cease to be entitled to any benefit or security of the Master Agreement and the related resolution and Series Agreement and any money and investments held thereunder, except the right to receive the money and the proceeds and income from Government Obligations set aside and pledged in the manner hereafter described, if (a) in the event that any or all First Priority Bonds or Subordinate Priority WSCC Obligations of a series are to be optionally redeemed, the District shall have given to the Trustee irrevocable instructions to give such notice of redemption of such First Priority Bonds or Subordinate Priority WSCC Obligations, respectively, as may be required by the provisions of the Master Agreement and the applicable authorizing resolution or Series Agreement; and (b) there shall have been made an Irrevocable Deposit, in trust, with the Trustee or with another corporate escrow agent in escrow, of money in an amount sufficient and/or noncallable Government Obligations maturing in such amounts and at such time or times and bearing such interest to be earned thereon, without considering any earnings on the reinvestment thereof, as will provide a series of payments that will be sufficient, together with any money initially deposited, to provide for the payment of the principal of and premium, if any, and interest on the defeased First Priority Bonds or Subordinate Priority WSCC Obligations, as applicable, when due in accordance with their terms, or upon the earlier prepayment or redemption thereof in accordance with a refunding plan; and such money and the principal of and interest on such Government

Obligations are set aside irrevocably and pledged in trust for the purpose of effecting such payment, redemption or prepayment.

As defined in the Master Agreement, “Government Obligations” means direct obligations of the United States and obligations unconditionally guaranteed by the United States.

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HISTORICAL LODGING TAX REVENUES AND DEBT SERVICE COVERAGE

Lodging Tax Revenues Collection History

The following table shows historical collections of Lodging Tax Revenues of the District.

**TABLE 1:
LODGING TAX REVENUES COLLECTION HISTORY
FOR FISCAL YEARS 2006 – 2017**

Fiscal Year	Regular Lodging Tax Revenues	Additional Lodging Tax Revenues	Totals
2006 ⁽¹⁾	\$ 40,445,950	\$ 9,068,417	\$ 49,514,367
2007 ⁽¹⁾	45,770,495	10,223,552	55,994,047
2008 ⁽¹⁾	50,304,646	11,158,692	61,463,338
2009 ⁽¹⁾	46,763,890	10,488,751	57,252,641
2010 ⁽¹⁾	41,447,755	9,362,155	50,809,910
2011 ⁽²⁾	48,409,315	11,050,910	59,460,225
2012 ⁽²⁾	52,718,477	12,061,278	64,779,755
2013 ⁽²⁾	56,972,603	13,130,552	70,103,155
2014 ⁽²⁾	65,527,141	15,251,035	80,778,176
2015 ⁽²⁾	73,153,003	17,064,837	90,217,839
2016 ⁽²⁾	77,163,096	19,055,235	96,218,330
2017 ⁽²⁾	83,649,572	20,945,872	104,595,444

⁽¹⁾ As collected by the Nonprofit Corporation under former chapter 67.40 RCW during its fiscal years ended June 30.

⁽²⁾ As collected by the District under chapter 36.100 RCW during its fiscal years ended December 31.

Source: The District.

2010 Bonds

As of July 2, 2018, the District has outstanding \$271,615,000 aggregate principal amount of its Lodging Tax Bonds, 2010B (Taxable Build America Bonds – Direct Payment) (the “2010 Bonds”). The 2010 Bonds were issued pursuant to the 2010 Bond Resolution as First Priority Bonds payable from Lodging Tax Revenues and further secured by a pledge and assignment of the Trust Estate. The 2018 First Priority Bonds are being issued on a parity with the 2010 Bonds.

Under the Internal Revenue Code of 1986, as amended (the “Code”), the District is allowed a credit payable by the United States Treasury in an amount equal to 35% of the interest payable on the 2010 Bonds on each interest payment date. The sequestration provisions of the Budget Control Act of 2011 went into effect on March 1, 2013, and are currently scheduled to remain in effect through federal fiscal year 2027. As a result of sequestration, payments in federal fiscal year 2017 were reduced by 6.9% (\$440,079), payments in federal fiscal year 2018 are scheduled to be reduced by 6.6%, and payments in federal fiscal year 2019 are scheduled to be reduced by 6.2%.

Historical Debt Service Coverage

The following table shows historical debt service coverage of the District for the fiscal years ended December 31, 2013 through 2017.

**TABLE 2:
WASHINGTON STATE CONVENTION CENTER
HISTORICAL DEBT SERVICE COVERAGE
(DOLLARS IN THOUSANDS)⁽¹⁾**

	Fiscal Year Ending December 31				
	2013	2014	2015	2016	2017
Regular Lodging Tax Revenues	\$56,973	\$65,527	\$73,153	\$77,163	\$83,650
Additional Lodging Tax Revenues	13,131	15,251	17,065	19,055	20,946
Total Lodging Tax Revenues	\$70,103	\$80,778	\$90,218	\$96,218	\$104,595
2010 Bonds Annual Debt Service ⁽²⁾	\$19,520	\$20,010	\$20,034	\$19,971	\$19,975
Lodging Tax Revenues Coverage of 2010 Bonds	3.59x	4.04x	4.50x	4.82x	5.24x

(1) Historical Lodging Tax Revenues data is based on audited financial statements of the District.

(2) Debt service shown net of subsidy payments received for 2010 Bonds issued as Build America Bonds.

Source: The District.

County Note Obligation

The District has entered into a Purchase and Sale Agreement with the County, pursuant to which the District will acquire land on which the Addition (as defined herein) will be constructed. Under the Purchase and Sale Agreement, the County will sell the District two parcels consisting of approximately 178,034 square feet (the “Land”) together with improvements on the Land (the “Improvements” and, together with the Land, the “Property”) for a purchase price of \$161,010,940 (the “Purchase Price”). The District paid \$20 million of the Purchase Price at closing of the Note (which closed on July 25, 2018) and the balance of the Purchase Price is payable over time. The District’s payment obligation is evidenced by a Note in the aggregate principal amount of \$141,010,940 (the “Note”) bearing interest at a rate of 1% per annum for the first six years and 4.25% per annum thereafter (the “Note Rate”). The Note is subject to a scheduled maturity on or about June 30, 2049, and is not subject to prepayment prior to June 30, 2035. See Appendix H—“Form of Purchase and Sale Agreement” for the terms and conditions with respect to the closing of the purchase and sale of the Property.

The Note is a junior obligation, subordinate to the First Priority Bonds and Subordinate Priority Obligations. The District has pledged Lodging Tax Revenues to the payment of the Note as set forth in the Flow of Funds. Amounts equal to the Additional Lodging Tax Revenues are not available to pay the Note because the District’s obligation to pay the Note is subordinate to the District’s obligation to pay the Annual Payment Amount (an amount equal to revenues received by the District from the Additional Lodging Tax plus an interest charge) to the State. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Lodging Tax Revenues—*Additional Lodging Tax*” and “THE DISTRICT—Transfer Agreement.” The Note is not subject to acceleration.

PLAN OF FINANCE

The Project

The Bonds are being issued to finance a portion of the costs of an addition to the Convention Center (the “Addition”). The Addition is expected to add nearly 1.5 million square feet of gross floor area to the Convention Center, more than doubling the existing Convention Center exhibit, meeting and banquet space. The Addition is expected to include a 155,000 square foot exhibition hall, 100,000 square foot flex hall, 125,000 square feet of meeting rooms and a 60,000 square foot ballroom. The Addition also is expected to include 20,000 square feet of retail and restaurant space, structured parking for 700-750 vehicles, lobby, loading and marshalling spaces.

The Addition is to be located on an approximately 7.7-acre site bordered by Pine and Howell Streets and Ninth and Boren Avenues. The site is adjacent to the Convention Center and connecting between downtown Seattle’s retail core and the Capitol Hill neighborhood. The District has acquired or has control of the remaining parcels to complete site assembly upon closing of the Purchase and Sale Agreement, with the exception of the air rights above the Boren Avenue and Pine Street corner of the site, which are to be leased (the “Air Rights Lease”) from the Washington State Department of Transportation (“WSDOT”). The alley and street vacations have been approved by the City but the District will not have title to the property until completion of the Addition. The District and WSDOT have developed the engineering and business terms for the leased space, including the portion of the Project affected by the Air Rights Lease. The District and WSDOT are finalizing the terms for the Air Rights Lease. Although there is not a firm date for the delivery of the Air Rights Lease, the District expects the Air Rights Lease to be executed without delaying the Project schedule or requiring revisions to the portion of the Project affected by the air rights. The notice to proceed with the construction of the Addition is expected to be provided to commence construction of the Addition on July 23, 2018, with a targeted opening of the Addition in 2021.

The estimated total cost of the Addition is approximately \$1.783 billion, including site acquisition, predevelopment costs, construction costs, contingency and other costs as shown in Table 3. The total estimated costs less reimbursement from the County and for sale of Development Rights and Surplus Property is \$1.660 billion. These costs are subject to change, and the estimated costs shown in Table 3 are subject to Board approval. The District expects to finance costs of the Addition with the proceeds of the Bonds, the Note, cash, the sale of development rights from a portion of the land, and proceeds of completion bonds expected to be issued in 2021 (the “2021 Completion Bonds”). The issuance of the 2021 Completion Bonds is subject to a number of prerequisites including compliance with the requirements for issuance of additional First Priority Bonds and, potentially, Subordinate Priority WSCC Obligations under the Master Agreement, the Transfer Agreement dated November 30, 2010, between the State, acting through the State Treasurer, and the District as amended by the First Amendment to Transfer Agreement dated as of August 1, 2018 (the “Transfer Agreement”) and the Purchase and Sale Agreement, and approval by the Board. The 2021 Completion Bonds are expected to be issued as First Priority Bonds in a preliminary, subject-to-change principal amount of \$75 million. This amount may increase, the timing of the issue may change, and the priority level of the 2021 Completion Bonds may change depending on future developments, including if the District is unable to sell development rights as and when expected.

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The District expects to pay for the costs of the Addition as follows:

TABLE 3:
ESTIMATED ADDITION SOURCES AND USES⁽¹⁾
(in millions)

Sources of Funds	Total
Regular Lodging Tax Revenues Collected Prior to 2018 Financing	\$ 290.1
Projected Available Regular Lodging Tax Revenues During Construction (2019 and 2020)	16.3
Total Regular Lodging Tax Revenues	\$ 306.4
County Reimbursements	29.6
Projected Proceeds of Sale of Development Rights and Surplus Property ⁽²⁾	93.3
Projected Project Fund Investment Income ⁽³⁾	30.0
Total Other Sources	\$ 152.9
Note Proceeds	141.0
2018 First Priority Bonds	649.8
2018 Subordinate Priority WSCC Obligations	435.6
Release of 2010 Bond Debt Service Reserve Amount ⁽⁴⁾	19.5
2021 First Priority Bonds ⁽⁵⁾	77.9
Total Financing Proceeds	\$ 1,323.9
Total Sources of Funds	\$ 1,783.2
Uses of Funds	
Construction	\$1,089.1
Land Acquisition	352.1
Washington State Sales Tax	102.5
Architecture and Engineering	98.0
Project Administration	42.6
Contingency	35.1
Miscellaneous	30.6
FF&E	19.8
Bond Issuance Expenses	5.4
Leasing and Marketing	3.6
Financing	4.4
Total Uses of Funds	\$ 1,783.2

(1) Amounts shown in table are rounded. Assumptions for Addition costs, existing District cash transfers, other funding sources, and Regular Lodging Tax Revenues based on estimates as of July 17, 2018. Certain of the assumed source and use figures have been revised since the Board last approved the Project budget to reflect more recent estimates.

(2) Assumes for the purposes of this table the sale of development rights and surplus property generating proceeds equal to approximately 80% of the sale price as estimated by Eastdil Secured.

(3) Reflects 2.00% interest earnings on cash balances through December 31, 2022.

(4) Assumes that the existing 2010 Bonds reserve fund balance of approximately \$19.5 million is replaced with Qualified Insurance in the form of a surety bond.

(5) Assumes 2021 Completion Bonds issued as First Priority Bonds in 2021 in the expected principal amount of \$75 million. The District is considering alternative approaches to managing interest rate risk associated with the 2021 Completion Bonds.

Source: The District.

The 2018 Financing

The Bonds are structured to maximize the portion of the Bonds to be issued as First Priority Bonds in compliance with the requirements for issuance of additional First Priority Bonds under the Master Agreement (including demonstrating at least 1.75x debt service coverage from historical Regular Lodging Tax Revenues as required under the Master Agreement) and the Purchase and Sale Agreement.

The balance of the Bonds are to be issued as Subordinate Priority WSCC Obligations in compliance with the requirements for issuance of debt under the Transfer Agreement (including demonstrating at least 1.25x debt service coverage from historical Regular Lodging Tax Revenues through 2029 as required therein) and the Purchase and Sale Agreement. Further, the Bonds to be issued as Subordinate Priority WSCC obligations will demonstrate at least 1.15x debt service coverage from historical Regular Lodging Tax Revenues through maturity.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds will be used (a) to finance a portion of the cost of the Addition, (b) to purchase surety bonds to satisfy the Common Reserve Requirement – First Priority and the Common Reserve Requirement – Subordinate Priority, and (c) to pay expenses incidental to the issuance of the Bonds.

The proceeds of the Bonds are estimated to be applied as follows:

**TABLE 4:
ESTIMATED SOURCES AND USES OF FUNDS⁽¹⁾**

Sources of Funds	2018 First Priority Bonds	2018 Subordinate Priority Bonds	Total
Principal Amount	\$ 598,790,000	\$ 404,805,000	\$ 1,003,595,000
Net Original Issue Premium	51,057,434	30,772,965	81,830,398
Total Sources of Funds	<u>\$ 649,847,434</u>	<u>\$ 435,577,965</u>	<u>\$ 1,085,425,398</u>
Uses of Funds			
Project Fund Deposit	\$ 646,850,714	\$ 433,643,160	\$1,080,493,874
Purchase of Surety Bonds	590,627	308,193	898,820
Issuance Costs ⁽²⁾	2,406,093	1,626,611	4,032,704
Total Uses of Funds	<u>\$ 649,847,434</u>	<u>\$ 435,577,965</u>	<u>\$ 1,085,425,398</u>

(1) Amounts shown in table are rounded to the nearest dollar.

(2) Includes bond rating fees, underwriters' discount, legal fees, financial advisor fees, Trustee fees, and other costs incurred in connection with the issuance of the Bonds.

Debt Service Requirements

The table on the following page shows the scheduled debt service on the District's outstanding 2010 Bonds, the 2018 First Priority Bonds and the 2018 Subordinate Priority Bonds. The District also expects to have outstanding a junior obligation Note, subordinate to both First Priority Bonds and Subordinate Priority Obligations, in the principal amount of \$141,010,940, to the County to evidence the District's obligations under the Purchase and Sale Agreement. See "HISTORICAL LODGING TAX REVENUES AND DEBT SERVICE COVERAGE—County Note Obligation" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Junior Obligations; Purchase and Sale Agreement." Debt service due on the Note is excluded from the following table.

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**TABLE 5:
FIRST PRIORITY BOND AND SUBORDINATE PRIORITY BOND DEBT SERVICE REQUIREMENTS**

Fiscal Year ⁽¹⁾	2018 First Priority Bonds				2018 Subordinate Priority Bonds				Total Debt Service Requirements
	2010 Bonds Total Debt Service ⁽²⁾	Principal	Interest	Total	Total First Priority Bond Debt Service ⁽²⁾	Principal	Interest	Total	
2018	\$19,946,946	-	-	-	\$19,946,946	-	-	-	\$19,946,946
2019	19,937,921	-	\$25,205,892	\$25,205,892	45,143,813	-	\$16,985,724	\$16,985,724	62,129,537
2020	19,925,830	\$305,000	28,180,500	28,485,500	48,411,330	\$375,000	18,990,250	19,365,250	67,776,580
2021	19,919,514	325,000	28,165,250	28,490,250	48,409,764	395,000	18,971,500	19,366,500	67,776,264
2022	19,905,042	355,000	28,149,000	28,504,000	48,409,042	415,000	18,951,750	19,366,750	67,775,792
2023	19,892,449	385,000	28,131,250	28,516,250	48,408,699	435,000	18,931,000	19,366,000	67,774,699
2024	19,877,488	420,000	28,112,000	28,532,000	48,409,488	455,000	18,909,250	19,364,250	67,773,738
2025	19,864,475	455,000	28,091,000	28,546,000	48,410,475	475,000	18,886,500	19,361,500	67,771,975
2026	19,847,495	495,000	28,068,250	28,563,250	48,410,745	500,000	18,862,750	19,362,750	67,773,495
2027	19,830,862	535,000	28,043,500	28,578,500	48,409,362	525,000	18,837,750	19,362,750	67,772,112
2028	19,818,663	575,000	28,016,750	28,591,750	48,410,413	550,000	18,811,500	19,361,500	67,771,913
2029	19,799,755	620,000	27,988,000	28,608,000	48,407,755	585,000	18,784,000	19,369,000	67,776,755
2030	19,778,452	675,000	27,957,000	28,632,000	48,410,452	6,505,000	18,754,750	25,259,750	73,670,202
2031	19,763,840	720,000	27,923,250	28,643,250	48,407,090	6,830,000	18,429,500	25,259,500	73,666,590
2032	19,739,548	785,000	27,887,250	28,672,250	48,411,798	7,170,000	18,088,000	25,258,000	73,669,798
2033	19,719,891	840,000	27,848,000	28,688,000	48,407,891	7,530,000	17,729,500	25,259,500	73,667,391
2034	19,698,497	905,000	27,806,000	28,711,000	48,409,497	7,905,000	17,353,000	25,258,000	73,667,497
2035	19,679,224	970,000	27,760,750	28,730,750	48,409,974	8,300,000	16,957,750	25,257,750	73,667,724
2036	19,655,701	1,040,000	27,712,250	28,752,250	48,407,951	8,715,000	16,542,750	25,257,750	73,665,701
2037	19,626,785	1,125,000	27,660,250	28,785,250	48,412,035	9,150,000	16,107,000	25,257,000	73,669,035
2038	19,601,334	1,205,000	27,604,000	28,809,000	48,410,334	9,610,000	15,649,500	25,259,500	73,669,834
2039	19,577,748	1,290,000	27,543,750	28,833,750	48,411,498	10,090,000	15,169,000	25,259,000	73,670,498
2040	19,549,427	1,380,000	27,479,250	28,859,250	48,408,677	10,595,000	14,664,500	25,259,500	73,668,177
2041	-	21,000,000	27,410,250	48,410,250	48,410,250	11,125,000	14,134,750	25,259,750	73,670,000
2042	-	22,050,000	26,360,250	48,410,250	48,410,250	11,680,000	13,578,500	25,258,500	73,668,750
2043	-	23,150,000	25,257,750	48,407,750	48,407,750	12,265,000	12,994,500	25,259,500	73,667,250
2044	-	24,310,000	24,100,250	48,410,250	48,410,250	12,875,000	12,381,250	25,256,250	73,666,500
2045	-	25,525,000	22,884,750	48,409,750	48,409,750	13,520,000	11,737,500	25,257,500	73,667,250
2046	-	26,800,000	21,608,500	48,408,500	48,408,500	14,200,000	11,061,500	25,261,500	73,670,000
2047	-	28,140,000	20,268,500	48,408,500	48,408,500	14,910,000	10,351,500	25,261,500	73,670,000
2048	-	29,550,000	18,861,500	48,411,500	48,411,500	15,650,000	9,606,000	25,256,000	73,667,500
2049	-	31,025,000	17,384,000	48,409,000	48,409,000	16,435,000	8,823,500	25,258,500	73,667,500
2050	-	32,575,000	15,832,750	48,407,750	48,407,750	17,260,000	8,001,750	25,261,750	73,669,500
2051	-	34,040,000	14,370,200	48,410,200	48,410,200	18,000,000	7,256,900	25,256,900	73,667,100
2052	-	35,570,000	12,841,050	48,411,050	48,411,050	18,775,000	6,479,700	25,254,700	73,665,750
2053	-	37,165,000	11,242,350	48,407,350	48,407,350	19,590,000	5,668,700	25,258,700	73,666,050
2054	-	38,840,000	9,571,050	48,411,050	48,411,050	20,435,000	4,822,050	25,257,050	73,668,100
2055	-	40,585,000	7,823,500	48,408,500	48,408,500	21,320,000	3,938,500	25,258,500	73,667,000
2056	-	42,415,000	5,996,500	48,411,500	48,411,500	22,240,000	3,016,200	25,256,200	73,667,700
2057	-	44,325,000	4,086,050	48,411,050	48,411,050	23,205,000	2,053,650	25,258,650	73,669,700
2058	-	46,320,000	2,088,550	48,408,550	48,408,550	24,210,000	1,048,850	25,258,850	73,667,400
Total⁽³⁾	\$454,956,887	\$598,790,000	\$899,320,892	\$1,498,110,892	\$1,953,067,779	\$404,805,000	\$538,322,524	\$943,127,524	\$2,896,195,302

(1) Ending December 31.

(2) Subtracts interest payment subsidy subject to be received in connection with the 2010 Bonds; assumes sequestration of 6.6% of the interest payment subsidy (the sequestration rate through September 30, 2018).

(3) Totals may not foot due to rounding.

Projected Debt Service Coverage

The following table shows projected annual debt service coverage of the District for the fiscal years 2018 through 2022. The projected coverage results utilize projected Lodging Tax Revenues provided by the Independent Revenue Consultant and various assumptions that affect financial performance and debt service for each projected year. For a description of certain assumptions, see the footnotes to the table below and the Forecast of Lodging Tax Revenues in Appendix A. Changes in these assumptions can have material effects on the projected financial performance.

TABLE 6:
WASHINGTON STATE CONVENTION CENTER
2018-2022 PROJECTED LODGING TAX REVENUES ANNUAL DEBT SERVICE COVERAGE⁽¹⁾
(DOLLARS IN THOUSANDS)

	Fiscal Year Ending December 31				
	2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected
Regular Lodging Tax Revenues	\$90,953	\$100,944	\$108,131	\$114,851	\$120,808
Extended Lodging Tax Revenues ⁽²⁾	--	1,187	1,223	1,260	1,298
Additional Lodging Tax Revenues ⁽³⁾	22,780	29,352	31,275	33,053	34,637
Total Lodging Tax Revenues	\$113,733	\$131,483	\$140,629	\$149,164	\$156,743
Debt Service on 2010 Bonds ⁽⁴⁾	\$19,947	\$19,938	\$19,926	\$19,920	\$19,905
Debt Service on 2018 First Priority Bonds	--	25,206	28,486	28,490	28,504
Debt Service on 2021 First Priority Completion Bonds ⁽⁵⁾	--	--	--	1,423	4,693
Total Debt Service on First Priority Bonds⁽⁴⁾	\$19,947	\$45,144	\$48,411	\$49,833	\$53,102
Lodging Tax Coverage on First Priority Bonds	5.70x	2.91x	2.90x	2.99x	2.95x
Debt Service on 2018 Subordinate Priority Bonds	--	16,986	19,365	19,367	19,367
Total Debt Service on First Priority and Subordinate Priority Bonds	\$19,947	\$62,130	\$67,777	\$69,199	\$72,469
Aggregate Lodging Tax Coverage on First Priority Bonds and Subordinate Priority WSCC Obligations	5.70x	2.12x	2.07x	2.16x	2.16x

(1) For illustration purposes only. Actual results may differ.

(2) Collections to commence January 1, 2019.

(3) The District expects the Additional Lodging Tax to expire on July 1, 2029. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Lodging Tax Revenues—*Additional Lodging Tax*."

(4) Debt service shown net of subsidy payments for 2010 Bonds issued as Build America Bonds; assumes sequestration of 6.6% of the interest payment subsidy (the sequestration rate through September 30, 2018).

(5) Assumes 2021 Completion Bonds issued as First Priority Bonds in 2021 in the expected principal amount of \$75 million with an assumed interest rate of 5%. Debt service is preliminary, subject to change. The District is considering alternative approaches to managing interest rate risk associated with the 2021 Completion Bonds.

Source: *The District and Forecast of Lodging Tax Revenues in Appendix A.*

Future Financings

In addition to the 2021 Completion Bonds described under the heading “PLAN OF FINANCE—The Project,” the District also is beginning to plan for the renovation of the existing Convention Center with project costs preliminarily estimated to be approximately \$100 million. Funding for the renovation project has not yet been determined. Any financing for the renovation project will require compliance with the additional bonds requirements under the Master Agreement, Transfer Agreement and Purchase and Sale Agreement.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The First Priority Bonds, including the 2018 First Priority Bonds, are payable from and secured by Lodging Tax Revenues and by a pledge and assignment of the Trust Estate. The Subordinate Priority WSCC Obligations, including the 2018 Subordinate Priority Bonds, are payable from and secured by a subordinate pledge of the Lodging Tax Revenues and by a subordinate claim to the pledge and assignment of the Trust Estate.

Lodging Tax Revenues are composed exclusively of:

- Regular Lodging Tax Revenues generated by the lodging excise taxes imposed by the District and that the District is entitled to collect pursuant to RCW 36.100.040(4) on premises with 60 or more lodging units as described under the heading “—Lodging Tax Revenues—*Regular Lodging Tax*” below,
- Extended Lodging Tax Revenues generated by the District and that the District is entitled to collect pursuant to the section of the Extended Lodging Tax Legislation extending the tax under RCW 36.100.040(4) to lodging with fewer than 60 units as described under the heading “—Lodging Tax Revenues—*Extended Lodging Tax*” below, and
- Additional Lodging Tax Revenues generated by the lodging excise taxes imposed by the District and that the District is entitled to collect pursuant to RCW 36.100.040(5), including amounts generated and available to the District pursuant to the section of the Extended Lodging Tax Legislation extending the Additional Lodging Tax to lodging with fewer than 60 units as described under the heading “—Lodging Tax Revenues—*Additional Lodging Tax*.” The authority to impose the Additional Lodging Tax expires on the date that is the earlier of (a) July 1, 2029, or (b) the date on which all obligations issued or incurred by the District to implement any redemption, prepayment, or legal defeasance of outstanding obligations under RCW 36.100.230(3)(a) are no longer outstanding. The District expects the Additional Lodging Tax to expire on July 1, 2029 as described under the heading “—Lodging Tax Revenues—*Additional Lodging Tax*” below.

The District has irrevocably covenanted in the Master Agreement that for so long as any of the First Priority Bonds or Subordinate Priority WSCC Obligations are outstanding, it will each year continue to impose and collect the Regular Lodging Tax pursuant to RCW 36.100.040(4), the Extended Lodging Tax pursuant to the Extended Lodging Tax Legislation, and, for so long as statutorily permitted, the Additional Lodging Tax pursuant to RCW 36.100.040(5), as the same may be amended from time to time or any successor statute, and to apply the Lodging Tax Revenues as provided in the Master Agreement and any resolution or Series Agreement relating to the issuance of First Priority Bonds or Subordinate Priority WSCC Obligations. See “—Lodging Tax Revenues” below.

The Bonds are not an obligation of the State, the County, or any other municipal corporation, subdivision or agency of the State other than the District. The District has limited taxing powers and has no power to impose any *ad valorem* tax on property. The Bonds are not payable from the operating revenues of the District or secured by a mortgage, deed of trust, lien or other security interest on or in the Convention Center.

Trust Estate

Under the terms of the Master Agreement, all First Priority Bonds and Subordinate Priority WSCC Obligations are payable from Lodging Tax Revenues and are further secured by a pledge and assignment of the Trust Estate comprised of the following: (a) all right, title and interest of the District in the Interlocal Agreement (defined below),

including but not limited to all right, title and interest of the District in and to the Lodging Tax Revenues; (b) all funds and accounts established and/or maintained under the Master Agreement and the investments thereof, if any, and money, securities and obligations therein, including all federal subsidy payments received for the 2010 Bonds and all other pledged federal subsidies (subject to disbursements from any such fund or account upon the conditions set forth in the Master Agreement); and (c) to the extent not covered by clauses (a) and (b) above, all proceeds of all of the foregoing.

The foregoing (collectively the “Trust Estate”) has been pledged and assigned to the Trustee for the benefit of the Owners of First Priority Bonds, including the 2018 First Priority Bonds, without privilege, priority or distinction as to the priority or otherwise of any of the First Priority Bonds over any of the other First Priority Bonds and, on a subordinate basis, for the equal and proportionate benefit, security and protection of all present and future Owners of Subordinate Priority WSCC Obligations, including the 2018 Subordinate Priority Bonds, without privilege, priority or distinction as to the priority or otherwise of any of the Subordinate Priority WSCC Obligations over any of the other Subordinate Priority WSCC Obligations.

Lodging Tax Revenues

The District’s Lodging Tax Revenues are pledged under the Master Agreement to pay principal of and interest on and to secure all First Priority Bonds and Subordinate Priority WSCC Obligations. The District also has entered into a Purchase and Sale Agreement with the County and has pledged the Lodging Tax Revenues to the payment of the Note securing its obligation thereunder, on a further subordinated basis. See “HISTORICAL LODGING TAX REVENUES AND DEBT SERVICE COVERAGE—County Note Obligation” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Junior Obligations; Purchase and Sale Agreement.”

“Lodging Tax Revenues” means Regular Lodging Tax Revenues, Extended Lodging Tax Revenues and the Additional Lodging Tax Revenues, each described below.

Regular Lodging Tax. Pursuant to RCW 36.100.040(4), the District is authorized to impose an excise tax on the sale of or charge made for the furnishing of lodging that is subject to sales tax under chapter 82.08 RCW. Sales tax applies to the sale of or charge made for the furnishing of lodging by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property for less than one month, as distinguished from the renting or leasing of real property. Notwithstanding the foregoing, the Regular Lodging Tax may not be levied on any premises having fewer than 60 lodging units or classified as a hostel. The rate of the Regular Lodging Tax may not exceed 7% within the portion of the District that corresponds to the boundaries of the City and may not exceed 2.8% in the remainder of the District. The District imposes the Regular Lodging Tax at the maximum authorized rates. The Regular Lodging Tax is levied in addition to State and local sales taxes.

Extended Lodging Tax. In 2018, the Washington State Legislature passed the Extended Lodging Tax Legislation extending the District’s authority to impose an excise tax on the sale of or charge made for the furnishing of lodging that is subject to tax under chapter 82.08 RCW to premises with fewer than 60 lodging units (other than premises located in a town with a population less than three hundred). “Extended Lodging Tax” is defined in the Master Agreement to mean the excise tax on the sale of or charge made for the furnishing of lodging on any premises having **fewer** than 60 units subject to tax under chapter 82.08 RCW at the rate of 7% within the portion of the District that corresponds to the boundaries of the City and 2.8% in the remainder of the District (the same tax rates as the Regular Lodging Tax), excluding the portion of the tax required by RCW 36.100.040(14) and (15) to be paid to the City and the County.

“Extended Lodging Tax Revenues” mean the revenues generated by the Extended Lodging Tax that the District is entitled to collect. Extended Lodging Tax Revenues are pledged under the Master Agreement to pay principal of and interest on and to secure all First Priority Bonds and Subordinate Priority WSCC Obligations. The revenues required by the Extended Lodging Tax Legislation to be paid to the City and the County are not included within the definition of Extended Lodging Tax Revenues to be deposited with the Trustee, are not pledged to the payment of debt service on First Priority Bonds and Subordinate Priority WSCC Obligations and are not part of the Trust Estate.

The District expects revenues generated by the Extended Lodging Tax to be distributed as follows.

- Within Seattle limits:
 - All of the revenues from the 7% tax on short-term rentals within Seattle will be paid to the City.
 - Revenue from the 7% tax on premises other than short-term rentals with less than 60 lodging units will be shared equally between the District and the County.
- Outside of Seattle limits (e.g. in the balance of the County):
 - The City will not receive revenues from the tax.
 - All of the 2.8% tax (on short-term rentals and on other premises with fewer than 60 units) will be shared equally between the District and the County.

“Short-term rental” is defined in the Extended Lodging Tax Legislation to mean a lodging use, that is not a hotel or motel, in which a dwelling unit, or portion thereof, that is offered or provided to a guest or guests by a short-term rental operator for a fee for fewer than 30 consecutive nights. The term “short-term rental” does not include a dwelling unit, or portion thereof, that is used by the same person for 30 or more consecutive nights and a dwelling unit, or portion thereof, that is operated by an organization or government entity that is registered as a charitable organization and/or is classified by the federal Internal Revenue Service as a public charity or a private foundation, and provides temporary housing to individuals who are being treated for trauma, injury, or disease and/or their family members.

The Extended Lodging Tax Legislation provides that the District may not impose its Extended Lodging Tax on any lodging that is concurrently subject to a tax on short-term rental activity within Seattle. In 2017, the City imposed a tax on engaging in the business of being a short-term rental operator; on May 29, 2018 the City Council repealed the tax. The Extended Lodging Tax Legislation provides that, if the City does not subsequently impose such a tax, the District must pay to the City, on a quarterly basis, an amount equal to the portion of the revenues received by the District from lodging taxes that are determined by the Department of Revenue (“DOR”) to be derived from the short-term rental activity within the City. After deducting the amount, if any, to be paid to the City, the District is required to pay 50% of any tax revenue collected by the District to the County pursuant to the Extended Lodging Tax Legislation.

The District imposed the Extended Lodging Tax at the maximum permitted rates pursuant to Resolution No. 2018-3 adopted on May 22, 2018, as amended on June 26, 2018. DOR will begin collecting the Extended Lodging Tax on January 1, 2019 and the District will begin receiving revenues derived from the Extended Lodging Tax in March, 2019. On January 1, 2019, DOR also will begin collecting the extended portion of the Additional Lodging Tax as described under the subheading “—*Additional Lodging Tax*” below, making these revenues available to the District commencing in March, 2019.

The District has directed that Extended Lodging Tax Revenues be sent directly from the State Treasurer to the Trustee. The portions that are required to be paid to the County and the City (pursuant to the Extended Lodging Tax Legislation) will be sent from the State Treasurer to the District and the District will in turn make the distributions to the County and the City. These portions of the revenues (that is the amounts required to be paid to the City and the County) are not included within the definition of Extended Lodging Tax Revenues required to be deposited with the Trustee, are not pledged to the payment of debt service on First Priority Bonds and Subordinate Priority WSCC Obligations and are not part of the Trust Estate.

Additional Lodging Tax. Pursuant to RCW 36.100.040(5), the District also is authorized to impose an excise tax on the sale of or charge made for the furnishing of lodging as described above, but only on premises located within Seattle. “Additional Lodging Tax” means an excise tax on the sale of or charge imposed by the District pursuant to RCW 36.100.040(5). The District imposes the Additional Lodging Tax at the maximum authorized rate of 2%. The Extended Lodging Tax Legislation amended RCW 36.100.040(5) to extend the Additional Lodging Tax to premises having fewer than 60 lodging units including short-term rentals (other than premises in any town with a population less than three hundred).

The Additional Lodging Tax is credited against the amount of the sales tax otherwise due to the State from those same taxpayers under chapter 82.08 RCW, and it may be imposed by the District only for the purpose of paying or securing the payment of the principal of and interest on obligations issued or incurred by the District (such as the Bonds) and paying the Annual Payment Amounts to the State as described below. The authority to impose the Additional Lodging Tax expires on the date that is the earlier of (a) July 1, 2029, or (b) the date on which all obligations issued or incurred by the District to implement any redemption, prepayment, or legal defeasance of outstanding obligations under RCW 36.100.230(3)(a) are no longer outstanding. The District expects the Additional Lodging Tax to expire on July 1, 2029.

For so long as the District imposes the Additional Lodging Tax, the District is required to transfer to the State on June 30th of each year an Annual Payment Amount. The “Annual Payment Amount” means an amount equal to revenues received by the District in the State fiscal year (ending June 30) from the Additional Lodging Tax plus an interest charge calculated on one-half the Annual Payment Amount times an interest rate equal to the average annual rate of return for the prior calendar year in the Washington State Local Government Investment Pool created in chapter 43.250 RCW.

If the District in any fiscal year is required to apply Additional Lodging Tax Revenues to the payment of principal of and interest on obligations it issues or incurs (such as the Bonds), and the District is unable to pay all or any portion of the Annual Payment Amount to the State, the deficiency is deemed to be a loan from the State to the District for the purpose of assisting the District in paying such principal and interest and must be repaid with interest by the District to the State after providing for the payment of the principal of and interest on obligations issued or incurred by the District (such as the Bonds), as provided in the Transfer Agreement. See “THE DISTRICT—Transfer Agreement.”

Pledge and Security of Lodging Tax Revenues. Pursuant to RCW 36.100.040 and the Master Agreement, the District has pledged the Lodging Tax Revenues to the payment of principal of and interest on and to secure all First Priority Bonds and Subordinate Priority WSCC Obligations as described under “—Lodging Tax Account; Flow of Funds” below. The District has pledged the Lodging Tax Revenues on a further subordinated basis to the payment of the Note securing its obligations under the Purchase and Sale Agreement as described under “—Lodging Tax Account; Flow of Funds” below. RCW 36.100.040(7) authorizes the District to pledge any of its revenues, including without limitation the Lodging Tax Revenues, to pay or secure the payment of obligations issued or incurred by the District, subject to the terms established by the Board and provides that, so long as the pledge of the Lodging Tax Revenues is in effect, the Washington State Legislature may not withdraw or modify the authority to levy and collect the Lodging Taxes at the rates permitted under RCW 36.100.040 and may not increase the Annual Payment Amount to be transferred to the State as described above.

Collection and Remittance of Lodging Taxes. RCW 36.100.040(8) requires DOR to collect the Lodging Tax Revenues on behalf of the District at no cost to the District. The State Treasurer is required to distribute Lodging Tax Revenues on a monthly basis to the District or, upon the direction of the District, the fiscal agent, paying agent or trustee for District obligations. The District has directed that Lodging Tax Revenues be distributed to the Trustee. The District, DOR and the State Treasurer have entered into an Interlocal Agreement for the State Administration of Washington State Convention Center Lodging Taxes, as it may be amended from time to time (the “Interlocal Agreement”) to administer these responsibilities. The Interlocal Agreement became effective as of the Transfer Date and remains in effect for so long as the Regular Lodging Taxes or Additional Lodging Taxes are levied, unless modified by mutual agreement of the parties. Pursuant to the Extended Lodging Tax Legislation and Resolution No. 2018-3, the District has imposed the Extended Lodging Tax and provided notice to DOR that the Interlocal shall apply to the administration and collection of the Extended Lodging Taxes.

Under the Interlocal Agreement, the District, DOR and the State Treasurer have contracted for the administration, collection and remission of Lodging Tax Revenues. The Interlocal Agreement provides that DOR shall perform the ongoing functions of administration and collection of the Lodging Tax Revenues including receiving and recording Regular Lodging Taxes and Additional Lodging Taxes paid by taxpayers, providing monthly distribution detail reports of taxes paid, attempting to identify tax incorrectly paid or unpaid by taxpayers, performing accounting correction of tax found to be due based on District research and verification, assisting and educating taxpayers on proper reporting of taxes, collecting Regular Lodging Taxes and Additional Lodging Taxes identified as unreported or underpaid, assessing unpaid taxes coincident to normal audit processes, issuing refunds or credits for overpaid

taxes due to taxpayer error, assisting the State Treasurer in the monthly distribution of Regular Lodging Taxes and Additional Lodging Taxes to the District, and providing other incidental functions necessary or appropriate to administer the taxes exclusive of criminal prosecution.

DOR agrees under the Interlocal Agreement to apply the provisions in chapters 82.08, 82.12, 82.14 and 82.32 RCW as amended from time to time and insofar as the same are applicable to Regular Lodging Taxes and Additional Lodging Taxes. DOR shall perform its duties so that as far as possible, the taxes shall be administered and collected uniformly with the State's excise taxes. Rules and regulations that the DOR adopts to facilitate the administration and distribution of local option taxes shall be in accordance with the State Administrative Procedure Act, chapter 34.05 RCW. Adopted rules and regulations shall have the same force and effect on Regular Lodging Taxes and Additional Lodging Taxes insofar as the same as are applicable. The District has the right from time to time to examine the records of DOR as they concern Regular Lodging Taxes and Additional Lodging Taxes, subject to the limitations of RCW 82.32.330. Chapter 82.32 RCW provides a mechanism for taxpayers to seek refunds or credits for overpaid taxes. All refunds, credits, and interest for Regular Lodging Taxes and Additional Lodging Taxes imposed by the District shall be charged to the District.

Any party to the Interlocal Agreement shall have six months from the date funds are distributed by the State Treasurer to notify the other parties in writing of any error in the amount of distributed funds. The party receiving such notice shall have 60 days to review the claim. Upon agreement of the parties, DOR shall deposit any necessary additional funds with the State Treasurer for distribution to the District; or in the event of over-distribution to the District, the District shall return such over-distribution to DOR. If the parties cannot reach an agreement, the parties have agreed to resolve disputes under the Interlocal Agreement in the following manner: either party may elect mediation in which DOR, the State Treasurer and the District shall each individually appoint one member to a Dispute Board. The Dispute Board shall evaluate the dispute and make a written determination of the dispute after considering the relevant facts and legal authorities. The Dispute Board's determination shall be given significant weight by all parties who will meet after the determination is issued to resolve the dispute. If a solution is not reached, the determination of the Dispute Board shall be admissible in any future legal proceedings among the parties concerning the dispute. The parties shall be responsible for all costs of their selected members. The remedy is not intended to be exclusive of other remedies at law, in equity, by statute or otherwise.

No Express Statutory Lien

RCW 36.100.040(7) authorizes the District to "pledge" the Lodging Tax Revenues to pay or "secure" the payment of obligations issued or incurred by the Board, subject to the terms established by the Board. Under the Master Agreement the District has assigned, pledged and granted the Trust Estate, including all right, title and interest of the District in and to the Lodging Tax Revenues, to secure the payment of the principal of and interest on the First Priority Bonds and the Subordinate Priority WSCC Obligations. The statute does not expressly state that the pledge constitutes a statutory lien. See "CERTAIN INVESTMENT CONSIDERATIONS."

Lodging Tax Account; Flow of Funds

For the benefit of the Owners of all First Priority Bonds and, on a subordinate basis, all Subordinate Priority WSCC Obligations, the Trustee has established and is required to maintain the "Washington State Convention Center Public Facilities District – Lodging Tax Account" (the "Lodging Tax Account"). See "*Lodging Tax Account*" below.

For the benefit of the Owners of all First Priority Bonds, the Trustee has established and is required to maintain the Bond Fund which includes therein the Interest Account and the Principal Account. The Trustee has also established and is required to maintain the "Washington State Convention Center Public Facilities District Lodging Tax Bond Common Reserve Fund" (the "Common Reserve Fund") for the benefit of the Owners of all First Priority Bonds secured by the Common Reserve Fund (the "Covered Bonds"), including the 2010 Bonds and the 2018 First Priority Bonds. See "Bond Funds for First Priority Bonds" below.

For the benefit of the Owners of all Subordinate Priority WSCC Obligations, the Trustee has established and is required to maintain the Subordinate Priority Bond Fund which includes therein the Subordinate Priority Interest Account and the Subordinate Priority Principal Account. The Trustee has established and is required to maintain the "Washington State Convention Center Public Facilities District Lodging Tax Subordinate Priority Common Reserve

Fund” (the “Subordinate Priority Common Reserve Fund”) for the benefit of the Owners of all Subordinate Priority WSCC Obligations secured by the Subordinate Priority Common Reserve Fund (the “Subordinate Priority Covered Bonds”), including the 2018 Subordinate Priority Bonds. See “—Bond Funds for Subordinate Priority Bonds” below.

The Trustee may establish additional funds, accounts and subaccounts as deemed necessary or desirable for the benefit of Owners of any First Priority Bonds and/or Subordinate Priority WSCC Obligations.

Lodging Tax Account. The Lodging Tax Account shall be maintained by the Trustee under the terms of the Master Agreement. The Master Agreement requires the Trustee to deposit the following sums into the Lodging Tax Account:

- (a) On the date of receipt thereof pursuant to the Interlocal Agreement, Lodging Tax Revenues received from the State Treasurer;
- (b) As received, all interest earnings on the Lodging Tax Account, the Interest Account, the Principal Account, the Subordinate Priority Interest Account and the Subordinate Priority Principal Account;
- (c) Amounts received by the Trustee as subsidy payments for the 2010 Bonds issued as Build America Bonds or other direct-pay subsidy bonds if not required to be deposited into the applicable interest account;
- (d) Upon the conditions set forth in the Master Agreement regarding the funding of the Common Reserve Fund, money from the Common Reserve Fund in excess of the Common Reserve Requirement – First Priority and from the Subordinate Priority Common Reserve Fund in excess of the Common Reserve Requirement – Subordinate Priority, respectively; and
- (e) All other money delivered to the Trustee with written direction from the District that such money shall be deposited into the Lodging Tax Account.

If the Trustee has not received a disbursement from the State Treasurer under the Interlocal Agreement or from other sources during any month that is sufficient, together with any additional amounts in excess of the Required Monthly Deposits (defined below) since the prior Interest Payment Date that the District has directed be deposited to or maintained in the Lodging Tax Account, to make the Required Monthly Deposits, the Trustee is required to notify the District Treasurer promptly but in no event later than the 24th day of the month, and the District is required to remit a Required Supplemental Deposit to the Trustee no later than the second business day thereafter.

With respect to First Priority Bonds with annual Principal Payment Dates and semi-annual Interest Payment Dates, such as the 2018 First Priority Bonds, the term “Required Monthly Deposit” means (a) with respect to the Interest Account, an amount equal to one-sixth of the interest on First Priority Bonds coming due on the upcoming Interest Payment Date, net of First Priority Debt Service Offsets; except that in connection with the Interest Payment Date coming due on January 1, 2019, such amount equals one-fourth of the interest on First Priority Bonds coming due on that Interest Payment Date, net of First Priority Debt Service Offsets; (b) with respect to the Principal Account and commencing 12 months prior to the first scheduled Principal Payment Date, an amount equal to one-twelfth of the principal of First Priority Bonds coming due and payable on the upcoming Principal Payment Date; (c) with respect to the Common Reserve Fund, the dollar amount required to establish or maintain the Common Reserve Requirement – First Priority at the times and in the amount required by the Master Agreement; and (d) with respect to any other reserve fund created for one or more series of First Priority Bonds, the dollar amount required to establish or maintain the Reserve Requirement at the times and amounts required in accordance with the terms of the applicable Series Agreement.

With respect to Subordinate Priority WSCC Obligations with annual Principal Payment Dates and semi-annual Interest Payment Dates, such as the 2018 Subordinate Priority Bonds, the term “Required Monthly Deposit” means (a) with respect to the Subordinate Priority Interest Account, an amount equal to one-sixth of the interest on Subordinate Priority WSCC Obligations coming due on the upcoming Interest Payment Date, net of Subordinate Priority Debt Service Offsets; except that in connection with the Interest Payment Date coming due on January 1,

2019, such amount equals one-fourth of the interest on Subordinate Priority WSCC Obligations coming due on that Interest Payment Date, net of Subordinate Priority Debt Service Offsets; (b) with respect to the Subordinate Priority Principal Account and commencing 12 months prior to the first scheduled Principal Payment Date, an amount equal to one-twelfth of the principal of Subordinate Priority WSCC Obligations coming due and payable on the upcoming Principal Payment Date; (c) with respect to the Subordinate Priority Common Reserve Fund, the dollar amount required to establish or maintain the Common Reserve Requirement – Subordinate Priority at the times and amounts required in accordance with the terms of the Master Agreement; and (d) with respect to any other reserve fund created for one or more series of Subordinate Priority WSCC Obligations, the dollar amount required to establish or maintain the Reserve Requirement at the times and amounts required in accordance with the terms of the applicable Series Agreement.

If the Trustee does not have on deposit in the Interest Account or the Subordinate Priority Interest Account an amount sufficient to pay interest on First Priority Bonds or Subordinate Priority WSCC Obligations, respectively, coming due on the upcoming Interest Payment Date, or does not have on deposit in the Principal Account an amount sufficient to pay principal of the First Priority Bonds or Subordinate Priority WSCC Obligations, respectively, maturing or coming due on the upcoming Principal Payment Date as of the 24th day of the month immediately preceding a Debt Service Payment Date, the Trustee is required to notify the District Treasurer immediately, and the District will remit a Required Supplemental Deposit to the Trustee no later than the second business day thereafter.

With respect to First Priority Bonds, such as the 2018 First Priority Bonds, the term “Required Supplemental Deposit” means (a) the amount, if required, to pay the Required Monthly Deposits if the Trustee has not received a disbursement from the State Treasurer or other sources on or prior to the 24th day of any month sufficient to make the Required Monthly Deposits and (b) the amount, if required, to pay the principal of and/or interest on the First Priority Bonds coming due on an upcoming Debt Service Payment Date if and to the extent that the Trustee does not have on deposit in the Interest Account an amount sufficient to pay interest on First Priority Bonds coming due on the upcoming Interest Payment Date or does not have on deposit in the Principal Account an amount sufficient to pay principal of the First Priority Bonds maturing or coming due on the upcoming Principal Payment Date as of the 24th day of the month immediately prior to the Debt Service Payment Date.

With respect to Subordinate Priority WSCC Obligations, such as the 2018 Subordinate Priority Bonds, the term “Required Supplemental Deposit” means (a) the amount, if required, to pay the Required Monthly Deposits if the Trustee has not received a disbursement from the State Treasurer or other sources on or prior to the 24th day of any month sufficient to make the Required Monthly Deposits and (b) the amount, if required, to pay the principal of and/or interest on the Subordinate Priority WSCC Obligations coming due on an upcoming Debt Service Payment Date if and to the extent that the Trustee does not have on deposit in the Subordinate Priority Interest Account an amount sufficient to pay interest on Subordinate Priority WSCC Obligations coming due on the upcoming Interest Payment Date or does not have on deposit in the Subordinate Priority Principal Account an amount sufficient to pay principal of the Subordinate Priority WSCC Obligations maturing or coming due on the upcoming Principal Payment Date as of the 24th day of the month immediately prior to the Debt Service Payment Date.

The Master Agreement requires the Trustee to disburse Lodging Tax Revenues and other money in the Lodging Tax Account on the following dates and in the following amounts:

- (a) Upon receipt thereof, the Trustee is required to immediately disburse all Lodging Tax Revenues received from the State Treasurer pursuant to the Interlocal Agreement and/or all other money delivered to the Trustee with written direction from the District that such money shall be deposited into the Lodging Tax Account, together with any amount retained for this purpose as described in subsection (b) below, to make the Required Monthly Deposits (see “*Priority of Payments*” below);
- (b) On a monthly basis, upon making the Required Monthly Deposits for any month (or upon confirmation by the Trustee that the Required Monthly Deposits have been made or the amount on deposit in the applicable fund or account is sufficient to satisfy the Required Monthly Deposits accruing since the prior Interest Payment Date), the Trustee is required to disburse any Available Balance on hand in the Lodging Tax Account during that month to the District to be applied by the District to make any Required Supplemental Deposit and for the purposes, and in the order of

priority, set forth in Sixth through Tenth in the Priority of Payment; provided, the District may, at its option, instruct the Trustee to retain all or a portion of the Available Balance in the Lodging Tax Account and to disburse such funds to satisfy all or a portion of any Required Monthly Deposit;

- (c) Prior to any Interest Payment Date and/or Principal Payment Date, upon confirmation by the Trustee:
 - (i) that the balance on hand in the Interest Account is sufficient to pay interest on First Priority Bonds coming due on the upcoming Interest Payment Date,
 - (ii) that the balance on hand in the Principal Account is sufficient to pay principal of First Priority Bonds maturing or subject to redemption on the upcoming Principal Payment Date,
 - (iii) that the balance on hand in the Subordinate Priority Interest Account is sufficient to pay interest on Subordinate Priority WSCC Obligations coming due on the upcoming Interest Payment Date,
 - (iv) that the balance on hand in the Subordinate Priority Principal Account is sufficient to pay principal of Subordinate Priority WSCC Obligations maturing or subject to redemption on the upcoming Principal Payment Date, and
 - (v) all Required Monthly Deposits and Required Supplemental Deposits then required to be made have been made,

Then, the Trustee is required to disburse any Available Balance on hand in the Lodging Tax Account to the District to be applied by the District to make any Required Supplemental Deposit and for the purposes, and in the order of priority, set forth in Sixth through Tenth in the Priority of Payment; and

- (d) Upon the defeasance or redemption of all Outstanding First Priority Bonds and Subordinate Priority WSCC Obligations, the Trustee is required to disburse the balance of the Lodging Tax Account to the District.

Priority of Payments. Under the terms of the Master Agreement, all Lodging Tax Revenues are required to be disbursed to make the following payments in the following order of priority:

First, to make the Required Monthly Deposits and Required Supplemental Deposits into the Interest Account held in the Bond Fund for the payment of upcoming interest on First Priority Bonds;

Second, to make the Required Monthly Deposits and Required Supplemental Deposits into the Principal Account held in the Bond Fund for the payment of principal of First Priority Bonds maturing or being redeemed by sinking fund redemption prior to scheduled maturity;

Third, to make all payments required to be made into the Common Reserve Fund to maintain the Common Reserve Requirement – First Priority for Covered Bonds and into any other reserve fund established for Additional First Priority Bonds that are Uncovered Bonds to maintain the applicable Reserve Requirement, if any, including payments to reimburse the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto;

Fourth, to make all payments required on a monthly basis or otherwise to be made into the Subordinate Priority Interest Account for the payment of upcoming interest on Subordinate Priority WSCC Obligations; and then to make all payments required on a monthly basis or otherwise to be made into the Subordinate Priority Principal Account for the payment of principal of Subordinate Priority WSCC Obligations maturing or being redeemed by sinking fund redemption prior to scheduled maturity;

Fifth, to make all payments required to be made into the Subordinate Priority Common Reserve Fund to maintain the Common Reserve Requirement – Subordinate Priority for Subordinate Priority Covered Bonds and into any other reserve fund established for Subordinate Priority WSCC Obligations that are not Subordinate Priority Covered Bonds to maintain the applicable Reserve Requirement, if any, including payments to reimburse the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto;

Sixth, to make the Annual Payment Amount and any loan repayment amounts owed to the State as required under RCW 36.100.040(6) and the Transfer Agreement (see “—Lodging Tax Revenues” above);

Seventh, to make all payments required to be made to pay the Note evidencing the District’s obligations under the Purchase and Sale Agreement as and when due;

Eighth, to pay operating expenses of the Convention Center and to make payments into the Operating Reserve Account in order to maintain the required operating reserve balance therein as required by the policies established by the District pursuant to Section 2.11 of the Master Agreement;

Ninth, to pay the principal of or interest on, to retire by redemption or to purchase any outstanding bonds or other obligations of the District as authorized in the various resolutions of the Board authorizing their issuance; and

Tenth, to make necessary additions, betterments, improvements and repairs to or extension and replacements of the Convention Center or for any other lawful District purposes.

The District has covenanted in the Master Agreement that it will exercise due regard for the anticipated financial requirements to be satisfied as priorities First through Ninth described above in each Fiscal Year prior to authorizing or making any disbursement of Lodging Tax Revenues for the purposes identified as the Tenth priority. Any Lodging Tax Revenues remitted to the District are to be invested by the District Treasurer in any legal investment for District funds, and interest earnings are to accrue and be credited to the account or accounts specified by the District. The District has covenanted that it will not pledge or otherwise permit any use of Lodging Tax Revenue for any purpose other than as provided by the Master Agreement.

The flow of funds set forth in the Master Agreement and summarized above amends and restates the flow of funds provided for in the 2010 Bond Resolution by adding to and revising priorities after priorities First through Third related to the payment First Priority Bonds. By their purchase of the 2018 First Priority Bonds, Owners of the 2018 First Priority Bonds are deemed to have consented to the amendment to the 2010 Bond Resolution. As a result, the amendment will become effective on the date of delivery of the 2018 First Priority Bonds. See “INTRODUCTION—Amendments to 2010 Bond Documents.”

Bond Funds for First Priority Bonds

Bond Fund. The Bond Fund is required to be maintained by the Trustee and drawn upon to pay the principal of and interest on the First Priority Bonds, including the 2018 First Priority Bonds, as the same shall become due and payable.

The Trustee is required to deposit the following sums into the Interest Account:

- (a) On the date of receipt in the Lodging Tax Account, the amount required to be deposited into the Interest Account as a Required Monthly Deposit;
- (b) Amounts received by the Trustee as subsidy payments for the 2010 Bonds issued as Build America Bonds and any other First Priority Bonds issued as direct-pay subsidy bonds;
- (c) A Required Supplemental Deposit from the District (1) if and to the extent that the Trustee has not received a disbursement from the State Treasurer under the Interlocal Agreement or from other sources during a month that is sufficient to make the Required Monthly Deposits as of the 24th day of the month and/or (2) if and to the extent that the Trustee does not have on deposit in the Interest

Account an amount sufficient to pay interest on First Priority Bonds coming due on the upcoming Interest Payment Date as of the 24th day of the month immediately preceding an Interest Payment Date;

- (d) On the business day prior to each day that a payment of interest is due with respect to First Priority Bonds issued as Covered Bonds or secured by a reserve fund (whether by redemption or maturity), to the extent that the balance on hand in the Bond Fund is not sufficient to make such payment, the Trustee is required to transfer money from the Common Reserve Fund or reserve fund, as applicable, to the Interest Account to be used for such purpose; and
- (e) All other money delivered to the Trustee with written direction from District that such money is to be deposited into the Interest Account.

The Trustee is required to deposit the following sums into the Principal Account:

- (a) On the date of receipt in the Lodging Tax Account, the amount required to be deposited into the Principal Account as a Required Monthly Deposit;
- (b) A Required Supplemental Deposit from the District (1) if and to the extent that the Trustee has not received a disbursement from the State Treasurer under the Interlocal Agreement or from other sources during a month that is sufficient to make the Required Monthly Deposits as of the 24th day of the month and/or (2) if and to the extent the Trustee does not have on deposit in the Principal Account an amount sufficient to pay principal of the First Priority Bonds maturing or coming due on the upcoming Principal Payment Date as of the 24th day of the month immediately preceding a Principal Payment Date;
- (c) On the business day prior to each day that a payment of principal and premium is due with respect to First Priority Bonds that are Covered Bonds or secured by a reserve fund (whether by redemption or maturity), to the extent that the balance on hand in the Bond Fund is not sufficient to make such payment, the Trustee is required to transfer money from the Common Reserve Fund or reserve fund, as applicable, to the Principal Account to be used for such purpose; and
- (d) All other money delivered to the Trustee with written direction from District that such amount is to be deposited into the Principal Account.

The Trustee is to disburse money in the Principal and Interest Accounts in the Bond Fund on the following dates and in the following amounts:

- (a) To Registered Owners thereof at such time required to pay on each date on which a payment of interest on First Priority Bonds comes due, an amount equal to the interest on all of the First Priority Bonds then Outstanding coming due on such date;
- (b) To Registered Owners thereof at such time required to pay on each date on which principal of the First Priority Bonds matures or is subject to redemption for as long as any of the First Priority Bonds are Outstanding and unpaid, an amount equal to the principal (including mandatory redemption amounts) of the First Priority Bonds maturing or subject to redemption on such date;
- (c) To Registered Owners thereof at such time required to pay on each date on which the First Priority Bonds are subject to redemption prior to maturity, whether by optional, mandatory or extraordinary redemption prior to maturity, the redemption price of the First Priority Bonds to be redeemed; and
- (d) To the District, the balance therein upon the defeasance or redemption of all Outstanding First Priority Bonds.

Common Reserve Fund. The Trustee will maintain the Common Reserve Fund for the purpose of securing the payment of the principal of, premium, if any, and interest on all First Priority Bonds that are Covered Bonds. Covered Bonds include the 2010 Bonds, the 2018 First Priority Bonds, and Additional First Priority Bonds, if any, designated as Covered Bonds additionally secured by the Common Reserve Fund. Alternatively, the District may elect to secure Additional First Priority Bonds with a separate debt service reserve fund and to establish a separate Reserve Requirement, which may be zero. Any First Priority Bonds that are not secured by the Common Reserve Fund are referred to in the Master Agreement as “Uncovered Bonds.”

The District has covenanted in the Master Agreement for so long as any Covered Bonds remain Outstanding to maintain a balance in the Common Reserve Fund in an amount at least equal to the Common Reserve Requirement – First Priority. The “Common Reserve Requirement – First Priority” is defined in the Master Agreement to mean maximum Annual Debt Service with respect to Outstanding Covered Bonds. The Common Reserve Requirement – First Priority is required to be determined and calculated as of the date of issuance of each series of Covered Bonds (and recalculated upon the issuance of a subsequent series of Covered Bonds and also, at the District’s option, upon the payment of principal of Covered Bonds). For purposes of calculating the Common Reserve Requirement – First Priority, Debt Service is calculated net of First Priority Debt Service Offsets.

The Common Reserve Requirement – First Priority at the time of issuance of the 2018 First Priority Bonds is \$48,412,035.38, which amount is equal to maximum Annual Debt Service on the Covered Bonds, and will be satisfied at closing. Cash on deposit in the Common Reserve Fund in connection with the Common Reserve Requirement – First Priority for the 2010 Bonds is expected to be replaced, and the Common Reserve Requirement – First Priority for the 2010 Bond and the 2018 First Priority Bonds is expected to be satisfied, through the purchase of Qualified Insurance.

The District has obtained a commitment from AGM to issue a debt service reserve insurance policy (the “First Priority Surety Bond”) as Qualified Insurance in the dollar amount equal to the Common Reserve Requirement - First Priority for the 2010 Bonds and the 2018 First Priority Bonds, as specified under the Master Agreement, on the Closing Date (the “First Priority Policy Limit”). The First Priority Surety Bond will provide that upon notice from the Trustee, AGM will make payment as provided in the First Priority Surety Bond to the Trustee or Paying Agent. Upon such payment, AGM will become entitled to reimbursement by the District of the amount so paid (together with interest and expenses). The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of First Priority Surety Bond shall automatically be reduced by any payment under the First Priority Surety Bond. However, after such payment, the amount available under the First Priority Surety Bond is to be reinstated in full or in part, but only up to the First Priority Policy Limit, to the extent of the reimbursement of such payment as provided in the First Priority Surety Bond to AGM by or on behalf of the District. The District expects to include provisions related to the First Priority Surety Bond in the First Priority Series Agreement at the time of issuance of the First Priority Surety Bond. See “ASSURED GUARANTY MUNICIPAL CORP.”

The Trustee is required to deposit the following amounts on the following dates into the Common Reserve Fund:

- (a) On the date of issuance of each series of Covered Bonds, the District will assure that the amount on hand in the Common Reserve Fund shall be sufficient to meet the Common Reserve Requirement – First Priority;
- (b) If there shall be a deficiency in the Common Reserve Fund, the Trustee shall deposit Lodging Tax Revenues in the Lodging Tax Account as a Required Monthly Deposit pursuant to the Master Agreement; and
- (c) Money received by the Trustee from the District with written direction that such money be deposited into the Common Reserve Fund.

The Trustee is required maintain and disburse the balances on hand in the Common Reserve Fund in accordance with the following provisions:

Composition of Account; Valuation Requirement. The Common Reserve Requirement – First Priority is required to be maintained by deposits of cash and/or qualified investments, a Qualified Letter of Credit or Qualified Insurance,

or a combination of the foregoing. To the extent that the District obtains a Qualified Letter of Credit or Qualified Insurance in substitution for cash or securities in the Common Reserve Fund, all or a portion of the money on hand in the Common Reserve Fund is required to be transferred to the Project Fund and/or the Lodging Tax Account, as directed by the District. In computing the amount on hand in the Common Reserve Fund, Qualified Insurance and/or a Qualified Letter of Credit will be valued at the lower of the face amount thereof and the amount available to be drawn thereunder, and all other obligations purchased as an investment of moneys therein are required to be valued by the Trustee on a marked to market basis, at least once annually; provided that U.S. Treasury obligations, U.S. agency obligations and municipal debt obligations shall be valued at face value. As used in the Master Agreement, the term “cash” includes U.S. currency, cash equivalents and evidences thereof, including demand deposits and a certified or cashier’s check; and the deposit to the Common Reserve Fund may be satisfied by the transfer of investments to such account. If a deficiency in the Common Reserve Requirement – First Priority exists as a result of the foregoing valuation, such deficiency must be made up within one year after the valuation date.

Application of Balances if Common Reserve Fund is Fully Funded. If the balance on hand in the Common Reserve Fund is sufficient to satisfy the Common Reserve Requirement – First Priority, amounts in excess of such Common Reserve Requirement – First Priority are required to be applied as described in the following sentences. Whenever there is a sufficient amount in the Bond Fund and the Common Reserve Fund to pay the principal of, premium, if any, and interest on all Covered Bonds, the money in the Common Reserve Fund may be used to pay such principal and interest. If the balance on deposit in the Common Reserve Fund is at least equal to the Common Reserve Requirement – First Priority, money in the Common Reserve Fund in excess of the Common Reserve Requirement – First Priority may be transferred to the Lodging Tax Account.

Application of Balances if there is a Deficiency in the Bond Fund. In the event of a deficiency in the Bond Fund with respect to Covered Bonds, such deficiency is to be made up from the Common Reserve Fund by the withdrawal of cash therefrom for that purpose and by the sale or redemption of investments held in the Common Reserve Fund, in such amounts as will provide cash in the Common Reserve Fund sufficient to make up any such deficiency with respect to the Covered Bonds, and if a deficiency still exists immediately prior to an Interest Payment Date and after the transfer of cash from the Common Reserve Fund to the Bond Fund, the District is required to then draw from any Qualified Letter of Credit or Qualified Insurance then credited to the Common Reserve Fund for the Covered Bonds in sufficient amount to make up the deficiency. If more than one Qualified Letter of Credit or Qualified Insurance is then credited to the Common Reserve Fund (or if there is both a Qualified Letter of Credit and Qualified Insurance then credited to the Common Reserve Fund) for the Covered Bonds, the District shall draw on all such Qualified Letters of Credit and Qualified Insurance on a pro rata basis in an aggregate sufficient amount to make up the deficiency. Any draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. Reimbursement may be made to the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto, and after making necessary provision for the payments required to be made in paragraphs First and Second of the Priority of Payment. In providing for the payments required to be made in Paragraph Third of the Priority of Payment, the reimbursement agreement with any issuer of a Qualified Letter of Credit or Qualified Insurance may require reimbursement for draws on such Qualified Insurance or Qualified Letter prior to replenishment of cash in the Common Reserve Fund. If more than one Qualified Letter of Credit or Qualified Insurance is then credited to the Common Reserve Fund (or if there is both a Qualified Letter of Credit and Qualified Insurance then credited to the Common Reserve Fund) for the Covered Bonds, reimbursement for amounts drawn shall be made on a pro rata basis to issuers of such Qualified Letters of Credit and Qualified Insurance from payments available under Paragraph Third. If the District shall have failed to make any payment required to be made under such reimbursement agreement for Covered Bonds, the issuer shall be entitled to exercise all remedies available at law or under the applicable authorizing resolution or Series Agreement; provided, however, that no acceleration of Covered Bonds shall be permitted, and no remedies that adversely affect Registered Owners of Covered Bonds shall be permitted.

Any deficiency created in the Common Reserve Fund by reason of a withdrawal therefrom is required to be made up within one year after the withdrawal from Qualified Insurance or a Qualified Letter of Credit or out of Lodging Tax Revenues (or out of any other moneys on hand legally available for such purpose), in 12 equal monthly installments, after first making timely provision for all payments required to be made into the Bond Fund within such year.

If a Credit Event occurs, the Common Reserve Requirement – First Priority shall be satisfied, at the option of the District, either (A) within one year after the occurrence of such Credit Event with other Qualified Insurance or

another Qualified Letter of Credit, or (B) within three years (in three equal annual installments) after the occurrence of such Credit Event described in (c) below, out of Lodging Tax Revenues (or out of other money on hand and legally available for such purpose) after first making necessary provisions for all payments required to be made into the Bond Fund. A Credit Event occurs when (a) a Qualified Letter of Credit terminates, (b) the issuer of Qualified Insurance or a Qualified Letter of Credit shall become insolvent or no longer be in existence, or (c) the issuer of a Qualified Letter of Credit is no longer rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies or the issuer of the Qualified Insurance is no longer rated in one of the two highest Rating Categories by one or more of the Rating Agencies for unsecured debt or insurance underwriting or claims paying ability.

Additional Reserve Funds. Under the terms of the Master Agreement, the Trustee may establish additional reserve funds or accounts for a series of Uncovered Bonds, which shall be funded at the applicable Reserve Requirement. The terms related to such reserve fund and the applicable Reserve Requirement shall be set forth in the Series Agreement relating to the Uncovered Bonds.

Bond Funds for Subordinate Priority WSCC Obligations

Subordinate Priority Bond Fund. The Subordinate Priority Bond Fund is required to be maintained by the Trustee and drawn upon to pay the principal of and interest on the Subordinate Priority WSCC Obligations, including the 2018 Subordinate Priority Bonds, as the same shall become due and payable.

The Trustee is required to deposit the following sums into the Subordinate Priority Interest Account:

- (a) On the date of receipt in the Lodging Tax Account, the amount required to be deposited into the Subordinate Priority Interest Account as a Required Monthly Deposit;
- (b) Amounts received by the Trustee as subsidy payments for any Subordinate Priority WSCC Obligations issued as direct-pay subsidy bonds, as set forth in the applicable Series Agreement for such Subordinate Priority WSCC Obligations;
- (c) A Required Supplemental Deposit from the District (1) if and to the extent that the Trustee has not received a disbursement from the State Treasurer under the Interlocal Agreement or from other sources during a month that is sufficient to make the Required Monthly Deposits as of the 24th day of the month and/or (2) if and to the extent that the Trustee does not have on deposit in the Subordinate Priority Interest Account an amount sufficient to pay interest on Subordinate Priority WSCC Obligations coming due on the upcoming Interest Payment Date as of the 24th day of the month immediately preceding an Interest Payment Date;
- (d) On the business day prior to each day that a payment of interest is due with respect to Subordinate Priority WSCC Obligations that are secured by the Subordinate Priority Common Reserve Fund or other reserve fund, to the extent that the balance on hand in the Subordinate Priority Bond Fund is not sufficient to make such payment, the Trustee shall transfer money from the Subordinate Priority Common Reserve Fund or other reserve fund, as applicable, to the Subordinate Priority Interest Account to be used for such purpose; and
- (e) All other money delivered to the Trustee with written direction from District that such money is to be deposited into the Subordinate Priority Interest Account.

The Trustee is required to deposit the following sums into the Subordinate Priority Principal Account:

- (a) On the date of receipt in the Lodging Tax Account, the amount required to be deposited into the Subordinate Priority Principal Account as a Required Monthly Deposit;
- (b) A Required Supplemental Deposit from the District (1) if and to the extent that the Trustee has not received a disbursement from the State Treasurer under the Interlocal Agreement or from other sources during a month that is sufficient to make the Required Monthly Deposits as of the 24th day

of the month and/or (2) if and to the extent the Trustee does not have on deposit in the Subordinate Priority Principal Account an amount sufficient to pay principal of the Subordinate Priority WSCC Obligations maturing or coming due on the upcoming Principal Payment Date as of the 24th day of the month immediately preceding a Principal Payment Date;

- (c) On the business day prior to each day that a payment of principal and premium is due with respect to Subordinate Priority WSCC Obligations that are secured by the Subordinate Priority Common Reserve Fund (whether by redemption or maturity), to the extent that the balance on hand in the Subordinate Priority Bond Fund is not sufficient to make such payment, the Trustee shall transfer money from the Subordinate Priority Common Reserve Fund to the Subordinate Priority Principal Account to be used for such purpose; and
- (d) All other money delivered to the Trustee with written direction from District that such amount is to be deposited into the Subordinate Priority Principal Account.

The Trustee is to disburse money in the Subordinate Priority Principal and Interest Accounts in the Subordinate Priority Bond Fund on the following dates and in the following amounts:

- (a) To Registered Owners at such time required to pay on each date on which a payment of interest on Subordinate Priority WSCC Obligations comes due, an amount equal to the interest on all of the Subordinate Priority WSCC Obligations then Outstanding coming due on such date;
- (b) To Registered Owners at such time required to pay on each date on which principal of the Subordinate Priority WSCC Obligations matures or is subject to redemption for as long as any of the Subordinate Priority WSCC Obligations are Outstanding and unpaid, an amount equal to the principal (including mandatory redemption amounts) of the Subordinate Priority WSCC Obligations maturing or subject to redemption on such date;
- (c) To Registered Owners at such time required to pay on each date on which the Subordinate Priority WSCC Obligations are subject to redemption prior to maturity, whether by optional, mandatory or extraordinary redemption prior to maturity, the redemption price of the Subordinate Priority WSCC Obligations to be redeemed; and
- (d) To the District, the balance therein upon the defeasance or redemption of all Outstanding Subordinate Priority WSCC Obligations.

Subordinate Priority Common Reserve Fund. The Trustee will maintain the Subordinate Priority Common Reserve Fund for the purpose of securing the payment of the principal of, premium, if any, and interest on all Subordinate Priority WSCC Obligations that are Subordinate Priority Covered Bonds. Subordinate Priority Covered Bonds include the 2018 Subordinate Priority Bonds and Additional Subordinate Priority WSCC Obligations, if any, designated as Subordinate Priority Covered Bonds additionally secured by the Subordinate Priority Common Reserve Fund. Alternatively, the District may elect to secure Additional Subordinate Priority WSCC Obligations with a separate debt service reserve fund and to establish a separate Reserve Requirement, which may be zero.

The District has covenanted in the Master Agreement for so long as any Subordinate Priority Covered Bonds remain outstanding to maintain a balance in the Subordinate Priority Common Reserve Fund in an amount at least equal to the Common Reserve Requirement – Subordinate Priority. The “Common Reserve Requirement – Subordinate Priority” is defined in the Master Agreement to mean maximum Annual Debt Service with respect to Outstanding Subordinate Priority Covered Bonds. The Common Reserve Requirement – Subordinate Priority is required to be determined and calculated as of the date of issuance of each series of Subordinate Priority Covered Bonds (and recalculated upon the issuance of a subsequent series of Subordinate Priority Covered Bonds and also, at the District’s option, upon the payment of principal of Subordinate Priority Covered Bonds). For purposes of calculating the Common Reserve Requirement – Subordinate Priority, Debt Service is calculated net of any Subordinate Priority Debt Service Offsets.

The Common Reserve Requirement – Subordinate Priority at the time of issuance of the 2018 Subordinate Priority Bonds is \$25,261,750, which amount is equal to maximum Annual Debt Service with respect to Outstanding Subordinate Priority Covered Bonds. The Common Reserve Requirement – Subordinate Priority is expected to be satisfied, through the purchase of Qualified Insurance.

The District has obtained a commitment from AGM to issue a debt service reserve insurance policy (the “Subordinate Priority Surety Bond”) as Qualified Insurance in the dollar amount equal to the Common Reserve Requirement – Subordinate Priority for the Subordinate Priority 2018 Bonds, as specified under the Master Agreement, on the Closing Date (the “Subordinate Priority Policy Limit”). The Subordinate Priority Surety Bond will provide that upon notice from the Trustee, AGM will make payment as provided in the Subordinate Priority Surety Bond to the Trustee or Paying Agent. Upon such payment, AGM will become entitled to reimbursement by the District of the amount so paid (together with interest and expenses). The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of Subordinate Priority Surety Bond shall automatically be reduced by any payment under the Subordinate Priority Surety Bond. However, after such payment, the amount available under the Subordinate Priority Surety Bond is to be reinstated in full or in part, but only up to the Subordinate Priority Policy Limit, to the extent of the reimbursement of such payment as provided in the Subordinate Priority Surety Bond to AGM by or on behalf of the District. The District expects to include provisions related to the Subordinate Priority Surety Bond in the Subordinate Priority Series Agreement at the time of issuance of the Subordinate Priority Surety Bond. See “ASSURED GUARANTY MUNICIPAL CORP.”

The Trustee is required to deposit the following amounts on the following dates into the Subordinate Priority Common Reserve Fund:

- (a) On the date of issuance of each series of Subordinate Priority Covered Bonds, the District will assure that the amount on hand in the Subordinate Priority Common Reserve Fund shall be sufficient to meet the Common Reserve Requirement – Subordinate Priority;
- (b) If there shall be a deficiency in the Subordinate Priority Common Reserve Fund, the Trustee shall deposit Lodging Tax Revenues in the Lodging Tax Account as a Required Monthly Deposit pursuant to the Master Agreement; and
- (c) Money received by the Trustee from the District with written direction that such money be deposited into the Subordinate Priority Common Reserve Fund.

The Trustee is required maintain and disburse the balances on hand in the Subordinate Priority Common Reserve Fund in accordance with the following provisions:

Composition of Account; Valuation Requirement. The Common Reserve Requirement – Subordinate Priority is required to be maintained by deposits of cash and/or qualified investments, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. To the extent that the District obtains a Qualified Letter of Credit or Qualified Insurance in substitution for cash or securities in the Subordinate Priority Common Reserve Fund, all or a portion of the money on hand in the Subordinate Priority Common Reserve Fund is required to be transferred to the Project Fund and/or the Lodging Tax Account, as directed by the District. In computing the amount on hand in the Subordinate Priority Common Reserve Fund, Qualified Insurance and/or a Qualified Letter of Credit will be valued at the lower of the face amount thereof and the amount available to be drawn thereunder, and all other obligations purchased as an investment of moneys therein are required to be valued by the Trustee on a marked to market basis, at least once annually; provided that U.S. Treasury obligations, U.S. agency obligations and municipal debt obligations shall be valued at face value. As used in the Master Agreement, the term “cash” includes U.S. currency, cash equivalents and evidences thereof, including demand deposits and a certified or cashier’s check; and the deposit to the Common Reserve Fund may be satisfied by the transfer of investments to such account. If a deficiency in the Common Reserve Requirement – Subordinate Priority exists as a result of the foregoing valuation, such deficiency must be made up within one year after the valuation date.

Application of Balances if Subordinate Priority Common Reserve Fund is Fully Funded. If the balance on hand in the Subordinate Priority Common Reserve Fund is sufficient to satisfy the Common Reserve Requirement – Subordinate Priority, amounts in excess of such Common Reserve Requirement – Subordinate Priority are required

to be applied as described in the following sentences. Whenever there is a sufficient amount in the Subordinate Priority Bond Fund and the Subordinate Priority Common Reserve Fund to pay the principal of, premium, if any, and interest on all Subordinate Priority Covered Bonds, the money in the Subordinate Priority Common Reserve Fund may be used to pay such principal and interest. If the balance on deposit in the Subordinate Priority Common Reserve Fund is at least equal to the Common Reserve Requirement – Subordinate Priority, money in the Subordinate Priority Common Reserve Fund in excess of the Common Reserve Requirement – Subordinate Priority may be transferred to the Lodging Tax Account.

Application of Balances if there is a Deficiency in the Subordinate Priority Bond Fund. In the event of a deficiency in the Subordinate Priority Bond Fund with respect to Subordinate Priority Covered Bonds, such deficiency is to be made up from the Subordinate Priority Common Reserve Fund by the withdrawal of cash therefrom for that purpose and by the sale or redemption of investments held in the Subordinate Priority Common Reserve Fund, in such amounts as will provide cash in the Subordinate Priority Common Reserve Fund sufficient to make up any such deficiency with respect to the Subordinate Priority Covered Bonds, and if a deficiency still exists immediately prior to an Interest Payment Date and after the transfer of cash from the Subordinate Priority Common Reserve Fund to the Subordinate Priority Bond Fund, the District is required to then draw from any Qualified Letter of Credit or Qualified Insurance then credited to the Subordinate Priority Common Reserve Fund for the Subordinate Priority Covered Bonds in sufficient amount to make up the deficiency. If more than one Qualified Letter of Credit or Qualified Insurance is then credited to the Subordinate Priority Common Reserve Fund (or if there is both a Qualified Letter of Credit and Qualified Insurance then credited to the Subordinate Priority Common Reserve Fund) for the Subordinate Priority Covered Bonds, the District shall draw on all such Qualified Letters of Credit and Qualified Insurance on a pro rata basis in an aggregate sufficient amount to make up the deficiency. Any draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. Reimbursement may be made to the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto, and after making necessary provision for the payments required to be made in paragraphs First, Second, Third and Fourth of the Priority of Payment. In providing for the payments required to be made in Paragraph Fifth of the Priority of Payment, the reimbursement agreement with any issuer of a Qualified Letter of Credit or Qualified Insurance may require reimbursement for draws on such Qualified Insurance or Qualified Letter prior to replenishment of cash in the Subordinate Priority Common Reserve Fund. If more than one Qualified Letter of Credit or Qualified Insurance is then credited to the Subordinate Priority Common Reserve Fund (or if there is both a Qualified Letter of Credit and Qualified Insurance then credited to the Subordinate Priority Common Reserve Fund) for the Subordinate Priority Covered Bonds, reimbursement for amounts drawn shall be made on a pro rata basis to issuers of such Qualified Letters of Credit and Qualified Insurance from payments available under Paragraph Fifth. If the District shall have failed to make any payment required to be made under such reimbursement agreement for Subordinate Priority Covered Bonds, the issuer shall be entitled to exercise all remedies available at law or under the applicable resolution or Series Agreement; provided, however, that no acceleration of Subordinate Priority Covered Bonds shall be permitted, and no remedies that adversely affect Registered Owners of Subordinate Priority Covered Bonds shall be permitted.

Any deficiency created in the Subordinate Priority Common Reserve Fund by reason of a withdrawal therefrom is required to be made up within one year after the withdrawal from Qualified Insurance or a Qualified Letter of Credit or out of Lodging Tax Revenues (or out of any other moneys on hand legally available for such purpose), in 12 equal monthly installments, after first making timely provision for all payments required to be made into the Bond Fund, the Common Reserve Fund and the Subordinate Priority Bond Fund within such year.

If a Credit Event (as described above) occurs, the Common Reserve Requirement – Subordinate Priority shall be satisfied, at the option of the District, either (A) within one year after the occurrence of such Credit Event with other Qualified Insurance or another Qualified Letter of Credit, or (B) within three years (in three equal annual installments) after the occurrence of such Credit Event described in (c) in the description of a Credit Event, out of Lodging Tax Revenues (or out of other money on hand and legally available for such purpose) after first making necessary provisions for all payments required to be made into the Subordinate Priority Bond Fund.

Additional Reserve Funds. Under the terms of the Master Agreement, the Trustee may establish additional reserve funds or accounts for a series of Additional Subordinate Priority WSCC Obligations that are not secured by the Subordinate Priority Common Reserve Fund, which shall be funded at the applicable Reserve Requirement. The

terms related to such reserve fund and the applicable Reserve Requirement shall be set forth in the Series Agreement relating to such Additional Subordinate Priority WSCC Obligations.

Additional First Priority Bonds and Subordinate Priority WSCC Obligations

The District has reserved the right to issue additional obligations payable from Lodging Tax Revenues and the Trust Estate.

Additional First Priority Bonds. The issuance of Additional First Priority Bonds is required to be authorized by a resolution of the Board, which resolution is required to (a) designate the Additional First Priority Bonds as Covered Bonds or Uncovered Bonds, and applicable Reserve Requirement, if any; (2) include (or incorporate by reference) the covenants described under “—Additional Covenants” below; and (3) authorize the execution and delivery of a Series Agreement relating to the issuance of such Additional First Priority Bonds. If the Additional First Priority Bonds are Covered Bonds, the Common Reserve Requirement – First Priority is required to be fully funded no later than the date of issuance of the Additional First Priority Bonds. The resolution authorizing Additional First Priority Bonds may provide for the appointment of a trustee or may provide for a Supplemental Master Agreement as permitted under the Master Agreement.

The District has covenanted in the Master Agreement that for so long as any First Priority Bonds remain Outstanding, it will not issue any First Priority Bonds that constitute a charge upon the Lodging Tax Revenues equal to the priority thereon of Outstanding First Priority Bonds, unless at the time of the issuance of such bonds:

- (a) the District is not in default under the Master Agreement or any resolution or Series Agreement authorizing the issuance of First Priority Bonds then Outstanding, and
- (b) unless the bonds are being issued for refunding purposes and the District meets the conditions described below in “—*Additional First Priority Bonds for Refunding Purposes*,” there is to have been delivered prior to or on the date of the issuance of the First Priority Bonds a certificate prepared as described below and executed by the District stating that Regular Lodging Tax Revenues plus Extended Lodging Tax Revenues during any consecutive 12-month period selected by the District out of the 24-month period next preceding the date of issuance of an additional series of Additional First Priority Bonds (the “Base Period”) were (i) at least equal to 175% of Annual Debt Service in each year following the issuance of the proposed Additional First Priority Bonds with respect to all First Priority Bonds then Outstanding and then proposed to be issued, and (ii) at least equal to 115% of Annual Debt Service in each year following the issuance of the proposed Additional First Priority Bonds with respect to all First Priority Bonds and all Subordinate Priority WSCC Obligations then Outstanding and then proposed to be issued. For purposes of the foregoing requirement, Annual Debt Service is to be calculated net of any First Priority Debt Service Offsets (such as the subsidy payments expected to be received by the District in connection with the issuance of the 2010 Bonds).

The District’s certificate is required to be based upon the financial statements of the District for the Base Period, corroborated by the certified statements of the State Auditor’s office of the State of Washington, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period. In the event that the tax rate for Regular Lodging Tax Revenue has been increased and such increase is pledged (and the definition of Regular Lodging Tax Revenues has been amended to take such increase into account) to the repayment of First Priority Bonds, then such increase may be reflected as if it had been fully collected during the Base Period. In the event that the tax rate for Extended Lodging Taxes has been increased and such increase is pledged (and the definition of Extended Lodging Tax Revenues has been amended to take such increase into account) to the repayment of First Priority Bonds, then such increase may be reflected as if it had been fully collected during the Base Period. See APPENDIX D—“Form of Master Agreement.”

Additional First Priority Bonds for Refunding Purposes. Refunding bonds also may be issued as Additional First Priority Bonds. However, the Master Agreement does not require a certificate as a condition to the issuance of Additional First Priority Bonds if the Additional First Priority Bonds are being issued for refunding purposes upon compliance with the provisions described below. The District may issue Additional First Priority Bonds for the

purpose of refunding (including by purchase) First Priority Bonds including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption (or purchase), any deposits to a reserve account or to purchase a Qualified Letter of Credit or Qualified Insurance, and the expenses of issuing the Additional First Priority Bonds and of effecting such refunding upon delivery of a certificate of the District as described above. Such refunding Additional First Priority Bonds also may be issued without such a certificate if:

- (a) the latest maturity of the Additional First Priority Bonds to be issued is not later than the latest maturity of the First Priority Bonds to be refunded (were such refunding not to occur), and the increase in Annual Debt Service as a result of such refunding in any year is less than the greater of (1) \$25,000 or (2) 5% of such Annual Debt Service on the First Priority Bonds to be refunded; or
- (b) the latest maturity of the Additional First Priority Bonds to be issued is later than the latest maturity of the First Priority Bonds to be refunded (were such refunding not to occur), and the maximum Annual Debt Service on all First Priority Bonds to be Outstanding after the issuance of the refunding First Priority Bonds shall not be greater than maximum Annual Debt Service were such refunding not to occur.

First Priority Bonds may be issued without the requirement of a certificate for the purpose of refunding (including by purchase) any First Priority Bonds at any time within one year prior to their maturity or mandatory redemption date if sufficient Lodging Tax Revenues or other moneys are not expected to be available for payment at maturity or mandatory redemption.

Additional Subordinate Priority WSCC Obligations. The issuance of Additional Subordinate Priority WSCC Obligations is required to be authorized by a resolution of the Board, which resolution is required to (a) designate whether the Additional Subordinate Priority WSCC Obligations are Subordinate Priority Covered Bonds, and if not, the applicable Reserve Requirement, if any; (2) include (or incorporate by reference) the covenants described under “—Additional Covenants” below; and (3) authorize the execution and delivery of a Series Agreement relating to the issuance of such Additional Subordinate Priority WSCC Obligations. If the Additional Subordinate Priority WSCC Obligations are Subordinate Priority Covered Bonds, the Common Reserve Requirement – Subordinate Priority shall be fully funded no later than the date of issuance of the Additional Subordinate Priority WSCC Obligations. The resolution authorizing Additional Subordinate Priority WSCC Obligations may provide for the appointment of a trustee or may provide for a Supplemental Master Agreement as permitted under the Master Agreement.

The District has covenanted in the Master Agreement that for so long as any Subordinate Priority WSCC Obligations remain Outstanding, it will not issue any Subordinate Priority WSCC Obligations that constitute a charge upon the Lodging Tax Revenues equal to the priority thereon of Outstanding Subordinate Priority WSCC Obligations, unless at the time of the issuance of such Subordinate Priority WSCC Obligations:

- (a) the District is not in default under the Master Agreement or any resolution or Series Agreement authorizing the issuance of Subordinate Priority WSCC Obligations then Outstanding, and
- (b) unless the District meets the conditions for issuing Additional Subordinate Priority WSCC Obligations for refunding purposes as described under the heading “—*Additional Subordinate Priority WSCC Obligations for Refunding Purposes*,” there shall have been delivered prior to or on the date of the issuance of the Subordinate Priority WSCC Obligations, a certificate prepared and executed by the Designated District Representative stating that Regular Lodging Tax Revenues plus Extended Lodging Tax Revenues during the Base Period were at least equal to 115% of Annual Debt Service in each year following the issuance of the proposed Additional Subordinate Priority WSCC Obligations with respect to all First Priority Bonds and all Subordinate Priority WSCC Obligations then Outstanding and all Subordinate Priority WSCC Obligations then proposed to be issued. The Designated District Representative’s certificate is to be based upon the financial statements of the District for the Base Period, corroborated by the certified statements of the State Auditor’s Office, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period. In the event that the tax rate for Regular Lodging Tax Revenues has been increased and such increase is pledged (and the definition of Regular Lodging Tax Revenues has been amended to take such increase into account)

to the repayment of Subordinate Priority WSCC Obligations, then such increase may be reflected as if it had been fully collected during the Base Period. In the event that the tax rate for Extended Lodging Taxes has been increased and such increase is pledged (and the definition of Extended Lodging Tax has been amended to take such increase into account) to the repayment of Subordinate Priority WSCC Obligations, then such increase may be reflected as if it had been fully collected during the Base Period.

Additional Subordinate Priority WSCC Obligations for Refunding Purposes. The District may issue Additional Subordinate Priority WSCC Obligations for refunding purposes, as follows:

- (a) Additional Subordinate Priority WSCC Obligations may be issued at any time for the purpose of refunding (including by purchase) Subordinate Priority WSCC Obligations including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date fixed for redemption (or purchase), any deposits to a reserve account or to purchase a Qualified Letter of Credit or Qualified Insurance, and the expenses of issuing the Additional Subordinate Priority WSCC Obligations and of effecting such refunding upon delivery of a certificate as described above. Such refunding Additional Subordinate Priority WSCC Obligations also may be issued without a certificate if:
 - (1) the latest maturity of the Additional Subordinate Priority WSCC Obligations to be issued is not later than the latest maturity of the Subordinate Priority WSCC Obligations to be refunded (were such refunding not to occur), and the increase in Annual Debt Service as a result of such refunding in any year is less than the greater of (A) \$25,000 or (B) 5% of such Annual Debt Service on the Subordinate Priority WSCC Obligations to be refunded; or
 - (2) the latest maturity of the Additional Subordinate Priority WSCC Obligations to be issued is later than the latest maturity of the Subordinate Priority WSCC Obligations to be refunded (were such refunding not to occur), and the maximum Annual Debt Service on all Subordinate Priority WSCC Obligations to be Outstanding after the issuance of the refunding Subordinate Priority WSCC Obligations shall not be greater than maximum Annual Debt Service were such refunding not to occur.
- (b) Additional Subordinate Priority WSCC Obligations may be issued without the requirement of a certificate pursuant for the purpose of refunding (including by purchase) any Subordinate Priority WSCC Obligations at any time within one year prior to their maturity or mandatory redemption date if sufficient Lodging Tax Revenues or other moneys are not expected to be available for payment at maturity or mandatory redemption.

Other Subordinate Bonds. Nothing contained in the Master Agreement prevents the District from issuing revenue bonds or other obligations and pledging the Lodging Tax Revenues junior or inferior to the payments required by the Master Agreement or the applicable provisions of any resolution or Series Agreement to be made out of such Lodging Tax Revenues to pay and secure the payment of any First Priority Bonds and any Subordinate Priority WSCC Obligations. Such junior or inferior obligations shall not be subject to acceleration. This prohibition against acceleration shall not be deemed to prohibit mandatory tender or other tender provisions with respect to variable rate obligations or to prohibit the payment of a termination amount with respect to a Derivative Product.

If the District has outstanding a “Repayment Deficiency Loan” from the State, the District has agreed in the Transfer Agreement that it will not incur additional indebtedness without the prior consent of the State Treasurer. See “THE DISTRICT—Transfer Agreement.”

Derivative Products

The District has reserved the right under the Master Agreement to enter into Derivative Products under which District Payments are secured and payable on a parity with the Outstanding First Priority Bonds or the Outstanding Subordinate Priority WSCC Obligations, subject to certain conditions described in the Master Agreement. The

District does not currently have any Derivative Products outstanding. See Section 3.05 of the form of Master Agreement attached hereto as Appendix D for a description of the conditions that must be satisfied prior to the execution of a Derivative Product and other related provisions, including without limitation the requirement that any termination payment be payable under Paragraph Tenth of the Priority of Payment.

Additional Covenants

The District has made the following covenants and agreements with the Owners and holders of each of the First Priority Bonds and the Subordinate Priority WSCC Obligations, including the Bonds, for as long as any of the same remain Outstanding.

Maintenance of the Convention Center. The District will at all times keep and maintain or cause to be maintained the Convention Center in good repair, working order and condition, and will at all times operate the same and the business or businesses in connection therewith in an efficient manner and at a reasonable cost.

Property and Liability Insurance. The District will keep all operating facilities insured, if such insurance is obtainable at reasonable rates and upon reasonable conditions, against such risks, in such amounts, and with such deductibles as the District deems necessary for the protection of the District.

Books and Records. The District will keep and maintain proper books of account and accurate records of all of its revenues, including tax receipts and Lodging Tax Revenues, received from any source whatsoever, and of all costs of administration and maintenance and operation of all of its business that are in accordance with generally accepted accounting principles as in effect from time to time. Additional Lodging Tax Revenues are required to be deposited and accounted for separately from other amounts received by the District. On or before 120 days after the end of each fiscal year, the District will prepare or cause to be prepared an operating statement (which is not required to be audited) of all of the business of the District for such preceding fiscal year. Each such annual statement shall contain a statement in detail of the Lodging Tax Revenues collected, received and applied for such fiscal year and shall contain a statement as of the end of such year showing the status of all funds and accounts of the District pertaining to the operation of the Convention Center and the status of all of the funds and accounts created by various resolutions of the Board authorizing the issuance of outstanding bonds and other obligations payable from the Lodging Tax Revenues. Copies of such statements shall be placed on file in the main office of the District, and shall be open to inspection at any reasonable time by the Owners of First Priority Bonds and/or Subordinate Priority WSCC Obligations, including the Bonds.

Interlocal Agreement. The District has covenanted that it will observe and enforce the terms of the Interlocal Agreement. The District has agreed in the Master Agreement not to make any amendments to the Interlocal Agreement that shall have a material adverse effect on the security of the First Priority Bonds and Subordinate Priority WSCC Obligations. See “SECURITY AND SOURCES OF REPAYMENT FOR THE BONDS—Lodging Tax Revenues—Collection and Remittance of Lodging Taxes.”

Operating Reserve Account

The District has established a special fund known as the “Operating Reserve Account.” As of June 30, 2018, the current balance in the Operating Reserve Account is \$9,755,123. The Operating Reserve Account is to be held and maintained by the District and is not part of the Trust Estate. The Board is required to establish from time to time with respect to operating reserves, including the required balance of the Operating Reserve Account, and to establish procedures with respect to the management of its operating funds in order to maintain fund balances as set forth in the then effective Board policy. Such policy must provide that the required balance in the Operating Reserve Account will be not less than 100 days of budgeted operating expenditures. Funds may be withdrawn from the Operating Reserve Account to pay operating and other expenses of the Convention Center, even if as a result of such withdrawal, the balance on hand is less than the required minimum balance, and the District thereafter, with available funds, re-establishes the balance in the Operating Reserve Account.

Additional Terms of the Master Agreement

The Master Agreement sets forth provisions related to amending the Master Agreement and related documents, with and without the consent of Owners of the First Priority Bonds or Subordinate Priority WSCC Obligations, including with the consent of a majority of First Priority Bonds or Subordinate Priority WSCC Obligations then Outstanding; defines the occurrence of certain events as a “Default” under the Master Agreement (but only with respect to the particular series of First Priority Bonds or Subordinate Priority WSCC Obligations); provides rights for the Credit Facility Issuer; and sets forth the available remedies and the application of Lodging Tax Revenues following a Default; provides for the duties and other provisions related to the Trustee; and other terms related to the Bonds. See APPENDIX D—“Form of Master Agreement.”

Junior Obligations; Purchase and Sale Agreement

Nothing in the Master Agreement prevents the District from issuing revenue bonds or other obligations and pledging the Lodging Tax Revenues junior or inferior to the payments required by the Master Agreement or the applicable provisions of any related resolution or Series Agreement to be made out of such Lodging Tax Revenues to pay and secure the payment of any First Priority Bonds and any Subordinate Priority WSCC Obligations. Such junior or inferior obligations shall not be subject to acceleration. This prohibition against acceleration shall not be deemed to prohibit mandatory tender or other tender provisions with respect to variable rate obligations or to prohibit the payment of a termination amount with respect to a Derivative Product.

The Note is to be a junior obligation, subordinate to the First Priority Bonds and Subordinate Priority WSCC Obligations. The District has irrevocably obligated and bound itself to set aside and pay from Lodging Tax Revenues the amount necessary to pay the Note, as and when due, from amounts available and in the priority of payment of the Note set forth in the Flow of Funds. The District has agreed to make monthly deposits for the payment of the Note. If the District fails to make payment of any amount payable under the Note within thirty days of when due, or in the event the Note is not repaid in full by its maturity date, the entire unpaid balance of the Note, including all accrued but unpaid interest, will thereafter bear interest at a default rate of 2% per annum above the Note Rate, compounded annually. The Note will not be subject to acceleration.

The Purchase and Sale Agreement limits the issuance by the District of Additional First Priority Bonds and Additional Subordinate Priority WSCC Obligations. In addition to the requirements set forth in the 2010 Bond Resolution and the Master Agreement for the issuance of Additional First Priority Bonds and Additional Subordinate Priority WSCC Obligations, the Purchase and Sale Agreement requires the District to satisfy conditions set forth in an exhibit attached to the Purchase and Sale Agreement. See Appendix H—“Form of Purchase and Sale Agreement.” Prior to the date of issue for the Bonds, the District will deliver to the County a certificate demonstrating that all conditions have been satisfied for the issuance of the Bonds.

Within one year following the receipt of the final certificate of occupancy for the Project, the Purchase and Sale Agreement allows the District to issue Additional First Priority Bonds or Additional Subordinate Priority WSCC Obligations for the purpose of renovating the existing convention facility of the Convention Center, without satisfying additional conditions, so long as the ratio of historical Lodging Tax Revenues (any 12 consecutive months of Lodging Tax Revenues out of the prior 24 months before issuance of the Additional First Priority Bonds or Additional Subordinate Priority WSCC Obligations) is equal to at least 1.25 times Annual Debt Service through 2029 and 1.15 times Annual Debt Service thereafter. Otherwise, the District may not issue Additional First Priority Bonds or Subordinate Priority WSCC Obligations (other than refunding bonds issued for debt service savings) without the County’s consent.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 26, 2018, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On May 7, 2018, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

On January 23, 2018, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Capitalization of AGM

At March 31, 2018:

- The policyholders' surplus of AGM was approximately \$2,247 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,133 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves of AGM and its subsidiaries (as described below) were approximately \$1,646 million. Such amount includes (i) 100% of the net unearned premium reserves of AGM and AGM's wholly owned subsidiaries Assured Guaranty (Europe) plc, Assured Guaranty (UK) plc, CIFG Europe S.A. and Assured Guaranty (London) plc (together, the "AGM European Subsidiaries") and (ii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves and net unearned premium reserves of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves of the AGM European Subsidiaries were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (filed by AGL with the SEC on February 23, 2018);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 (filed by AGL with the SEC on May 4, 2018); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 (filed by AGL with the SEC on August 2, 2018).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption “ASSURED GUARANTY MUNICIPAL CORP.” or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “ASSURED GUARANTY MUNICIPAL CORP.”

COMPLIANCE WITH DEBT LIMITATIONS

The Bonds are being issued as general obligations payable solely from the tax receipts of the District and the Trust Estate pursuant to RCW 36.100.060 and are within the amount of debt that the District is authorized to issue without voter approval.

The amount of indebtedness that the District may legally incur pursuant to RCW 36.100.060 is limited by the laws of the State. For State law purposes, “indebtedness” includes any unconditional obligation that is payable from and secured by a pledge of tax revenues, including the Bonds. Without the approval of its voters, the District may incur debt in the aggregate amount of up to 0.5% of the value of taxable property within the District (calculated at the time of issuance, and taking into account then outstanding indebtedness). Upon the approval of 60% of the District’s voters, the District can incur total indebtedness for capital purposes, including non-voted debt, in an amount not to exceed 1.25% of the value of taxable property within the District. The Bonds are not voter-approved debt.

In determining the total amount of indebtedness outstanding, the District may offset certain assets against the aggregate amount of debt outstanding. Such assets include taxes and levies of the current year, uncollected taxes that are not delinquent for longer than six years, and cash on hand and received for general business purposes. The following table demonstrates the debt capacity of the District and the issuance of the Bonds within the effective debt limitation.

**TABLE 7:
DISTRICT DEBT CAPACITY COMPUTATION
(as of July 2, 2018)**

2017 Assessed Valuation (“AV”) for Collection Year 2018 ⁽¹⁾	\$534,662,434,753
Limited Tax (Non-voted) General Obligation Debt Capacity (0.5% of AV)	2,673,312,174
Less: The 2018 First Priority Bonds	598,790,000
Less: The 2018 Subordinate Priority Bonds	404,805,000
Less: Other Outstanding Limited Tax General Obligations (including the 2010 Bonds and the Note) ⁽²⁾	412,625,940
Total Non-voted General Obligation Debt	<u>\$1,416,220,940</u>
Remaining Non-Voted General Obligation Debt Capacity	\$1,257,091,234
Unlimited Tax (Voted) General Obligation Debt Capacity (1.25% of AV)	6,683,280,434
Less: Outstanding Unlimited Tax General Obligation Bonds	0
Less: Total Non-Voted Debt From Above	1,416,220,940
Total Voted and Non-voted General Obligation Debt	<u>\$1,416,220,940</u>
Remaining General Obligation Debt Capacity	\$5,267,059,494

(1) Assessed valuation is based upon 100% of actual value of taxable property within the District.

(2) The District issued the Note on July 25, 2018.

Source: *The District*.

THE DISTRICT

Formation and Authority

RCW 36.100.010 authorizes a county to create one or more public facilities districts that are coextensive with the boundaries of the county. A public facilities district is a municipal corporation, an independent taxing “authority” within the meaning of Article VII, section 1 of the State Constitution, and a “taxing district” within the meaning of Article VII, section 2 of the State Constitution. The County created the District pursuant to Ordinance 16883, adopted by the Metropolitan King County Council on July 19, 2010. Chapter 36.100 RCW provides certain additional authority and requirements for a public facilities district, such as the District, created by a county with a population of 1,500,000 or more to acquire, own and operate a convention and trade center. Prior to the formation of the District, the Convention Center was owned and operated by the Nonprofit Corporation that was formed in 1988.

In connection with the formation of the District in 2010 and as required by RCW 36.100.230, the Convention Center and substantially all of the remaining assets of the Nonprofit Corporation (including all other lands, facilities, equipment, assets, other interests in real, personal, and intangible property, and interests under contracts, leases, licenses and agreements of the Nonprofit Corporation) were transferred to the District.

Transfer Agreement

In connection with the formation of the District and as required by RCW 36.100.040(6), the District and the State Treasurer entered into an agreement (the “Transfer Agreement”) establishing the terms under which the District pays the Annual Payment Amount to the State from Additional Lodging Taxes and certain other terms as described below. See “SECURITY AND SOURCES OF PAYMENT OF THE BONDS—Lodging Tax Revenues—*Additional Lodging Tax*.”

Annual Payment Amounts. Under the Transfer Agreement, the Annual Payment Amount due to the State on June 30 of any State fiscal year may be based on the District’s best reasonable estimate of the Additional Lodging Tax Revenues received up to and including June 30, subject to correction and subsequent adjustment once actual receipts can be confirmed. Upon such confirmation, any underpayment or overpayment, as applicable, is made by or

returned to the District, plus interest attributable to such underpayment or overpayment calculated at the same rate applicable to the June 30 payment.

Repayment Deficiency Loans. Consistent with RCW 36.100.040(6), the Transfer Agreement further provides that in any State fiscal year during which the District is unable to pay to the State all or any portion of the annual repayment amount, the deficiency is deemed to be a “Repayment Deficiency Loan” from the State to the District for the purpose of assisting the District in paying principal and interest on obligations it issues or incurs. The District is required to repay the State for each Repayment Deficiency Loan consistent with a repayment schedule proposed by the District and accepted by the State Treasurer providing for full reimbursement of the principal amount of the Repayment Deficiency Loan plus any accrued interest over a term not to exceed the end of the State fiscal year that is five years after the State fiscal year for which each such Loan was incurred. Each Repayment Deficiency Loan is required to bear interest at a rate determined annually for each State fiscal year during which any Repayment Deficiency Loan is outstanding. The interest rate on any Repayment Deficiency Loan applicable during a State fiscal year is to be the average weekly *Bond Buyer* twenty-bond general obligation index during the immediately preceding State fiscal year plus one percentage point, as determined by the State Treasurer. Such repayment is to have the same priority as the Annual Payment Amount to the State. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS— Lodging Tax Account; Flow of Funds.”

The Transfer Agreement provides that outstanding obligations to repay any Repayment Deficiency Loans survive the expiration of the authority to impose the Additional Lodging Tax Revenues. While any Repayment Deficiency Loan remains outstanding, the District may not issue or incur obligations for borrowed money (other than additional Repayment Deficiency Loans) without the prior consent of the State Treasurer.

The District has never incurred a Repayment Deficiency Loan.

Additional Indebtedness. Under the Transfer Agreement, the District has agreed with the State Treasurer that, for so long as the District is obligated to provide Annual Payment Amounts to the State, the District will not issue Additional First Priority Bonds or Subordinate Priority WSCC Obligations unless it delivers a certificate to the State Treasurer confirming that annual Regular Lodging Tax Revenues during a Base Period (as defined below) were at least equal to 125% of annual debt service on all First Priority Bonds and Subordinate Priority WSCC Obligations in each year following the issuance of the obligations proposed to be issued until the expiration of the District’s authority to impose the Additional Lodging Tax. The “Base Period” means any 12-month period selected by the District out of the 24-month period next preceding the date of issuance of the obligations proposed to be issued. In the event that the rate of the Regular Lodging Tax is increased in the future and the increased revenues derived therefrom are pledged to the payment of the obligations proposed to be issued, then the increased revenues may be reflected as if they had been fully collected during the Base Period.

Governance and Administration

The District is a municipal corporation governed by a nine-member board of directors (the “Board”) that establishes and approves policy and budgets. Three members of the Board are appointed by the Governor of the State, three members of the Board are nominated by the County Executive subject to confirmation by the County Council, and three members of the Board are nominated by the mayor of the City subject to confirmation by the City Council. One of the Governor’s appointments and one of the County’s appointments must represent the lodging industry in the District, and one of the City’s appointments must represent organized labor. Members of the Board serve four-year terms.

The District’s current Board members are identified below. Prior to being appointed to the Board, several of the Board members were members of the board of directors of the Nonprofit Corporation (the “Nonprofit Board”).

Frank K. Finneran, Chair, was appointed to the Nonprofit Board in 1988, and served as Nonprofit Board treasurer from 1995 until becoming chairman in 2003. He has been a member of the Board since its establishment in 2010. He is president and chief executive officer of Frank K. Finneran & Co., consultants to the hospitality industry. Mr. Finneran has more than 30 years of experience in hotel management, development and consulting. He is twice past president of the Washington State Hotel and Motel Association and a past president of the Seattle-King County

Convention and Visitors Bureau. Mr. Finneran has received numerous honors for his contributions to the hotel industry and the community, including recognition as Washington's Hotelier of the Year.

Deryl Brown-Archie, Vice Chair, was appointed to the Nonprofit Board in 2000 and became vice chair in 2003. She has been a member of the Board since its establishment in 2010. She is a tribal attorney for the Muckleshoot Indian Tribe, focusing on business operations. Ms. Brown-Archie spent several years as corporate counsel in the insurance industry including serving as general counsel for KPS Health Plans and deputy general counsel for Premiera. She has been involved with the Municipal League of King County, as past president of the Seattle Women's Commission, and as past president of the Loren Miller Bar Association. Other affiliations include The Links, Inc. of Greater Seattle, the Junior League of Seattle, Association of Blacks in Healthcare, NAACP, Urban League and Washington Society of Health Care Attorneys.

Robert J. Flowers, Treasurer, was appointed to the Board in 2010 and had previously served as a member of the Nonprofit Board since 1996. Mr. Flowers had a 34-year career with Washington Mutual, which began as a loan representative and ended with his retirement in January 2005 as Senior Vice President of Community Lending and Investment. Mr. Flowers has been involved in public and community affairs on a national, regional and local basis. He is a founder/director of Plaza Bank of Washington, serves on the board of AAA of Washington and is treasurer of the board of Seattle Children's Hospital. Mr. Flowers is currently board chair of KCTS Television and recently completed a term on the PBS Board of Directors where he served as vice chairman. Other civic activities include the Seattle Sports Commission and serving as president of the African American Heritage Foundation.

Susana Gonzalez-Murillo was appointed to the Board in 2010 and had previously served as a member of the Nonprofit Board since 2003. Ms. Gonzalez-Murillo is a vice president at U.S. Bank, serving as country manager for Latin America, Canada, Spain and Portugal. She has worked in the local banking industry since 1979, joining U.S. Bank's International Banking Division in 1993. She is the past president of the U.S./Mexico Chamber of Commerce and was a board member of the Centro Mexicano of the State of Washington. Ms. Gonzalez-Murillo has served as a board member of the World Trade Club in Seattle and the Mayor's Sister City Council. She has also been involved with the Hispanic Chamber of Commerce, Women in International Trade, Green River Community College's business department advisory board and is a past president of the Northwest Letter of Credit Committee.

Jerome L. Hillis was appointed to the Board in 2010 and had previously served as a member of the Nonprofit Board since 2003. Mr. Hillis began his legal career in Washington, D.C. with the United States Justice Department. In 1969, he started his own law firm and began focusing his practice on real estate, land use and environmental law. Mr. Hillis has coordinated real estate and land use issues involving numerous large development projects. Mr. Hillis is a past president and member of the board of trustees at Whitman College and has been active in several professional and community organizations, including the Washington State Independent College Associations, the Pacific Real Estate Institute, the Downtown Seattle Association and the Municipal League board of trustees.

Nicole Grant was appointed to the Board in 2015. Ms. Grant was elected to serve as Executive Secretary-Treasurer of the M.L. King County Labor Council in October 2015, the first woman to lead King County's largest labor organization. While earning her bachelor's degree at the University of Washington in Politics, Economy and Law, she began an apprenticeship with IBEW Local 46. She served as executive director of the Certified Electrical Workers of Washington and as a vice president of the Washington State Labor Council, AFL-CIO, representing the WA Young Emerging Labor Leaders. In 2011, Ms. Grant was honored with the WSLC's Elsie Schrader Award for outstanding advocacy on behalf of union women. She currently serves on the Community Economic Revitalization Board, the Puget Sound Labor Agency Executive Board, the Harry Bridges Labor Center Visiting Committee, and the Seattle Labor Temple Association Board of Directors.

J. Terry McLaughlin was appointed to the Board in 2010 and had previously served as a member of the Nonprofit Board since 2004. He served as Executive Vice President with the Basketball Club of Seattle for twelve years, before retiring in 2008. Mr. McLaughlin's duties with the club included managing administrative functions, government relations, human resources, information technology, Key Arena operations, concessions and retail. He had previously served as the Deputy Director of Seattle Center. He is a past member of the board of directors of the Seattle-King County Convention and Visitors Bureau and a current member of the board of directors for the Seattle Aquarium Society.

Denise Moriguchi was appointed to the Board in February 2017. She is the President and CEO of Uwajimaya, Inc., a family-owned Asian specialty grocery retailer and wholesaler serving the Pacific Northwest since 1928. Prior to joining Uwajimaya, Denise worked for a strategy consulting firm in Boston and in brand management for a pharmaceutical company in both New Jersey and Toronto. She holds an MBA from the MIT Sloan School of Management. She is a strong supporter of Seattle's International District community and is a past board member and current committee member for the Denise Louie Education Center that provides early learning and family support services to Seattle's low income and immigrant communities. She also was named among the Puget Sound Business Journal's Women of Influence in 2015.

Craig Schafer was appointed to the Board in 2013. Mr. Schafer began his career with Westin Hotels and Resorts in 1976, and currently is the owner of the Hotel Andra located in downtown Seattle and the Red Lion Hotel in Portland, Oregon. He served as founder and President of Colliers International Hotel Realty, establishing the first of its kind hotel brokerage company throughout the U.S. and Canada. Prior to entering the hotel brokerage business, Mr. Schafer was a manager of Leisure Times Industry consulting for the firm Laventhol and Horwath CPAs, in Seattle. He is an executive committee member and a past chair of the board of the Seattle-King County Convention and Visitors Bureau, and is an executive board member of the Downtown Seattle Association, serving as chair of the Pike Pine Renaissance task force. Additionally, Mr. Schafer is past president of Tourism Alliance of King County.

The executive staff members are as follows:

Jeff Blosser, President/Chief Executive Officer, has served as President/Chief Executive Officer of the District since 2011. Mr. Blosser has over 38 years of experience in the facilities management industry. Prior to joining the District in October 2011, some of the positions he held include Executive Director of the Oregon Convention Center, Executive Vice President, Kentucky Fair & Exposition Center/Commonwealth Convention Center, and Director, Kentucky International Convention Center. Board and association experience includes International Association of Venue Managers (IAVM) Board of Directors (1999-2001 and 2006-2007), National Chair, IAVM Convention Centers/Exhibit Halls Committee (1998-1999 & current Committee Member), IAVM Industry Affairs Council Member (2014-2015 & Chair 2016 & 2017), IAAM Center for Industry Research Representative (1999-2001), IAVM Representative for DMAI/IAAM Liaison Committee (2007-2009), Visit Seattle (Seattle's Convention & Visitors Bureau) Board of Directors (2011-present), Downtown Seattle Association (DSA) Public Space Activation & Management Committee Member (2014-present), DSA Pike/Pine Renaissance Committee Member (2013-present), and DSA/MID Public Safety Coalition Committee Member (2014-present). Mr. Blosser holds a B.S. Degree in Business Management and an M.S. Degree in Sports Administration/Facility Management from Ohio University.

Linda Willanger, Vice President Administration/Assistant General Manager, has served as Vice President Administration and Assistant General Manager for the District since 2007. Her employment with the District began in 1985, prior to construction of the original facility. She previously held positions as Director of Executive Services, Executive Assistant to the President, and Manager of Event Services. Ms. Willanger has a Master's degree in Organizational Management, a B.A. in Business Education and has taught Convention Facility Management as an adjunct professor for Washington State University. She has also completed courses at the International Association of Assembly Managers ("IAAM") Public Assembly Facility Management School and the Cornell University School of Hotel Administration. She is a member of the IAAM and serves as Chair of the Region IV Foundation Committee.

Vice President Operations. The position has been vacant since May 2018, and a search is underway to fill the position.

Chip Firth, Director of Finance, has served as Director of Finance (formerly known as "Chief Financial Officer") for the Nonprofit Corporation and then the District since 1998. His employment with the Nonprofit Corporation began in 1988 in the position of Controller. As Director of Finance, he is responsible for all budgeting, accounting, finance, and parking garages for the Convention Center. Prior to joining the Nonprofit Corporation he was employed as regional accounting manager with Amfac Supply Company and as a staff accountant with Cooper and Lybrand. Mr. Firth holds a B.A. in business administration and completed the IAAM Public Assembly Facility Management School. He is past president of the Greater Puget Sound Hospitality Financial & Technology Professionals and is a

member of the Government Finance Officers Association, Washington Finance Officers Association, Washington Municipal Treasurers Association and the IAAM.

Matt Hendricks, Legal Counsel, has served as outside general counsel to the District since 2011. Mr. Hendricks is a partner at Hendricks—Bennett PLLC, in Edmonds, Washington. Mr. Hendricks was admitted to the Washington bar in 1991. His practice emphasizes municipal law and also includes estate planning, probate and litigation. He serves as outside general counsel to elected Boards of Directors and Boards of Commissioners, drafting and reviewing legal contracts and agreements, negotiation, on-call legal advice, Open Public Meetings Act, Public Disclosure Act, litigation representation including torts, procurement, reviewing and drafting compliance documents and procedures for state and federal regulations, personnel and labor issues and other legal issues that arise in the course of business. Mr. Hendricks received his Juris Doctor degree from the University of Washington, and his bachelor's degree from Seattle University (*magna cum laude*).

Employees

The following table identifies the number of employees of the District for the years 2013 through 2017. Full-time classification is any employee who is regularly scheduled 40 hours per week. Part-time classification is any employee who is regularly scheduled to work at least 20 hours per week, but fewer than 35 hours per week. On-call classification is any employee who is intermittently scheduled on the basis of WSCC events and/or facility needs.

**TABLE 8:
DISTRICT EMPLOYEES**

Year	Full-Time	Part-Time	On-Call	Total
2013	117	2	103	222
2014	118	3	115	236
2015	132	4	101	237
2016	131	3	105	239
2017	132	4	113	249

Source: The District.

Bargaining Groups

The District has one labor agreement (the “Labor Agreement”) with the Washington State Convention Center Public Facilities District Labor Council (the “Council”), comprised of nine unions (Pacific Northwest Regional Council of Carpenters of Seattle, King County and vicinity, International Brotherhood of Electrical Workers, Local No. 46, International Alliance of Theatrical and Stage Employees, Local No. 15, International Brotherhood of Teamsters, Local No. 117, Painters District, Council No. 5, Sign and Display Workers, Local No. 1094, UNITEHERE, Local No. 8, International Union of Operating Engineers, Local No. 286 and Service Employees International Union, Local No. 6), representing 121 FTEs in 2017. Each union represents its own members and negotiates with the District as a member of the Council. The agreement between the District and the Council expires July 31, 2020. During the years during which District-Council agreements have been maintained and negotiations conducted, no work stoppages or strikes have occurred.

Budgeting

The District managers prepare the proposed annual budget along with the Vice Presidents for Operations and Administration, Director of Finance and the President/Chief Executive Officer.

The proposed annual target budget covers the upcoming January through December fiscal year and is prepared using guidelines in sufficient detail to enable the District Board Finance Committee to determine whether the projected revenues and expenses are reasonable and the budget can be brought before the Board of Directors for approval. The budget includes the prior, current and projected budget including actual and anticipated revenues and expenditures. Budgets are approved by the Board annually. The District’s fiscal year is the calendar year.

Accounting and Auditing

As a municipal corporation, the District is required to report financial statements using the State of Washington BARS financial codes and is subject to audit by the State Auditor's Office. Miller & Miller, P.S., a firm of independent public accountants, audits the District's financial statements.

The Director of Finance of the District is responsible for preparing the District's financial statements. The District's financial statements are prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. As required by GAAP, the financial statements are presented, in most respects, on a basis applicable to proprietary funds of governmental units. The account records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of chapter 43.09 RCW. The District is required to use the full accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Fixed asset purchases are capitalized and long term liabilities are accounted for in the appropriate funds. The District's financial statements include financial position, results of operations, and statement of cash flows of all enterprise operations which the District manages. The financial statements include, as well, the assets and liabilities of all funds for which the District has a custodial or trust responsibility.

Investments

The Board has adopted an investment policy applicable to all financial assets of the District. Under the investment policy, all funds are invested in accordance with all federal, state and local governing statutes and made with the judgment and care which persons of prudence, discretion and intelligence would exercise, not for speculation but for the safety of capital and probable income. The primary objectives of the District's investment activities, in order of priority, are as follows:

- **Safety:** Safety of the principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- **Liquidity:** The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements, debt payments and capital purchases which might be reasonably anticipated.
- **Return on Investment:** The portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Eligible investments are only those securities and deposits specifically authorized by State law.

Insurance

The District has property and casualty insurance through Factory Mutual Insurance Company of Rhode Island through November 30, 2018, as follows: \$527 million in total coverage for its facilities and operations including earthquake, flood and terrorism coverage, subject to the limitations and terms of the policies. The total combined maximum deductible is \$250,000. See Note 7 in Appendix C.

The District utilized the services of Parker, Smith and Feek for the placement of its Builder's Risk insurance and an Owner's Controlled Insurance Program ("OCIP") in connection with the Addition. The OCIP primary liability coverage is provided by Lloyd's of London, Excess liability coverage is provided by 13 insurance companies, layered to provide the coverage comprising the program. All of the insurance carriers are rated "A" or better by the A.M. Best & Company and include Allied World National Assurance Company, Westchester Surplus Lines Ins. Co., Berkley National Insurance Co., Great American Ins. Co. of New York, Sampo-Endurance American Ins. Co., Starr Indemnity & Liability Company, Markel-Evanston Ins. Co., Chubb-ACE Property & Casualty Insurance Company, Liberty-Ohio Casualty Ins. Co., AXIS Surplus Ins. Co., Liberty Insurance Underwriters Inc., Scottsdale Insurance Co., and Colony Insurance Co.

The OCIP is effective from May 22, 2018 through November 22, 2021 (plus six years under the Washington statute of repose), with a program limit of \$300 million. The primary OCIP liability limits include \$2 million occurrence, \$4 million general aggregate and \$4 million products-completed operations aggregate. The general aggregate limit on the primary liability reinstates once at 18 months. Deductibles are \$50,000 per occurrence and \$500,000 in the aggregate per policy period.

The Builder's Risk policy is provided by Lloyd's of London, for a three-year construction period. The policy insures risk of direct physical loss or damage unless excluded, with a physical damage limit of \$1,127,120,000. Earth movement (including earthquake and volcanic action) coverage is included with a limit of \$200 million. Flood, named storm and windstorm coverage is included with limits of \$1,199,131,085. The policy addresses the soft costs (\$37,800,000 limit) and loss of rents (\$34,211,085 limit) associated with a delay in completion for a two-year indemnity period.

Employee Retirement Contribution Plans

The District offers two defined contribution plans: a 401(a) compensation deferral plan and a 457(b) employee retirement contribution plan as described in Note 6 in Appendix C. Health and welfare benefits and retirement contribution benefits for union employees are provided under the Labor Agreement, which specifies benefits for each individual union.

401(a) Compensation Deferral Plan. All full-time employees are eligible for the District's 401(a) plan upon hire, with the exception of leased employees, union employees, non-resident aliens with no U.S. source income and individuals not eligible based on written agreement. The entry date is the first day of any month. Each employee directs how contributions are to be invested and receives an individual monthly statement of activity. The District contributed \$283,622 and \$260,564 for 2017 and 2016, respectively, to the employee 401(a) plan. The District contributes five percent based on the employee's compensation; and may match \$0.50 for each dollar an employee contributes to the employee retirement contribution plan up to six percent of the employee's wages.

457(b) Employee Retirement Contribution Plan. All full-time employees are eligible for this plan upon hire, with the exception of leased employees, union employees, non-resident aliens with no U.S. source income and individuals not eligible based on written agreement. The entry date is the first day of any month. Each eligible employee determines the pre-tax contribution to be withheld from gross wages, with a minimum participation of 1 percent of compensation and a maximum of \$16,500 or 100 percent of includible compensation, whichever is less. Employees age 50 or older, or those within three years of retirement, may contribute an additional \$5,500. Each employee directs how contributions are to be invested and receives an individual monthly statement of activity. Employees vest in the program from inception, and they may receive benefits upon retirement, termination or death. The employee may make a pre-tax contribution to the contribution plan. All full-time non-represented employees are eligible and 100 percent vested. Employees contributed \$298,938 and \$258,417 in 2017 and 2016, respectively, to their 457(b) plan. See Note 6 in Appendix C.

THE WASHINGTON STATE CONVENTION CENTER

History

The original Convention Center facility opened in 1988 following a decade-long initiative of community leaders in the public and private sectors. In 1982, with the support of the State Legislature, the Nonprofit Corporation was established to acquire land and to design, construct, promote and operate the Convention Center. A site adjacent to and over Interstate 5 ("I-5") at 800 Convention Place in Seattle was selected, and initial construction began in the fall of 1985. The Convention Center's first scheduled event took place on June 18, 1988. In 1992, the Convention Center converted unused space into retail space, meeting rooms and an additional ballroom. Due to increased demand, the Convention Center was expanded in July 2001 effectively to double the available event space by building an adjoining and connected facility to the north across Pike Street. The Convention Center expanded again in July 2010 with the opening of The Conference Center located at the northeast corner of 8th Avenue and Pike Street. The Convention Center underwent a \$22 million upgrade in 2013-2016, which included upgrades to finishes, furnishings, signage and sidewalk improvements. The Convention Center is located in downtown Seattle within

walking distance of regional and local transit, hotels, restaurants, retail, education, residential and entertainment facilities.

Convention Center Services

The Convention Center is a multi-use event, convention, exhibit, trade show, meeting space, parking and retail facility. The Convention Center spans ten lanes of I-5 in downtown Seattle and features award-winning architecture, as well as a major art program.

Facility Rental Space. The Convention Center provides 206,000 square feet of heavy-load exhibit space that is divisible into six halls and accommodates up to 965 10'x 10' booths and provides 20 covered bays at two loading docks; 45,000 square feet of carpeted ballroom space, divisible into four separate ballrooms; 69,000 square feet of meeting space, divisible into 53 meeting rooms; and four separate and independent registration lobbies. Staff at the District provide event planning, staffing and staging services, equipment rentals, and catering services. See “— Convention Center Activity” below.

The newest meeting and event facility at the Convention Center, The Conference Center, opened in July 2010 and features 71,000 square feet of meeting, exhibit, banquet and pre-function space; up to 17 flexible, fully carpeted meeting rooms; the ability to connect to the Convention Center's 205,700 square feet of heavy load exhibit space; meeting rooms equipped with adjustable lighting, built-in sound system and programmable LCD screens at the entrances; complete sound separation between rooms; full service, on-site food and beverage service; freight elevator with 20,000 pound capacity to facilitate move in/move out; and wireless internet throughout.

Facility/building rent revenue for the fiscal year ended December 31, 2017 was \$4,363,947.

Parking Facilities. The Convention Center operates two covered parking garages that adjoin each other and the facility. The two parking garages can accommodate approximately 1,598 vehicles. The parking facilities are managed by District staff. The Convention Center parking is located in close proximity to two I-5 exits and is accessible from the eastside of the freeway. In the fiscal year ended December 31, 2017, gross parking revenues were approximately \$3,723,448.

Retail Space. The Convention Center facilities include 22 retail spaces, which are leased to commercial tenants under a standardized lease document. The District acts as its own property manager for the tenancies. Most of the tenants are long-term, with several ranging back 15 years or more. The retail offerings are primarily services, especially food and beverage, with a smaller number of merchandise sellers. Retail revenues in the fiscal year ended December 31, 2017 totaled \$510,214.

Facility Services. Three independently contracted vendors provide in-house technical services for the District meeting and trade show clients. These services include audio visual (LMG, LLC); telecommunications; connectivity and internet (Smart City); electrical services (Edlen Electric Exhibition Services); in-house staffing; and other services. Net revenues from facility services totaled approximately \$3,494,520 in the fiscal year ended December 31, 2017.

Food Service. The District also provides clients with catering and event food services. Such services are provided by the center's on-site Executive Chef and Culinary Institute of America trained culinary staff. The WSCC is known for its service and catering and was the winner of the 1999 National Association of Catering Executives Award for top catering in the United States. Net food service revenue totaled approximately \$20,949,997 in the fiscal year ended December 31, 2017.

Security. The District also has security personnel within the Convention Center 24 hours per day, and video-monitoring systems placed throughout the exhibit areas, lobbies, galleria and building exterior.

Sales and Marketing

Relationship between the District and the Seattle Convention & Visitors Bureau. The District contracts with the Seattle Convention & Visitors Bureau (the “Bureau”) to provide marketing, promotion and long-term sales activities

for the District. A similar contractual relationship has been in effect between the Bureau and the Convention Center for more than 35 years. The District determines on an annual basis a budget for the sales, marketing and promotion functions and negotiates a scope of work with the Bureau. The Bureau reports on its activities to the District's Board on a monthly basis. The Board uses a variety of metrics to quantify the Bureau's performance, including number of bookings generated, hotel rooms generated from those bookings, economic impact of booked business, and the value of revenue to the Convention Center from these bookings.

Bureau Marketing Strategy and Competition. At the direction of the District, the Bureau engages in a strategic marketing and sales effort for the District focused on national and international events. The District establishes specific high-yield associations as its prime targets for convention booking. These associations include medical, scientific, and high-tech groups that typically generate more facility revenue and hotel occupancy and tax revenues. An additional focus is major corporate events for Seattle-area companies such as Microsoft. The Bureau employs a group of professional sales people who specialize in these segmented markets. The Bureau also employs offices in Washington, D.C. and Chicago, where many of these associations are based. The key competition for the Convention Center are major convention centers in the western United States and Vancouver, British Columbia, including convention centers in Anaheim, San Diego, San Francisco, Salt Lake City, Denver, Portland and Vancouver, B.C. (also described in this Official Statement as the Convention Center's "competitive set").

Convention Center Activity

The Convention Center hosted 285 events in the fiscal year ended on December 31, 2017, drawing 385,000 attendees and generating more than 329,000 room nights. In terms of the economic impact within the District related to Convention Center events, the District estimates that events have generated \$6.1 billion in local spending from visitors outside Washington since 1988 and that, in 2017, \$29.9 million in sales taxes were generated by Convention Center eventgoers from outside Washington and 3,872 jobs were directly generated by Convention Center events.

The following chart shows Convention Center events and attendance by fiscal year. The number of events hosted by the Convention Center has declined in recent years – from a peak level of 459 events in 2012 to 285 in 2017. Attendance peaked in recent years in 2014 at 432,000 attendees. These shifts have occurred as the District has transitioned to focus more on national and international gatherings. The Convention Center hosted 50 national and international conventions in 2015, 50 in 2016, and 51 in 2017, compared to 38 in 2013 and 44 in 2014. National and international meetings tend to draw more participants (averaging 3,250 attendees per event) as compared with local or regional events (averaging less than 930 per event). Revenues per event, and revenues per attendee, have increased over the period shown in Table 9 (See Table 17). As national and international events have used more of the facility there are fewer dates and space available for smaller events. Smaller events are booked inside of a 14-month booking window, which was changed in 2014 from 18 months, to allow Visit Seattle more opportunity to book corporate business for the Convention Center and the City.

**TABLE 9:
CONVENTION CENTER EVENTS**

Year	Number of Events	Number of Attendees
2013	359	411,813
2014	358	431,542
2015	340	411,167
2016	335	397,856
2017	285	382,725

Source: The District.

The following national meetings and other events were held at the Convention Center during the fiscal year ended December 31, 2017.

**TABLE 10:
NATIONAL BOOKINGS**

Entity	Event	Attendance
Reed Exhibitions	PAX West 2017	25,000
Reed Exhibitions	Emerald City Comicon	22,750
Asia-Northwest Cultural Education Association	Sakura-Con	18,000
Specialty Coffee Association	Global Specialty Coffee Expo	13,114
Microsoft Corporation	BUILD	8,871
Geological Society of America	Annual Meeting and Exposition	7,100
Microsoft Corporation	TechReady-TR24	6,599
National Electrical Contractors Association	Annual Exposition and Convention	6,263
TESOL International Association	International Convention & English Language Expo	6,104
National Council for Behavioral Health	Annual Conference	6,000
American Meteorological Society	Annual Meeting	5,033
American Industrial Hygiene Association	Annual Conference and Expo	4,387
International AIDS Society-USA, d/b/a	24th Conference on Retroviruses and Opportunistic Infections	4,341
International Antiviral Society-USA	Annual Community Summit	3,659
Professional Association for SQL Server	Annual Convention	3,214
American Society of Colon and Rectal Surgeons		

Source: The District.

As of May 29, 2018, 177 firm city-wide conventions are currently booked for future years with an estimated 1,260,477 room nights to be used and an estimated average attendance per convention of 4,614.

Status of the Addition Project

LMN Architects are serving as the architects for the Addition, and Pine Street Group L.L.C. is serving as development manager. Clark-Lewis JV, a Joint Venture comprised of Clark Construction Group, LLC and Lease Crutcher Lewis LLC (“Clark-Lewis”), is serving as the General Contractor/Construction Manager (“GCCM”) for the Addition project. The District and Clark-Lewis have entered into the General Manager/Construction Manager (GC/CM) Agreement for Washington State Convention Center Addition Project issued July 12, 2017 (the “GCCM Contract”) pursuant to RCW 39.10.210 and RCW 39.10.340 through 39.10.410. Under the GCCM Contract, Clark-Lewis has agreed to provide all general contractor and construction management services and the work called for in the contract documents for a Total Contract Cost that includes a maximum allowable construction cost (“MACC”) including a fixed maximum reimbursable amount for specified general conditions and a percent fee, in addition to a preconstruction services amount, subject to the terms and conditions of the GCCM Contract. The District anticipates that 60-65% of the MACC will likely be fixed as of July 2018. Costs that present particular risk, such as curtainwall, steel, shoring, mechanical, electrical and vertical transportation have been bid and contracted. The remaining work is primarily work related to scopes with less budget volatility.

The District obtained Master Use Permits for the Addition project on June 28, 2018 (on June 26, 2018 the appeal period for the Master Use Permits expired without any appeal being filed within the period).

A portion of the below-grade components of the Addition will be constructed on parcels that are located across Olive Way from the remainder of the Addition. The above-grade portion of these parcels will not be needed for the Addition and is expected to be available for future development. The District is seeking building permits for a 16-story office building and a 29-story residential tower on the parcels. After obtaining entitlements, the District

anticipates selling the parcels, along with another parcel that is not necessary for the Addition, and applying the proceeds from the sale to pay a portion of the costs of the Addition. In the event that the parcels cannot be sold at the anticipated time or price, the District may incur additional borrowing to complete the Addition.

HOSPITALITY INDUSTRY WITHIN THE DISTRICT

The hospitality industry that serves the business traveler, conventioner and tourist is one of the County's (whose boundaries are coterminous with the District) core industries and is a major source of jobs and income. The following table indicates the volume of visitors annually during the period from calendar years 2013 through 2017.

**TABLE 13:
KING COUNTY
ESTIMATED VISITOR VOLUME 2013-2017
(IN MILLIONS)**

<u>Year</u>	<u>Total Number of Visitors</u>	<u>Overnight Visitors</u>
2013	35.8	18.6
2014	37.1	19.2
2015	38.1	19.7
2016	38.9	20.0
2017	39.9	20.8

Source: Visit Seattle.

In 2017, an estimated 39.9 million people visited the District (whose boundaries are coterminous with the County), including 37.07 million domestic visitors and 2.83 million international visitors. Visitors are attracted to the County not only to do business with federal and international governmental agencies and regional businesses, but also to visit the historic sites, museums, and other major cultural attractions. According to the Bureau, approximately 55-65% of major downtown hotel business is transient business (business, international business and tourism) and 35-45% is related to group demands for meetings and conventions, with Convention Center groups making up approximately 75-90% of the group demand total. The following table shows the 10 largest hotels in downtown Seattle by number of rooms in 2017. The 10 hotels that generate the most Regular Lodging Tax Revenues represented 32% of Regular Lodging Tax Revenue in 2017.

**TABLE 14:
TEN LARGEST HOTELS IN DOWNTOWN SEATTLE
BY NUMBER OF ROOMS 2017**

<u>Hotel</u>	<u>Number of Rooms</u>
Sheraton Seattle Hotel	1,236
Westin Seattle	891
Renaissance Seattle Hotel	557
Grand Hyatt Seattle	457
Fairmont Olympic Hotel	450
W Hotel Seattle	424
Crowne Plaza Seattle	418
Marriott Seattle Waterfront	361
Hyatt @ Olive 8	346
Motif Seattle	319

Source: The District.

Hotels use benchmarks that include average daily room rate (“ADR”) per occupied room. The ADR calculation is room revenue for the period divided by the number of rooms occupied. Room occupancy is another common benchmark and is the number of rooms occupied during the period, including transient, permanent, and complimentary rooms. Revenue per available room (“RevPAR”) is the average daily room revenue per available room. The calculation is room revenue for the period divided by the number of rooms available for sale.

The Seattle market has performed competitively with respect to ADR in comparison to many other cities in its competitive set (cities located in the western United States plus Vancouver, B.C. considered to be competitive with Seattle as travel destinations).

The table below sets out the 2017 and 2016 ADR for hotels in the Seattle competitive set.

**TABLE 15:
SEATTLE COMPETITIVE SET
2017 AND 2016**

Area	Occupancy %		ADR⁽¹⁾		RevPAR⁽²⁾	
	2016	2017	2016	2017	2016	2017
Seattle, Washington						
King County, Washington	77.1%	77.8%	\$161.37	\$168.40	\$124.43	\$130.95
Seattle Downtown	82.7	84.2	211.17	222.56	174.61	187.44
Seattle BIA ⁽³⁾	82.1	83.8	204.82	215.91	168.25	180.86
Anaheim, California, including Disneyland	80.4	80.8	153.54	159.11	123.44	128.53
San Diego, California						
San Diego Downtown	80.2	79.7	199.51	206.52	159.93	164.61
San Francisco/San Mateo, California						
San Francisco – Market Street	85.7	83.7	256.96	252.87	220.11	211.73
Denver, Colorado						
Denver Downtown	75.8	75.8	184.21	186.41	139.62	141.25
Portland, Oregon	75.4	74.5	132.58	135.64	100.01	101.01
Salt Lake City-Ogden, Utah	68.9	71.4	103.20	108.54	71.16	77.47
Vancouver, British Columbia						
Downtown	79.3	78.3	164.89	182.59	130.71	142.97

(1) Average Daily Room Rate Per Occupied Room.

(2) Average daily room revenue per available room – room revenue for the period divided by the number of rooms available for sale.

(3) “BIA” means Business Improvement Areas.

Source: *Smith Travel Research, Inc.*

The following table illustrates the historical performance of hotels in the Seattle market by average daily room rate and occupancy.

**TABLE 16:
HOTEL ADR AND OCCUPANCY⁽¹⁾**

Calendar Year	Location within King County	ADR⁽²⁾	Occupancy	RevPar⁽³⁾
2013	Downtown Seattle	\$174	79.7%	\$139
	Seattle/Tacoma Airport	N/A	N/A	N/A
	Bellevue and Eastside	161	76.0	123
2014	Downtown Seattle	191	82.2	157
	Seattle/Tacoma Airport	109	77.0	84
	Bellevue and Eastside	176	76.2	134
2015	Downtown Seattle	205	83.0	170
	Seattle/Tacoma Airport	119	80.2	95
	Bellevue and Eastside	188	75.2	141
2016	Downtown Seattle	211	82.7	175
	Seattle/Tacoma Airport	124	79.5	98
	Bellevue and Eastside	194	74.8	145
2017	Downtown Seattle	223	84.2	187
	Seattle/Tacoma Airport	130	80.7	105
	Bellevue and Eastside	198	72.0	142

- (1) Information in this table reflects a separate report from figures in the preceding table and the results of the two studies are not identical.
- (2) Average Daily Room Rate Per Occupied Room.
- (3) Average daily room revenue per available room – room revenue for the period divided by the number of rooms available for sale.

Source: Smith Travel Research, Inc.

FINANCIAL INFORMATION

Historical Financial Results

The following table presents a summary of revenues and expenses for the District for Fiscal Years ended December 31, 2013 through 2017. The figures for each of these Fiscal Years have been excerpted from the audited financial statements of the District. The District's fiscal year is the calendar year. See Appendix C.

TABLE 17:
WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Fiscal Years Ended December 31

	2013 ⁽¹⁾	2014 ⁽¹⁾	2015	2016	2017
Operating Revenues					
Building Rent	\$4,793,622	\$4,616,158	\$4,398,715	\$4,563,699	\$4,363,947
Food Service	15,693,512	21,089,242	19,673,485	22,005,777	20,949,997
Parking	3,775,712	3,926,927	3,618,471	3,588,648	3,723,747
Facility Services	2,311,036	2,882,359	2,986,364	3,218,654	3,547,743
Retail Leases	674,638	589,322	521,279	495,965	510,214
Other	711,715	1,354,524	1,511,486	1,683,471	1,866,049
Total Operating Revenues	\$27,960,235	\$34,458,532	\$32,709,800	\$35,556,214	\$34,961,697
Operating Expenses					
Salaries and Wages	\$7,709,052	\$8,221,062	\$7,828,450	\$8,183,258	\$8,505,409
Employee Benefits	4,575,744	4,783,222	4,773,908	5,038,470	5,216,785
Professional/Other Services	2,198,826	2,556,227	2,571,813	2,524,676	2,620,474
Food Service	9,630,399	11,848,914	10,512,122	12,967,020	12,253,134
Supplies	504,557	562,901	576,759	597,246	584,990
Utilities	2,593,396	2,737,809	2,711,915	2,790,347	3,102,999
Repair and Maintenance	1,676,335	1,607,773	1,968,144	1,770,592	1,703,191
Depreciation/Amortization	10,738,022	11,798,208	12,571,219	13,218,878	13,448,391
Other Admin./Contingency	323,050	328,643	319,884	360,115	327,266
Total Operating Expenses	39,949,381	44,444,759	\$43,834,214	\$47,450,603	\$47,762,639
Operating Income (Loss)	(11,989,146)	(9,986,227)	(11,124,414)	(11,894,389)	(12,800,942)
Marketing Tax ⁽²⁾	9,497,334	10,923,374	12,194,605	12,863,089	13,944,123
Marketing Expenses					
Visit Seattle	8,058,563	9,284,615	10,415,378	10,973,623	11,940,816
In-house Marketing			983,680	1,016,655	1,188,809
Total Marketing Expenses	\$8,058,563	\$9,284,615	\$11,399,058	\$11,990,278	\$13,129,625
Income from Marketing	1,438,771	\$1,638,759	795,547	872,811	814,498
Total Net Oper. & Marketing Loss	(10,550,375)	(8,347,468)	(10,328,867)	(11,021,578)	(11,986,444)
Non-Operating Rev. (Exp.)					
Regular Lodging Tax ⁽²⁾	\$47,475,270	\$54,603,587	\$60,958,399	\$64,300,007	69,705,450
Interest, Investment Income	806,716	410,692	508,520	1,174,492	1,337,620
Interest Expense	(19,723,991)	(16,700,504)	(16,057,662)	(14,153,153)	(11,569,690)
BABs Subsidy	6,219,312	6,266,637	6,263,260	6,167,877	6,077,141
Loss on Disposal of Assets	(1,885,443)	(1,354,564)	(2,645,802)	(691,614)	(1,294,965)
Non-operating Interest Exp.	(9,061)	(9,610)	(7,903)	(14,378)	(45,496)
Other Revenue (Expense)	(4,109)	--	(2,719)	(2,498)	(3,951)
Total Non-Operating Revenue	\$32,878,694	\$43,216,238	\$49,016,093	\$56,780,733	\$64,206,109
Change in Net Position	22,328,319	34,868,770	38,687,226	45,759,155	52,219,665
Net Position- Ending	\$254,757,546	\$290,394,684	\$329,081,910	\$374,841,065	\$427,060,730

(1) The District changed its presentation of operations and marketing expenses in 2015. The 2013 and 2014 figures above are revised from the audited financial statements issued for the years ended in December 31, 2013 and 2014 to conform to the presentation used for the years ended December 31, 2015, 2016 and 2017.

(2) Regular Lodging Tax Revenues include both "Marketing Tax" and "Regular Lodging Tax." Subject to the flow of funds, the District applies a portion of the Regular Lodging Tax Revenues for marketing purposes.

Source: The District.

FORECAST OF LODGING TAX REVENUES

Forecast. CBRE Hotels Advisory (the “Independent Revenue Consultant”) has prepared its Forecast of Lodging Tax Revenues dated as of July 18, 2018 (the “Forecast of Lodging Tax Revenues”), which is included in Appendix A. In preparing its report the Independent Revenue Consultant relied upon its existing general knowledge of the Seattle and King County (the “County”) lodging market, additional interviews with Visit Seattle, the District, municipalities in the County and hotel management, information regarding historical lodging tax revenues as reported by the Office of Financial Management of the State of Washington and the District and a review of market performances of hotels in the County. The Report constitutes a “forward-looking statement.” The Report should be read in its entirety for a full understanding of the Independent Revenue Consultant’s analysis and the basis for its conclusions. The Report is addressed solely to the District and may not be relied upon by any other person to establish an estimated value of the Bonds or for any other purpose. The Report does not constitute a recommendation to any person to purchase or sell the Bonds. The conclusions reached in the Report are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth in the Report. In addition, the District has agreed to indemnify the Independent Revenue Consultant against certain liabilities arising out of its engagement to provide the Report. For a more detailed summary of the methodology utilized by the Independent Revenue Consultant, including with respect to applicable assumptions, hypothetical conditions and qualifications, see the “Methodology” section of the Report. See Appendix A. **The District makes no representation or warranty as to the correctness or completeness of the Report or the conclusions set forth therein.**

In its Forecast of Lodging Tax Revenues, the Independent Revenue Consultant assumed, among other things, that the current Convention Center will be well maintained through ongoing capital improvements to remain competitive in the convention and meetings market. In addition, the Independent Revenue Consultant assumed that the Addition will be completed and operational by mid-2021.

Based on the methodology outlined in the Forecast of Lodging Tax Revenues, and subject to the assumptions described therein, the Independent Revenue Consultant has projected the Regular Lodging Tax Revenues for the City, the County (excluding Seattle) and for all of the County, as well as the Additional Lodging Tax Revenues and Extended Lodging Tax Revenues (e.g. total lodging tax revenues available to the District from hotels with 60 or more rooms, hotels with fewer than 60 rooms, and web-based units). The Independent Revenue Consultant finds that overall, the County and Seattle market continues to function as the major hub in the State and its immediate surroundings, and primarily consists of office space, research and development facilities, retail, restaurants, hotels, multi-family, and other commercial developments. Owing to the strength and anticipated growth of the County and Seattle market, the Independent Revenue Consultant is of the opinion that the market benefits from a wide range of demand generators and steady growth rates, and is poised to provide strong demand for hotel rooms and conference facilities in the area for years to come. The Independent Revenue Consultant finds that the Greater Seattle Metropolitan Statistical Area represents one of the strongest lodging markets in the United States with healthy performance levels achieved since the end of the recession in 2009.

The Independent Revenue Consultant identifies the following primary facts and assumptions utilized in the Forecast of Lodging Tax Revenues. **THE INDEPENDENT REVENUE CONSULTANT’S REPORT SHOULD BE READ IN ITS ENTIRETY FOR AN UNDERSTANDING OF THE FINDINGS, APPLICABLE ASSUMPTIONS, HYPOTHETICAL CONDITIONS AND QUALIFICATIONS AND PROJECTIONS.**

- Seattle includes 76 hotels with 60 rooms or more, totaling 15,066 guestrooms as of year-end 2017. The remaining County area 132 hotels with 60 rooms or more, totaling 20,075 guestrooms as of year-end 2017. In total, the number of hotels with 60 rooms or more in the County is 208, and the number of daily available rooms is 35,141.
- Historically, there have been large annual increases in Lodging Tax Revenues, which can be attributed to strong hotel performance and corresponding increases in the lodging supply. These periodic supply increases and continued growth in lodging demand are the leading reasons for the strong historical average annual growth.
- Historical Regular Lodging Tax Revenues have increased at a compound annual growth rate (“CAGR”) of 7.2 percent between fiscal years 1990-1991 and 2016-2017. Since the economic downturn of 2008-2009, Regular Lodging Tax Revenues and Additional Lodging Tax Revenues have experienced

significant growth corresponding to the strong local economic recovery. During the last six fiscal years, Lodging Tax Revenues increased by a total of approximately \$29.4 million between 2011/2012 and 2016/2017. Given the growth in all segments of the local economy and lodging market, this strong annual growth is projected for the next several years.

- Based on discussions with general managers, regional managers, Visit Seattle, and other industry participants, the anticipated economic growth, and the Independent Revenue Consultant's review of historical demand trends throughout the County, over the first five years of the analysis (2018-2022), the Independent Revenue Consultant projects demand (the number of rooms occupied) in Seattle to continue to increase as the economic outlook for the market remains positive, which is largely attributable to significant growth in new commercial office space and planned completion of the Addition project. The planned delivery of the Addition in 2021 is projected to allow hosting of larger city-wide conventions and multiple groups simultaneously. New hotels entering the market are expected to be positioned to absorb previously unsatisfied demand during peak periods. Coinciding with the opening of the planned Addition in 2021, demand growth is anticipated to exceed supply with occupancy levels returning to the 80-percent range for Seattle.
- Based on historical trends, the Independent Revenue Consultant has estimated that the Seattle market (hotels with 60 rooms or more) will add approximately 1,850 additional hotel rooms every five years beginning in 2023. Specifically, the Independent Revenue Consultant projects the Seattle market to add 300 rooms the first year, 400 rooms the second year, 450 rooms the third year, 400 rooms the fourth year, and 300 rooms the fifth year. This projection reflects a CAGR in supply of 2.0 percent for Seattle, in line with historical supply growth levels. The Independent Revenue Consultant has estimated that the remaining County market (hotels with 60 rooms or more) will add approximately 1,400 additional hotel rooms every five years beginning in 2023. Specifically, Independent Revenue Consultant estimates that the market will add 200 rooms in the first year, 300 rooms the second year, 400 rooms the third, 300 rooms the fourth year, and 200 rooms the fifth year, and notes that this future supply growth for Seattle and the County follows typical lodging market development cycles.
- For the 30-year projection period, the Independent Revenue Consultant has forecasted average daily room rate for County hotels with 60 rooms or more ("ADR") to increase at a CAGR of approximately 3.0 percent, below the long-term average annual increase in ADR of 3.6 percent.
- The Independent Revenue Consultant has identified 31 hotels with fewer than 60 rooms in Seattle; these hotels represent 1,182 rooms. The Independent Revenue Consultant has also identified 38 properties with fewer than 60 rooms in the County (excluding Seattle); these hotels represent 1,388 rooms. Given the market position of this segment of properties, the Independent Revenue Consultant has not accounted for any future additions to supply. The Independent Revenue Consultant estimates that these hotels achieved an ADR of \$60 and an occupancy of 60 percent in 2017. Going forward, the Independent Revenue Consultant has not accounted for any growth in demand over the projection period, although the Independent Revenue Consultant has accounted for annual growth in ADR of 3.0 percent per year.
- Based on the Hotel Horizons® Airbnb Insights publication, the Independent Revenue Consultant understands that there are 4,264 web-based units located within Seattle and 976 web-based units located in the County (excluding Seattle). The Independent Revenue Consultant projects supply for these web-based units to increase by 10 percent in 2018 and further increase by 5.0 percent in 2019 with projected stabilized supply levels beginning in 2020. Demand is projected to increase in line with the supply growth, consistent with historical trends. ADR for these units is projected to increase by 3.0 percent per annum throughout the 30-year projection period.

The Independent Revenue Consultant states that given the strength of the local market area and lodging performance, Lodging Tax Revenues are projected to increase by approximately \$43.0 million between 2018 and 2022. In total, the Independent Revenue Consultant estimates that Lodging Tax Revenues will increase at a CAGR of 4.0 percent between 2018 and 2047, attributed to an increase in supply and the subsequent absorption of these hotels in the County market, as well as the Extended Lodging Tax Revenues and Additional Lodging Tax Revenues to be collected from hotels with fewer than 60 rooms and web-based units beginning in January 2019.

As noted above the Independent Revenue Consultant’s Forecast of Lodging Tax Revenues should be read in its entirety for an understanding of the findings, applicable assumptions, hypothetical conditions and qualifications and projections. Any projection is subject to uncertainties. Inevitably, some assumptions used to develop projections will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between projections and actual results, and those differences may be material. See APPENDIX A—“Forecast of Lodging Tax Revenues.”

Other Reports. Pursuant to RCW 36.100.025, the State Department of Commerce is required to conduct an independent financial feasibility review prior to the issuance of any indebtedness, excluding the issuance of obligations to refund or replace such indebtedness, by a public facilities district. The review is required to examine the potential costs to be incurred by the public facilities district and the adequacy of revenues or expected revenues to meet those costs. The independent financial feasibility review, upon completion, is a public document and is submitted to the Governor, the State Treasurer, the State Auditor, the public facilities district and participating local political subdivisions, and appropriate committees of the Legislature.

Pursuant to this requirement, two reports have been completed by E. D. Hovee & Company, LLC (the “State Consultant”) for the State Department of Commerce with respect to the Project pursuant to this statutory requirement. The first report of the State Consultant was completed in November 2015 and reviewed the first phase of the Project, specifically the costs of the land acquisition and the adequacy of the District’s revenues and expected revenues to meet these costs. The second report of the State Consultant was completed on May 24, 2018 and reviewed the remainder of the Project costs and the adequacy of the District’s revenues and expected revenues to meet these costs. The report is a public document and was submitted to the Governor, the State Treasurer, the State Auditor, the District, the County, and appropriate committees of the Legislature. The report of the State Consultant is filed as a Report to the Legislature at <http://app.leg.wa.gov/reportstothelegislature> (this website is not incorporated herein).

CERTAIN INVESTMENT CONSIDERATIONS

Prospective purchasers of the Bonds should consider the matters set forth below as well as other information contained in this Official Statement in evaluating an investment in the Bonds. This section does not purport to be a comprehensive list or description of all potential risks which, if realized, could adversely affect the payment or the value of the Bonds. The order of presentation of these factors below is not intended to create any implication as to the relative importance of any one risk factor over another.

Initiative and Referendum

Under the State Constitution, the voters of the State have the ability to initiate legislation and modify existing legislation through the powers of initiative and referendum, respectively. The initiative power in Washington may not be used to amend the State Constitution. Initiatives and referenda are submitted to the voters upon receipt of a petition signed by at least 8% (initiative) and 4% (referenda) of the number of voters registered and voting for the office of Governor at the preceding regular gubernatorial election. Any law approved in this manner by a majority of the voters may not be amended or repealed by the Legislature within a period of two years following enactment, except by a vote of two-thirds of all the members elected to each house of the Legislature. After two years, the law is subject to amendment or repeal by the Legislature in the same manner as other laws.

In recent years there has been an increase in the number of initiatives and referenda filed in Washington, including state initiatives targeting taxes imposed by local jurisdictions. The District cannot predict whether this trend will continue, whether any filed initiatives will receive the requisite signatures to be certified to the ballot, and whether such initiatives will be approved by the voters and, if challenged, upheld or struck by the courts (see, e.g. *Pierce County v. State*, 159 Wn. 2d. 16 (2006), interpreting the contracts clause in Article I, Section 23 of the Washington State Constitution).

Limitations on Remedies

Any remedies available to the Owners of the Bonds upon the occurrence of a Default under the Master Agreement depend in many respects upon judicial actions, which are in turn often subject to discretion and delay and could be both expensive and time-consuming to obtain. If the District fails to comply with its covenants under the Master Agreement or to pay principal of or interest on the Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the Owners of the Bonds.

In addition to the limitations on remedies contained in the Master Agreement, the rights and obligations of the Owners under the Bonds may be limited by and are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. All legal opinions with respect to the enforceability of the Bonds, the Bond Resolution, the First Priority Series Agreement, the Subordinate Priority Series Agreement and the Master Agreement will be expressly subject to a qualification that enforceability thereof may be limited by bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium or other similar laws affecting the rights of creditors generally, and by general principles of equity. The form of the opinion of Bond Counsel with respect to the Bonds is attached as Appendix E. Prospective investors concerned with the impact of any bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium or other similar laws should consult with their own independent counsel before purchasing any Bonds.

No Acceleration

The Bonds are not subject to acceleration upon the occurrence of a Default. The District, therefore, would be liable only for principal and interest payments as they become due. In the event of multiple Defaults in payment of principal of or interest on a series of Bonds, the Owners would be required to bring a separate action for each such payment not made. This could give rise to a difference in interests between Owners of earlier and later maturing Bonds of a series. See APPENDIX D—"Form of Master Agreement" for a description of the events that could give rise to a Default and available remedies.

Economic Activity; Tourism Activity

Factors such as weakening in the national economy and reductions in travel for any reason, including terrorist attacks and increases in gas prices, have impacted Lodging Tax Revenues in the past and could do so in the future. The recession from approximately 2008 to 2010 decreased Lodging Tax Revenues from a prerecession high of nearly \$61.5 million (occurring in 2008) to a post-2008 low of approximately \$50.8 million (occurring in 2010) (a drop of 17.3%); however, Lodging Tax Revenues have increased every year since fiscal year 2010. A slowdown or decrease in the level of tourist activity (including convention activity) in the District is likely to result in slowed growth or a reduction in Lodging Tax Revenues. See "HISTORICAL LODGING TAX REVENUES AND DEBT SERVICE COVERAGE—Lodging Tax Revenues Collection History." Washington State's economy is relatively dependent on export-oriented industries, and may be affected by factors affecting international trade, including tariffs.

The Independent Revenue Consultant has projected future Lodging Tax Revenues as described in the Forecast of Lodging Tax Revenues included in Appendix A. Among other assumptions, the Forecast of Lodging Tax Revenues assumes significant growth in new commercial office space as well as the entry of new hotels into the market. There can be no assurance that the assumed new commercial office space and hotels will be completed in the expected time frame and with the expected occupancy levels. Web-based units represent a new entrant into the lodging market, without a history of tax collections, and may have unanticipated effects on the lodging industry and Lodging Tax Revenues. There can be no assurance that a future recession or other significant local or national event will not again have a materially negative impact on Lodging Tax Revenues. The attractiveness of Seattle as a tourist and convention destination may also adversely affect the level of Lodging Tax Revenues – and Convention Center bookings. Such factors that may affect tourism and convention activity include public safety, the walkability of downtown Seattle and homelessness in downtown Seattle. Other factors that are beyond the control of the District that also may adversely affect the level of Lodging Tax Revenues in the future include the availability of affordable air service to the Seattle metropolitan area. Reductions in air service or increases in the price of such service may occur due to the poor health of the airline industry in general, increases in jet fuel costs or other factors.

Convention Center Market

The District's operating revenues are largely dependent upon the continued attractiveness of convention activities in the Seattle metropolitan area. The District focuses on national and international convention activities including medical, scientific, and high-tech groups as well as major corporate events for Seattle-area companies such as Microsoft. Competition for convention activity, including for these target convention activities, in other metropolitan areas may cause downward pressure on rates and thus cause a decline in future operating revenues (which are not pledged to the payment of the Bonds). Economic and other factors affecting Seattle-area companies could affect these companies' demand for Convention Center space. Convention center facilities in the major metropolitan areas in the Pacific Northwest, West Coast and elsewhere compete for target convention activities (Table 15 identifies competing facilities, for example, in Anaheim, San Diego, San Francisco, Denver, Portland, Salt Lake City, and Vancouver, British Columbia). Convention center expansion and other improvements by competing facilities may affect the Convention Center's relative competitive position. A decline in the continuing attractiveness of the Convention Center and/or the Addition, once completed, themselves as a venue for holding conventions could lead to a decline in operating revenues as well as a decline in Lodging Tax Revenues from a related decline in hotel stays by convention attendees traveling from outside the area. Since its original facility opened in 1992, the District (and prior to the District, the Nonprofit Corporation) renovated and expanded its facilities in 2001 and 2010. The Convention Center also underwent an upgrade in 2013-2016. Given the capital requirements associated with maintaining competitive convention facilities, the District can be expected to need to continue to undertake, and periodically finance, improvements to remain competitive.

Project Risk

The Addition project as described under the heading "PLAN OF FINANCE—The Project" is based on current cost and timing estimates and also includes some allowance for contingencies. The actual cost and schedule are subject to change, and may result in significantly higher costs than currently estimated. The funding sources for the Addition project assume growth in lodging taxes, and lodging taxes are dependent on economic activity including the tourism industry as described under "—Economic Activity; Dependence on Tourism Activity." The Plan of Finance includes proceeds from the future sale of development rights as a source of funds and contemplates the issuance of the 2021 Completion Bonds as another source of funds to complete the construction of the Addition. The sale of development rights is subject to market and other conditions. The issuance of the 2021 Completion Bonds also is subject to market conditions as well as a number of prerequisites including compliance with the requirements for issuance of additional First Priority Bonds and, potentially, Subordinate Priority WSCC Obligations. The amount, timing and the priority level of the 2021 Completion Bonds may change depending on future developments, including if the District is unable to sell the development rights as and when expected. There is no guarantee that the assumptions underlying the funding sources for the Addition project will be realized, that the Addition project will be completed within budget contingencies and on schedule, or that capital investments, in the form of the Addition or renovations to the Convention Center, will generate increased operating revenues as expected. Operating expenses may increase more than expected. The Independent Revenue Consultant assumes completion of the Addition project in 2021 as planned in the Forecast of Lodging Tax Revenues. District operating revenues are not pledged to the payment of the Bonds, but operation of the Convention Center and the Addition do affect Lodging Tax Revenues as described above under the heading "—Convention Center Market." The State Consultant noted potential risks including risks associated with Project delay or cost overruns, uncertainty regarding non-debt related funding during construction, risks associated with projected Lodging Tax Revenues, additional bonds requirements, the possibility of a short-term operating loss, and other risks. The State Consultant noted that reduced profitability (or an increased operating deficit) is often an outcome with facility expansion over some or all of the three years to stabilized operations. The State Consultant noted, however, that the District has multiple risk mitigation measures it could consider, including use of reserves, use of Additional Lodging Taxes to pay debt service, use of Extended Lodging Tax revenues, delay of the planned 2021 Completion Bonds, and/or deferral of non-priority obligations.

Municipal Bankruptcies

A municipality such as the District must be specifically authorized under state law to seek relief under Chapter 9 of the Bankruptcy Code. Washington State law permits any municipality to voluntarily petition for relief under a predecessor to the Bankruptcy Code. A creditor cannot bring an involuntarily bankruptcy proceeding against a

municipality under the Bankruptcy Code. Under Chapter 9, a federal bankruptcy court may not appoint a receiver for a municipality or order the dissolution or liquidation of the municipality. The federal bankruptcy courts have certain discretionary powers under the Bankruptcy Code.

Under Chapter 9, “special revenues” are granted certain protections in cases brought by municipalities. The Bankruptcy Code also provides that “special revenues” can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. The definition of “special revenues” includes “special excise taxes imposed on particular activities or transactions” and “taxes specifically levied to finance one or more projects or systems, excluding receipts from general property, sales, or income taxes (other than tax-increment financing) levied to finance the general purposes of the debtor.” No assurance can be given that a court would hold that the Lodging Tax Revenues are special revenues.

RCW 36.100.040(7) authorizes the District to “pledge” the Lodging Tax Revenues to pay or “secure” the payment of obligations issued or incurred by the Board, subject to the terms established by the Board. Under the Master Agreement the District has assigned, pledged and granted the Trust Estate, including all right, title and interest of the District in and to the Lodging Tax Revenues, to secure the payment of the principal of and interest on the First Priority Bonds and the Subordinate Priority WSCC Obligations. The statute does not expressly state that the pledge constitutes a statutory lien.

Legal proceedings necessary to resolve the status of post-bankruptcy money in the accounts pledged to the payment and security of the Bonds could be time consuming. Substantial delays or reductions in payments to the Owners of the Bonds could result. Even if a court determines that post-bankruptcy money in such accounts is payable to the Owners of the Bonds, the court may permit the District to spend such money in such accounts to pay operation and maintenance costs of the District or to pay general creditors, notwithstanding any provision of the Master Agreement to the contrary.

Seismic, Volcanic, and Other Risks

The Convention Center is in an area of seismic activity, with frequent small earthquakes and occasionally moderate and larger earthquakes. In the event of a major earthquake that has a significant impact on transportation and the hotel industry, any resulting significant reduction in tourist travel or business travel to the area and any significant reduction in convention-related travel would have a corresponding reduction in the collection of Lodging Tax Revenues and could affect the District’s ability to pay debt service on the Bonds when due. The District can give no assurance regarding the effect of an earthquake or other natural disaster, that proceeds of insurance carried by the District would be sufficient, or available, to rebuild and reopen the Convention Center and the Addition or that major hotels and infrastructure would be rebuilt and reopened in a timely manner following a major earthquake or other natural disaster.

Further, Mount Rainier at 14,410 feet is the highest peak in the Cascade Range. Mount Rainier National Park is approximately 65 miles from the Convention Center. Mount Rainer is a dormant volcano having glacier ice that exceeds that of any other mountain in the coterminous United States. Mount Rainier thus poses a variety of geologic hazards, including the potential for future eruptions. The recorded history (about 200 years) of Mount Rainier includes one or two small eruptions, several small debris avalanches, and many small lahars (debris flows originating on a volcano consisting of water, ice, soils, and/or downed trees and other debris). A future major eruption could result in pyroclastic flows, ballistic projectiles, and lava flows closer to the mountain, and could result in very large lahars that could travel at high rates of speed as far as the District and into the Puget Sound (which the District borders). Such lahars could cause catastrophic damage to the District.

LITIGATION

There is no controversy or litigation pending or, to the best knowledge of the District, threatened which will affect the issuance and delivery of the Bonds, the collection of Lodging Tax Revenues and other revenues to pay the principal and interest thereon, the proceedings and authority under which the Bonds are issued, or the validity of the Bonds.

The District may become a defendant from time to time in legal actions and claims that arise during the normal course of business. Some of these claims may be covered by insurance. As of the date of this Official Statement, the District is not aware of any legal actions that, in the opinion of District management, would have a material adverse effect on the financial position, operations or cash flows of the District.

LEGALITY

Legal matters incident to the authorization, execution and delivery of the Bonds are subject to the unqualified approving legal opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel and Disclosure Counsel to the District. Bond Counsel and Disclosure Counsel will be compensated only upon the issuance and sale of the Bonds.

Certain legal matters will be passed on for the Underwriters by Orrick, Herrington & Sutcliffe LLP, Seattle, Washington, Counsel to the Underwriters. Any opinion of such firm will be addressed solely to the Underwriters, will be limited in scope, and cannot be relied upon by investors.

TAX MATTERS

In the opinion of Bond Counsel, under existing law and subject to certain qualifications described below, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The proposed form of opinion of Bond Counsel with respect to the Bonds to be delivered on the date of issuance of the Bonds is set forth in Appendix E.

The Code contains a number of requirements that apply to the Bonds, and the District has made certain representations and has covenanted to comply with each such requirement. Bond Counsel's opinion assumes the accuracy of the representations made by the District and is subject to the condition that the District comply with the above-referenced covenants. If the District fails to comply with such covenants or if the District's representations are inaccurate or incomplete, interest on the Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Except as expressly stated herein, Bond Counsel expresses no opinion regarding any tax consequences related to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Under the Code, original issue discount is treated as interest excluded from federal gross income to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual alternative minimum tax.

Under the Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year

reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax consequences of owning such Bonds.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Owners to incur significant expense.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Not Bank Qualified

The District has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

CONTINUING DISCLOSURE UNDERTAKING

Pursuant to a certificate to be executed by the District in connection with the issuance and delivery of the Bonds (the "Continuing Disclosure Certificate"), the District will covenant for the benefit of the owners and the "Beneficial Owners" (as defined in the Continuing Disclosure Certificate) of the Bonds to provide certain financial information and operating data relating to the District not later than nine months after the end of each of the District's fiscal years (presently, December 31), commencing with the report for the fiscal year ended December 31, 2018 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events with respect to the Bonds. The Annual Report will be filed by or on behalf of the District with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system. The specific nature of the information to be contained in the Annual Report and the notices of events are set forth in the proposed form of Continuing Disclosure Certificate, which is included in its entirety in Appendix F. The District's covenant will be made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12 (the "Rule").

Prior Undertakings. The District entered into a continuing disclosure undertaking in connection with the issuance of the 2010 Bonds. The annual financial information filed for fiscal year 2013 omitted historical debt service coverage. Historical debt service coverage for 2013 was included in the annual financial information filed for fiscal year 2014, and on July 17, 2018, the District filed notice of its failure to file this information on a timely basis. This coverage table has been included in subsequent filings.

RATINGS

Moody's Investors Service ("Moody's") has assigned its rating of "Aa3" to the 2018 First Priority Bonds and its rating of "A1" to the 2018 Subordinate Priority Bonds. S&P Global Ratings ("S&P") has assigned its rating of "A+" to the 2018 First Priority Bonds and its rating of "A-" to the 2018 Subordinate Priority Bonds. Certain information was supplied by the District to such rating agencies to be considered in evaluating the Bonds.

The foregoing ratings express only the views of the rating agencies and are not recommendations to buy, sell or hold the Bonds. An explanation of the significance of each of the ratings may be obtained from the rating agency furnishing the rating. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, or any of them, if, in their or its judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The 2018 First Priority Bonds are to be purchased from the District at an aggregate purchase price of \$648,151,580.98 (the principal amount of the 2018 First Priority Bonds, less underwriters' discount of \$1,695,852.77, and plus original issue premium of \$51,057,433.75), subject to the terms of a bond purchase contract (the "Purchase Contract") between the District and Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, J.P. Morgan, RBC Capital Markets, LLC, and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriters"). The 2018 Subordinate Priority Bonds are to be purchased from the District at an aggregate purchase price of \$434,431,503.18 (the principal amount of the 2018 Subordinate Priority Bonds, less underwriters' discount of \$1,146,461.47, and plus net original issue premium of \$30,772,964.65), subject to the terms of the Purchase Contract. The Purchase Contract provides that the Underwriters will purchase all of the Bonds if any are purchased and that the obligation of the Underwriters to accept and pay for the Bonds is subject to certain terms and conditions set forth therein, including the approval by counsel of certain legal matters.

The initial public offering prices or yields set forth on the inside cover pages may be changed from time to time by the Underwriters without prior notice. The Underwriters may offer and sell the Bonds to certain dealers, unit investment trusts or money market funds at prices lower than the public offering prices stated on the inside cover page.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for District or the County, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District or the County.

Citigroup Global Markets Inc., an underwriter of the Series 2018 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

FINANCIAL ADVISOR

PFM Financial Advisors LLC, Seattle, Washington (the "Financial Advisor"), has acted as financial advisor to the District in connection with the issuance of the Bonds. The Financial Advisor is not obliged to undertake, and has not undertaken, an independent verification of, nor has assumed responsibility for the accuracy, completeness or fairness

of the information obtained in, this Official Statement. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

POTENTIAL CONFLICTS

Some or all of the fees of the Underwriters, Financial Advisor, the Trustee, Bond Counsel and Disclosure Counsel, and Underwriters' Counsel are contingent upon the sale of the Bonds. Pacifica Law Group LLP is serving as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. From time to time, Bond Counsel and Disclosure Counsel serves as counsel to the District, the Underwriters, and to other parties involved with the Bonds with respect to transactions other than the issuance of the Bonds. Bond Counsel and Disclosure Counsel are serving as underwriters' counsel to one or more of the Underwriters on transactions other than the issuance of the Bonds.

TRUSTEE

The District has appointed U.S. Bank National Association, a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Master Agreement, the First Priority Series Agreement, the Subordinate Priority Series Agreement and the Bond Resolution. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Master Agreement, the First Priority Series Agreement, the Subordinate Priority Series Agreement, the Bond Resolution, or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the District of any of the Bonds authenticated or delivered pursuant to the Master Agreement, the First Priority Series Agreement, the Subordinate Priority Series Agreement, and the Bond Resolution or for the use or application of the proceeds of such Bonds by the District. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

Additional information about the Trustee may be found at its website at <http://www.usbank.com/corporatetrust>. Neither the information on such website, nor any links from that website, is a part of this Official Statement, nor should any such information be relied upon to make investment decisions regarding the Bonds.

MISCELLANEOUS

At the time of delivery of the Bonds, one or more officials of the District will furnish a certificate stating that to the best of his or her knowledge, this Official Statement (excluding certain information regarding DTC and contained in Appendix G), as of its date and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein, in light of the circumstances in which they were made, not misleading.

The preparation, execution and distribution of this Official Statement have been authorized by the District.

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

By: /s/ Jeffrey A. Blosser
Chief Executive Officer

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APPENDIX A
FORECAST OF LODGING TAX REVENUES
(See Attached)

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FORECAST OF LODGING TAX REVENUES

King County, Washington
CBRE, Inc. File No. 18-490SF-0006

Mr. Jeff Blosser
President & CEO
Washington State Convention Center PFD
705 Pike Street
Seattle, Washington 98101

www.cbre.com
www.cbrehotels.com

CBRE





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July 18, 2018

Mr. Jeff Blosser
President & CEO
Washington State Convention Center PFD
705 Pike Street
Seattle, WA 98101

Re: Forecast of Lodging Tax Revenues – King County, WA
CBRE, Inc. File No. 18-490SF-0006

Dear Mr. Blosser:

Pursuant to your request, we have prepared a forecast of lodging tax revenues for King County, Washington, as well as revenue associated with the 2.0 percent sales tax rebate on hotels and web-based units located in the City of Seattle. The purpose of our forecast is to project lodging tax revenues that will be available for the Washington State Convention Center ("WSCC") Public Facilities District. Specifically, our projections will be utilized by representatives of PFM Financial Advisors, LLC ("PFM") and the WSCC Public Facilities District for inclusion in a securities offering used to raise funds for construction of the WSCC Addition facilities.

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A. Overview

CBRE Hotels Advisory was formally retained on January 18, 2018 by PFM Financial Advisors, LLC (“PFM”), an independent municipal advisor to the WSCC Public Facilities District, to develop an annual forecast of lodging tax revenues for the next 30 years, or from calendar years 2018 through 2047. As we understand it, the Board of Directors of the WSCC Public Facilities District are in the permit approvals stage of development for an extensive expansion of the convention center (herein referred to as the “WSCC Addition”). In order to fund the expansion, the WSCC Public Facilities District, through its underwriters, plans to sell bonds to raise the necessary funds for the project. We understand that future lodging tax revenues will serve both to support the amount of the bond offering and to service the future bond debt obligation.

In this analysis, we have assumed that the current facility will be well maintained through ongoing capital improvements to the point that the WSCC will remain competitive in the convention and meetings market. In addition, we have performed our analysis under the assumption that the WSCC Addition will be completed and operational by mid-2021.

In the following pages, we have provided an overview of our analysis, methodology, and summary of findings, followed by a more in-depth discussion of our projections of lodging tax revenue generated from hotels located in the City of Seattle and in King County and available to the WSCC Public Facilities District.

B. Methodology

In addition to our existing general knowledge of Seattle and King County hotels, we have continued to develop a deeper understanding of the lodging market by interviewing management and reviewing the market performance of top lodging tax-producing hotels. We have also worked with Visit Seattle, representatives of the WSCC, and with other municipalities in King County. Specifically, in conducting the study, we:

- Identified the supply of hotels with 60 or more rooms in the City of Seattle and in King County;
- Reviewed the actual historical annual collection of lodging tax revenues over the last 27 fiscal years (1990/91 to 2016/17) as reported by the State’s Office of Financial Management (“OFM”) and WSCC;
- Worked with local planning departments, nearly all of the major hotel companies, as well as with local hotel owners and developers to identify hotels in Seattle and King County that are in the construction, development, or planning stages in order to identify proposed hotels with a likelihood of opening over the next five years (2018 to 2022);

- Reviewed the trends in historical hotel room supply growth in Seattle and King County as a basis for our projections of long term average annual supply growth;
- Through our own market research, we reviewed the historical supply and demand trends as well as the average daily room rates (“ADR”), and total lodging revenues for many of the individual hotels in Seattle and King County;
- Interviewed representatives of Visit Seattle to review historical convention center attendance and room night trends and the future volume of convention demand on the books and booking pace through 2024, particularly given the plans for the WSCC Addition;
- Researched and analyzed current economic and demographic trends in the City of Seattle and King County to determine the trend’s impact on future lodging demand within the market;
- Utilized Hotel Horizons - Seattle®, an econometric forecasting model and publication produced by CBRE Hotels’ Americas Research, as a resource for estimating future growth in lodging supply, demand, and average daily room rates;
- Based on all information gathered, we developed a detailed annual forecast of future supply, demand, average daily room rate, and the resulting total lodging room revenue for the City of Seattle and King County lodging markets over the next five calendar years (2018 to 2022). Beginning in 2023 and through 2047, our forecast of future supply, demand, ADR, and lodging room revenue is based on market-wide general assumptions for annual growth. This analysis was prepared individually for Seattle and for the remaining King County hotels and then combined for a total for all hotels in King County;
- Based on our forecast of total lodging room revenue, we then calculated the resulting lodging tax revenue for hotels based on a lodging tax rate of 7.0 percent for hotels located in Seattle and 2.8 percent for the remaining hotels located in King County (together defined as “Regular Lodging Taxes”); and,
- Utilizing our forecast, we also accounted for a 2.0 percent additional lodging tax from hotels located in Seattle (defined as the “Additional Lodging Tax”). Based on information provided to us by representatives of the WSCC, we have assumed that the Additional Lodging Tax will expire in June 2029.

We understand that new state legislation has been passed whereby (1) the WSCC Public Facilities District will collect lodging tax revenue based on a lodging tax rate of 7.0 percent for hotels located in Seattle and 2.8 percent for the remaining hotels located in King County from hotels with fewer than 60 rooms and from web-based businesses such as Airbnb, VRBO, HomeAway, etc. (herein collectively referred to as web-based units) (defined as the “Extended Lodging Tax”) and (2) the 2.0

percent Additional Lodging Tax also will apply to hotels with fewer than 60 rooms and web-based units located in Seattle. As we understand it, the Extended Lodging Tax Revenues and Additional Lodging Tax Revenues from those hotels with fewer than 60 rooms and web-based units located in Seattle will be collected beginning in January 2019. Accordingly, in addition to the scope of work outlined above, we have also completed the following scope of work:

- We developed a detailed annual forecast of future supply, demand, average daily room rate, and the resulting total lodging room revenue for hotels with fewer than 60 rooms located in the Seattle and King County lodging markets over the next five calendar years (2018 to 2022). Beginning in 2023 and through 2047, our forecast of future supply, demand, ADR, and lodging room revenue is based on market-wide general assumptions for annual growth. This analysis was prepared individually for Seattle and for the remaining King County hotels with fewer than 60 rooms and then combined for a total for all hotels with fewer than 60 rooms in King County. The analysis outlined above was also developed for web-based units located in the Seattle and King County markets;
- Based on our forecast of total lodging room revenue for hotels with fewer than 60 rooms, we then calculated the resulting Extended Lodging Tax Revenues based on a lodging tax rate of 7.0 percent for hotels with fewer than 60 rooms located in Seattle and 2.8 percent for those hotels located in King County. However, it should be noted that only 50 percent of this amount is collected by the WSCC, which is reflected in our projections;
- Based on our forecast of total revenues for web-based units, we then calculated the resulting Extended Lodging Tax Revenues based on a lodging tax rate of 2.8 percent for web-based units located in King County; 50 percent of this revenue is kept by the WSCC, which has been factored into our projections. Lodging tax revenues for web-based units within the City of Seattle was not calculated as the WSCC does not keep this revenue; and,
- Lastly, utilizing our forecast for hotels with fewer than 60 rooms and web-based units located in Seattle, we have also accounted for a 2.0 percent Additional Lodging Tax from these hotels and web-based units located in Seattle and have assumed that the WSCC would collect 100 percent of these revenues to be rebated to the state along with the balance of the Additional Lodging Tax. Based on information provided to us by representatives of the WSCC, we have assumed that the Additional Lodging Tax will expire in June 2029.

Presented in the following table is a summary of the, Extended Lodging Tax Revenues and Additional Lodging Tax Revenues collected by the WSCC by location and property type. It should be noted that our projections of Extended Lodging Tax Revenues and Additional Lodging Tax Revenues for hotels with fewer than 60 rooms and web-based units is presented at the end of this report. The defined term “Lodging Tax Revenues” in the WSCC Public Facilities District bond documents means the Regular Lodging Tax Revenues, Extended Lodging Tax Revenues and the Additional Lodging Tax Revenues.

TABLE B-1
SUMMARY OF REGULAR, EXTENDED AND ADDITIONAL LODGING TAX REVENUES BY LOCATION AND PROPERTY TYPE

Hotels with 60 Rooms and More – Regular and Additional Lodging Tax Revenues			
Total Number of Rooms (2017): 35,141			
Location	Seattle	Seattle	Other King County
Number of Properties	76	76	132
Number of Rooms	15,066	15,066	20,075
Tax	Lodging Tax Revenues	Additional Lodging Tax Revenues	Lodging Tax Revenues
Tax Percentage	7.0%	2.0%	2.8%
Percentage to WSCC	100%	100%	100%
Collection Start Date	Current	Current	Current
Collection End Date	N/A	June 2029	N/A
Hotels with Fewer than 60 Rooms – Extended and Additional Lodging Tax Revenues			
Total Number of Rooms (2017): 2,570			
Location	Seattle	Seattle	Other King County
Number of Properties	31	31	38
Number of Rooms	1,182	1,182	1,388
Tax	Extended Lodging Tax Revenues	Additional Lodging Tax Revenues	Extended Lodging Tax Revenues
Tax Percentage	7.0%	2.0%	2.8%
Percentage to WSCC	50%	100%	50%
Collection Start Date	January 2019	January 2019	January 2019
Collection End Date	N/A	June 2029	N/A
Web-Based Units (Airbnb, VRBO, HomeAway, etc.) – Extended and Additional Lodging Tax Revenues			
Total Number of Units (2017): 5,240			
Location	Seattle	Seattle	Other King County
Number of Units	4,264	4,264	976
Tax	Extended Lodging Tax Revenues	Additional Lodging Tax Revenues	Extended Lodging Tax Revenues
Tax Percentage	7.0%	2.0%	2.8%
Percentage to WSCC	0%	100%	50%
Collection Start Date	January 2019	January 2019	January 2019
Collection End Date	N/A	June 2029	N/A
Source: WSCC			

C. Summary of Findings

The King County and Seattle market continues to function as the major hub in the State of Washington and its immediate surroundings primarily consist of office space, research and development facilities, retail, restaurants, hotels, multi-family, and other commercial developments. Owing to the strength and anticipated growth of the King County and Seattle

market, we are of the opinion that the market benefits from a wide range of demand generators and steady growth rates, and is poised to provide strong demand for hotel rooms and conference facilities in the area for years to come. As will be discussed, the greater Seattle MSA represents one of the strongest lodging markets in the U.S. with healthy performance levels achieved since the end of the recession in 2009. Presented below is a summary of the primary facts and assumptions utilized in our Lodging Tax Revenues forecast for King County.

- The City of Seattle is comprised of 76 hotels with 60 rooms or more, totaling 15,066 guestrooms as of year-end 2017. The remaining King County area is comprised of 132 hotels with 60 rooms or more, totaling 20,075 guestrooms as of year-end 2017. In total, the number of hotels with 60 rooms or more in King County is 208, and the number of daily available rooms is 35,141.
- Historically, there have been large annual increases in Lodging Tax Revenues, which can be attributed to strong hotel performance and corresponding increases in the lodging supply. These periodic supply increases and continued growth in lodging demand are the leading reasons for the strong historical average annual growth.
- Historical Regular Lodging Tax Revenues have increased at a CAGR of 7.2 percent between fiscal years 1990/91 and 2016/17. Since the economic downturn of 2008/09, Regular Lodging Tax Revenues and Additional Lodging Tax Revenues have experienced significant growth corresponding to the strong local economic recovery. During the last six fiscal years, Lodging Tax Revenues increased at an average of nearly 10.0 percent per annum or by a total of approximately \$29.4 million between 2011/12 and 2016/17. Given the growth in all segments of the local economy and lodging market, this strong annual growth is projected for the next several years.
- Based on historical trends, we have estimated that the Seattle market (hotels with 60 rooms or more) will add approximately 1,850 additional hotel rooms every five years beginning in 2023. Specifically, we project the Seattle market to add 300 rooms the first year, 400 rooms the second year, 450 rooms the third year, 400 rooms the fourth year, and 300 rooms the fifth year. This reflects a compound annual growth rate in supply of 2.0 percent for Seattle, in line with historical supply growth levels. We have estimated that the remaining King County market (hotels with 60 rooms or more) will add approximately 1,400 additional hotel rooms every five years beginning in 2023. Specifically, the market will add 200 rooms in the first year, 300 rooms the second year, 400 rooms the third, 300 rooms the fourth year, and 200 rooms the fifth year. This future supply growth for Seattle and King County follows typical lodging market development cycles.
- Based on discussions with general managers, regional managers, Visit Seattle, and other industry participants, the anticipated economic growth, and our review of historical demand trends throughout King County, over the first five years of our analysis, we

project demand (the number of rooms occupied) in Seattle to continue to increase as the economic outlook for the market remains positive, which is largely attributable to significant growth in new commercial office space and the expansion of the WSCC in 2021. The WSCC Addition delivery in 2021 will allow the City of Seattle to host larger city-wide conventions and multiple groups simultaneously with the expansive facilities proposed as part of the WSCC Addition. New hotels entering the market will be positioned to absorb previously unsatisfied demand during peak periods. Coinciding with the opening of the WSCC expansion in 2021, demand growth is anticipated to exceed supply with occupancy levels returning to the 80-percent range for the City of Seattle.

- For the 30-year projection period, we have forecasted average daily room rate for King County hotels with 60 rooms or more (“ADR”) to increase at compound annual growth rate (“CAGR”) of approximately 3.0 percent, below the long-term average annual increase in ADR of 3.6 percent.
- We have identified 31 hotels with fewer than 60 rooms in the City of Seattle; these hotels represent 1,182 rooms. We have also identified 38 properties with fewer than 60 rooms in King County (excluding Seattle); these hotels represent 1,388 rooms. Given the market position of this segment of properties, we have not accounted for any future additions to supply. It is estimated that these hotels achieved an ADR of \$60 and an occupancy of 60 percent in 2017. Going forward, we have not accounted for any growth in demand over the projection period, although we have accounted for annual growth in ADR of 3.0 percent per year.
- Based on the Hotel Horizons® Airbnb Insights publication, we understand that there are 4,264 web-based units located within the City of Seattle and 976 web-based units located in King County (excluding Seattle). We project supply for these web-based units to increase by 10 percent in 2018 and further increase by 5.0 percent in 2019 with projected stabilized supply levels beginning in 2020. Demand is projected to increase in line with the supply growth, consistent with historical trends. ADR for these units is projected to increase by 3.0 percent per annum throughout the 30-year projection period.

Based on the methodology previously discussed, we have projected the Lodging Tax Revenues (Regular Lodging Taxes and Extended Lodging Taxes for the City of Seattle, King County (excluding Seattle) and for all of King County, as well as the Additional Lodging Tax Revenues) as summarized in the following table. The summation of the Regular Lodging Tax Revenues, Extended Lodging Tax Revenues and Additional Lodging Tax Revenues represents the total Lodging Tax Revenues available to the WSCC Public Facilities District over the next 30 years from all hotels (60 or more rooms, fewer than 60 rooms, and web-based units).

TABLE C-1
TOTAL KING COUNTY PROJECTED LODGING TAX REVENUES

Calendar Year	Regular Lodging Tax Revenues	Extended Lodging Tax Revenues	Additional Lodging Tax Revenues²	Total Lodging Tax Revenues
2017	\$83,291,366	-	\$20,860,955	\$104,152,321
2018	\$90,953,000	-	\$22,780,000	\$113,733,000
2019	\$100,944,000	\$1,187,000	\$29,352,000	\$131,483,000
2020	\$108,131,000	\$1,223,000	\$31,275,000	\$140,629,000
2021	\$114,851,000	\$1,260,000	\$33,053,000	\$149,164,000
2022	\$120,808,000	\$1,298,000	\$34,637,000	\$156,743,000
2023	\$126,767,000	\$1,336,000	\$36,300,000	\$164,403,000
2024	\$131,876,000	\$1,377,000	\$37,716,000	\$170,969,000
2025	\$137,190,000	\$1,418,000	\$39,189,000	\$177,797,000
2026	\$142,719,000	\$1,461,000	\$40,718,000	\$184,898,000
2027	\$149,761,000	\$1,505,000	\$42,677,000	\$193,943,000
2028	\$157,016,000	\$1,550,000	\$44,693,000	\$203,259,000
2029	\$163,344,000	\$1,596,000	\$23,220,500	\$188,160,500
2030	\$169,530,000	\$1,645,000		\$171,175,000
2031	\$177,898,000	\$1,693,000		\$179,591,000
2032	\$186,681,000	\$1,743,000		\$188,424,000
2033	\$195,946,000	\$1,797,000		\$197,743,000
2034	\$203,724,000	\$1,850,000		\$205,574,000
2035	\$211,441,000	\$1,906,000		\$213,347,000
2036	\$222,013,000	\$1,962,000		\$223,975,000
2037	\$232,850,000	\$2,022,000		\$234,872,000
2038	\$242,233,000	\$2,083,000		\$244,316,000
2039	\$251,939,000	\$2,145,000		\$254,084,000
2040	\$262,181,000	\$2,209,000		\$264,390,000
2041	\$272,746,000	\$2,275,000		\$275,021,000
2042	\$283,738,000	\$2,343,000		\$286,081,000
2043	\$294,488,000	\$2,414,000		\$296,902,000
2044	\$309,043,000	\$2,486,000		\$311,529,000
2045	\$324,104,000	\$2,561,000		\$326,665,000
2046	\$337,166,000	\$2,637,000		\$339,803,000
2047	\$350,753,000	\$2,717,000		\$353,470,000
CAGR	4.8%	3.0%	7.0%³	4.0%

¹Rounded to the nearest \$1,000

²2.0 percent of sales tax generated by hotels in Seattle are rebated back to the WSCC through June 2029

³CAGR is calculated from 2018 to 2028

Note: Numbers may not foot due to rounding

Presented in the following table is a summary of the growth rates utilized in our projections of Regular Lodging Tax Revenues, Extended Lodging Tax Revenues and Additional Lodging Tax Revenues for King County over the next 30 years.

TABLE C-2
TOTAL KING COUNTY PROJECTED LODGING TAX REVENUES
YEAR-OVER-YEAR PERCENT CHANGE

Calendar Year	Regular Lodging Tax Revenues	Extended Lodging Tax Revenues	Additional Lodging Tax Revenues	Total Lodging Tax Revenues
2017	8.8%	-	10.5%	9.1%
2018	9.2%	-	9.2%	9.2%
2019	11.0%	-	28.8%	15.6%
2020	7.1%	3.0%	6.6%	7.0%
2021	6.2%	3.0%	5.7%	6.1%
2022	5.2%	3.0%	4.8%	5.1%
2023	4.9%	2.9%	4.8%	4.9%
2024	4.0%	3.1%	3.9%	4.0%
2025	4.0%	3.0%	3.9%	4.0%
2026	4.0%	3.0%	3.9%	4.0%
2027	4.9%	3.0%	4.8%	4.9%
2028	4.8%	3.0%	4.7%	4.8%
2029	4.0%	3.0%		-7.4%
2030	3.8%	3.1%		-9.0%
2031	4.9%	2.9%		4.9%
2032	4.9%	3.0%		4.9%
2033	5.0%	3.1%		4.9%
2034	4.0%	2.9%		4.0%
2035	3.8%	3.0%		3.8%
2036	5.0%	2.9%		5.0%
2037	4.9%	3.1%		4.9%
2038	4.0%	3.0%		4.0%
2039	4.0%	3.0%		4.0%
2040	4.1%	3.0%		4.1%
2041	4.0%	3.0%		4.0%
2042	4.0%	3.0%		4.0%
2043	3.8%	3.0%		3.8%
2044	4.9%	3.0%		4.9%
2045	4.9%	3.0%		4.9%
2046	4.0%	3.0%		4.0%
2047	4.0%	3.0%		4.0%

As previously mentioned, Regular Lodging Tax Revenues are calculated at 7.0 percent of lodging room revenue for hotels with 60 rooms or more located in the City of Seattle and 2.8 percent of lodging room revenue for all other hotels with 60 rooms or more located in King County. Beginning in 2019, the WSCC will also collect 50 percent of the 7.0 percent (effectively 3.5 percent) of lodging room revenue for hotels with fewer than 60 rooms (31 properties) in the City of Seattle. Additionally, beginning in 2019, the WSCC will also collect 50 percent of the 2.8 percent (effectively 1.4 percent) of lodging room revenue for hotels with fewer than 60 rooms and

web-based units located in King County (excluding Seattle). Given the strength of the local market area and lodging performance, Lodging Tax Revenues (Regular, Extended and Additional) are projected to increase by approximately \$43.0 million between 2018 and 2022. In total, we estimate Lodging Tax Revenues for King County to increase at a compound annual growth rate of 4.0 percent between 2018 and 2047, attributed to an increase in supply and the subsequent absorption of these hotels in the King County market, as well as the Extended and Additional Lodging Tax Revenues to be collected from hotels with fewer than 60 rooms and web-based units beginning in January 2019.

D. Introduction and King County Market Overview

In this report, we have first analyzed the King County and Seattle area in order to make various assumptions regarding future supply and demand growth, ADR growth rates, and lodging tax rates. Based on these assumptions, we have developed our market projections and thus room revenue projections individually for hotels located in the City of Seattle and throughout King County, as well as for web-based units, and the resulting Lodging Tax Revenue projections based on the previously mentioned tax rates. We have provided a discussion of each critical assumption below followed by our individual analysis for Seattle and King County. In addition, we have provided a brief overview of the historical trends in lodging tax revenue collections.

KING COUNTY MARKET OVERVIEW

Overview: Located in northwest Washington, King County is the most populous county in the state. Two-thirds of King County residents live in Seattle, the largest city in the Pacific Northwest and the 15th largest metropolitan area in the United States. Seattle lies on a narrow strip of land between the salt waters of Puget Sound and the fresh waters of Lake Washington. Beyond the waters lie two mountain ranges, the Olympics to the west and the Cascades to the east. Seattle is known for its mild, marine climate and frequent rainfall, which encourage prolific vegetation and provide the city with abundant natural resources.

Population: According to the United States Census Bureau, King County had an estimated population of approximately 2.2 million as of Q2 2017, representing 30 percent of the entire state, and Seattle was home to approximately 704,000 residents. Since 2000, King County's population has grown 13.3 percent while the state's population has grown 10.1 percent over that same time-period. From 2016 to 2017, King County's population has grown 1.8 percent, while the State of Washington's population has grown 1.6 percent.

Employment: As of March 2018, the unemployment rate for King County was 3.4 percent, below the 4.8 percent unemployment for the State of Washington and 4.1 percent for the U.S. over that same time-period. The Seattle-Bellevue-Everett MSA had an unemployment rate of 3.5 percent.

Major industry sectors in King County with more than 100,000 estimated jobs include professional, scientific and technical services, government, education and health services, leisure and hospitality, retail trade, and manufacturing. Employment levels have been increasing since 2010 and finally returned to pre-recession levels of 1.2 million in June 2012; it has since increased to over 1.6 million through April 2017 (the latest information available). The 15 largest occupiers of space in King County are detailed in the following table, which also includes many of the largest employers.

TABLE D-1		
15 LARGEST KING COUNTY OFFICE SPACE TENANTS		
Company	Office Space Leased in King County	Statewide Employees
Amazon.com Inc.*	5.78 million	40,000
Microsoft Corp.*	4.54 million	44,442
Google Inc.	1.23 million	2,000
T-Mobile US Inc.*	834,299	6,800
Facebook Inc.	828,609	1,000
Expedia Inc.*	546,350	3,500
Tableau Software Inc.*	528,232	1,700
F5 Networks Inc.*	518,000	1,365
The Boeing Co.	410,635	71,881
Safeco Insurance – Liberty Mutual	392,130	NA
Zulily Inc.*	332,000	1,250
Zillow Group*	329,929	1,190
Concur Technologies Inc. (SAP)	288,322	1,186
Perkins Coie LLP*	276,552	888
Nordstrom Inc.*	275,000	NA

* Headquartered in Seattle

Source: Puget Sound Business Journal Book of Lists 2018

It is worth noting that Amazon, Google (Alphabet, Inc.), Microsoft, and Facebook represent four of the five most valuable publicly traded companies in the U.S. as of year-end 2017, indicating the importance of King County and Seattle for the future of technology and therefore job growth. In addition to the major companies listed above, Starbucks, Costco, and Alaska Air also have a major presence with headquarters in Seattle, driving employment and demand for hotel room nights. The following companies represent the top 10 largest King County employers: Boeing (+/-72,000 employees), Joint Base Lewis-McChord (+/-56,000 employees), Microsoft (+/-44,000 employees), University of Washington (+/-25,000 employees), Amazon (+/-40,000 employees), Providence Health & Services (+/-20,000 employees), Walmart (+/-20,000 employees), Fred Meyer (+/-15,000 employees), King County Government (+/-13,000 employees), and Weyerhaeuser (+/-10,000 employees). A more in-depth discussion of several of the aforementioned companies is provided below.

Amazon.com, the world's largest online retailer, is currently headquartered in the South Lake Union district of the city. Amazon reports that it currently employs more than 467,000 people worldwide and hired approximately 110,000 employees in 2016 alone. Amazon now occupies approximately 30 buildings in Seattle, encompassing over 5.8 million square feet of office space, and employing a staff of over 40,000. Based on current forecasts, Amazon plans to occupy over 13 million square feet of office space across its South Lake Union and downtown campus over the next five years, enough to support nearly 74,700 employees. In parallel with its office space and employment growth, Amazon is also a significant driver of hotel demand throughout the Puget Sound region.

Construction was recently completed on two 40-story towers totaling nearly two million square feet of office space. A third tower is under construction, while the fourth tower is currently in planning with the City of Seattle, for a combined total of an additional two million square feet of Amazon occupied office space. Most recently, Amazon leased an additional 1.2 million square feet of office space across two new developments in downtown Seattle. These two offices are expected to be delivered in 2018 and 2020, respectively, and will accommodate an additional 6,850 employees.

Amazon is anticipated to occupy roughly 40 buildings by 2022, totaling over 13.0 million square feet of rentable office space, by far the largest single office user in downtown Seattle.

TABLE D-2
NEW AMAZON CAMPUS DOWNTOWN SEATTLE



Google now employs approximately 2,000 workers in the Seattle region, including the Fremont district in North Seattle and in Kirkland. In the Spring of 2016, Seattle-based developer Vulcan Real Estate announced plans to develop and lease a four-building campus, totaling approximately 600,000 square feet of office space and 151 residential units, to Google. The construction of Google's new campus in the South Lake Union district began in 2017 and is

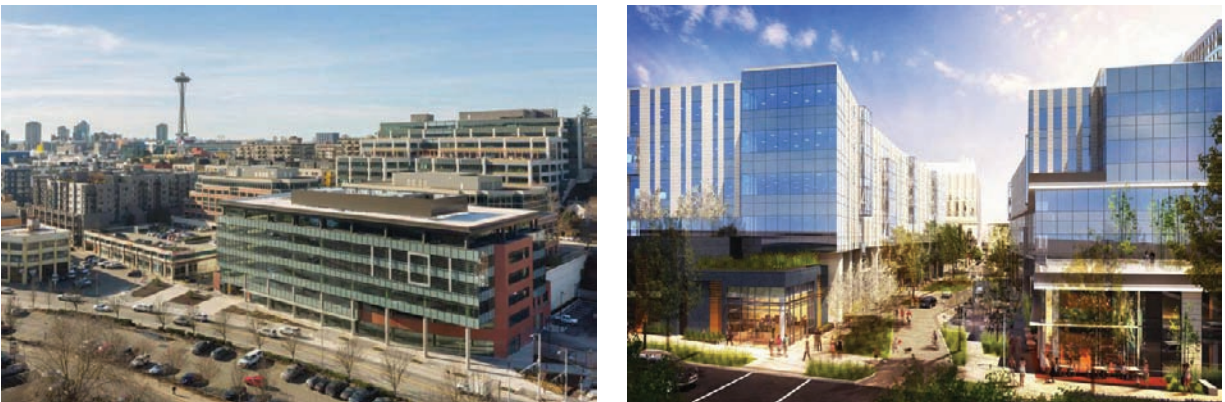
scheduled to be completed in 2019. Google has also agreed to lease terms lasting 14 to 16 years representing its continued long-term commitment to the Seattle region.

TABLE D-3
NEW GOOGLE CAMPUS SCHEDULED TO BE COMPLETED IN 2019



Facebook, which unveiled its new office space in the South Lake Union district of downtown Seattle in early 2016, currently employs approximately 1,000 workers in the region. In December 2016, Facebook announced the pre-leasing of two proposed office buildings, which are scheduled to be completed by Fall of 2018. The proposed six-story office buildings will contain approximately 384,000 square feet of office space and will be developed by Vulcan Real Estate. In total, Facebook plans to occupy 870,000 square feet in the neighborhood, enough to accommodate roughly 5,000 employees. The recent moves made by Facebook indicate the company’s strong desire to create a larger presence in the Seattle area.

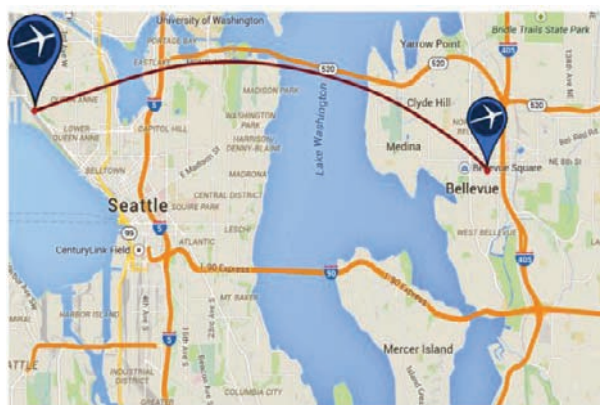
TABLE D-4
FACEBOOK EXPANDS ITS PRESENCE IN DOWNTOWN SEATTLE



Boeing, the world's largest aerospace company, has continued to be a key economic driver in Washington state since 1916. Washington's aerospace industry is concentrated in King and Snohomish counties, with a range of support activities and aerospace manufacturers spread across the state. Boeing itself supports an estimated total of 148,800 direct and indirect jobs in Washington, 71,881 of which are Boeing employees.

Expedia, the online travel company, recently acquired the 40-acre Amgen Campus along Elliott Bay for a reported \$229 million and will relocate its corporate headquarters from nearby Bellevue to just north of downtown Seattle. The relocation will likely occur by 2019, after Expedia invests significant capital, above the purchase price, to upgrade the existing facilities. Expedia currently employs approximately 3,000 people in the Seattle area out of the company's total workforce of 15,000. Given the site's location just north of downtown, the relocation of Expedia is expected to benefit the downtown Seattle lodging market, as well as appeal to top technology talent.

TABLE D-5
EXPEDIA RELOCATION AND REDEVELOPMENT OF AMGEN CAMPUS SCHEDULED TO BE COMPLETED IN 2019



The University of Washington ("UW") is one of the top research institutions in the nation and the leading educational institution in the Puget Sound. The primary campus is home to one of Seattle's largest employers, with approximately 25,300 employees and 46,700 students, and is located just to the north of downtown Seattle across the Ship Canal in the University District. The University is the nucleus of a dynamic research ecosystem that creates and supports numerous leaders in medical research, biotechnology, and global health. UW is a global leader for innovation, ranking in the top 10 of public universities nationally, top 20 globally, and top 5 in National Institutes of Health grant awards. To accommodate the explosive growth of its research department, UW Medicine has expanded to create a biotechnology and medical research hub in South Lake Union.

For more than 30 years the University of Washington has distinguished itself as a life science research powerhouse and one of the leading public universities in winning federal research dollars. The University has seen immense growth over the past few years, and its full-time enrollment as well as faculty and staff are expected to increase by another 20 percent over the next decade. By 2028, UW anticipates total enrollment at its University District campus to increase by 8,700 students and 4,700 faculty and staff. That would bring the total to over 55,400 students and 30,000 faculty and staff. Based on a study completed in 2015 (the most recent information available), the University of Washington’s annual economic impact on the State of Washington was \$12.5 billion, up from \$9.1 billion five years prior.

To accommodate this significant growth, the University plans to expand its campus by approximately 6.0 million square feet, adding new academic, research, and office space, detailed in the 2018 Campus Master Plan (“CMP”). UW released its final 2018 CMP in July 2017, which includes 86 potential development sites that will go through final approvals in 2018. The University also plans to add 40 acres of open space, which will include multiple parks, greenspaces, and pedestrian paths. The potential development sites are located throughout four campus sectors with general development limits as follows: Central Campus – 900,000 net new gross square feet; West Campus – 3.0 million net new gross square feet; South Campus – 1.35 million net new gross square feet; and East Campus – 750,000 net new gross square feet.

TABLE D-6
UNIVERSITY OF WASHINGTON PROPOSED EXPANSION (2018 - 2028)



Puget Sound/King County Commercial Office Market: The Puget Sound regional office market benefits from the highly diversified economy and the presence of high-growth industries, including software development, technology, digital gaming, life sciences, aerospace manufacturing, retail and global health research. The market is characterized by two major concentrations of office inventory: Downtown Seattle, which includes South Lake Union, and the

Eastside market, located east of Lake Washington. Downtown Seattle comprises over 54 million square feet of office space, with a current vacancy rate of 8.8 percent. The Eastside adds another 43 million square feet of office space, including the Microsoft headquarters campus in Redmond, with current vacancy at 11 percent. Comparatively, the overall U.S. commercial office market posted a vacancy rate of 13.3 percent. In total, the Puget Sound region continues to perform strongly with its 106.8 million square-foot office market, making it the 4th largest on the West Coast and the 10th largest in the U.S. Additionally, there were 15 million square feet of positive net absorption since 2010 making it the 4th highest of all markets in the U.S. Net absorption is a measurement of the net change of the supply of commercial space in a given real estate market over a specific period of time and is measured by deducting commercial space vacated by tenants and made available on the commercial space market from total space leased up.

The market performance is particularly remarkable considering the delivery of nearly 13.5 million square feet of new office development in downtown Seattle alone since 2007. The new development achieved an occupancy rate of 99 percent and increased the office market inventory by nearly 28 percent. This significant performance of new construction occupancy is a sign of the local market strength as existing inventory cannot satisfy the extensive office demand.

The momentum of growth within the South Lake Union, Denny Triangle, CBD and Pioneer Square submarkets is pushing rates higher and vacancies lower to an overall 8.8 percent. Downtown Seattle is pushing south as both traditional and technology companies seek to satisfy requirements for space, and look to avoid the frequent gridlock in the more congested parts of the city.

CBRE Econometric Advisors predicts the greater Seattle area will continue to experience positive job growth in office-occupying sectors over the next five years. Office-based employment has already reached its previous peak employment level, considerably ahead of most markets on the West Coast. This performance is attributed to the presence of the dynamic and rapidly growing software, technology, research, and aerospace industries.

TABLE D-7
OFFICE MARKET ABSORPTION AND CONSTRUCTION

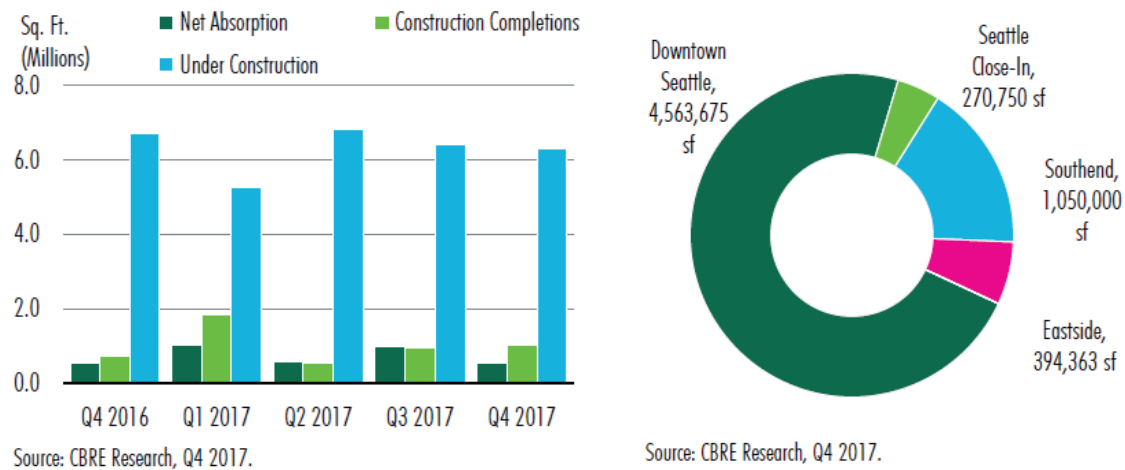


TABLE D-8
NEW CONSTRUCTION DOWNTOWN SEATTLE: 2+U, 333 DEXTER, AND MADISON CENTRE



2+U: 683,000 square feet of office space; construction commenced in January 2017 and is projected to be completed by January 2019

333 Dexter: Two 12-story towers including 3 podium floors; 645,000 square-foot development; 15,000 square feet of retail space; over 24,000 square feet of deck space

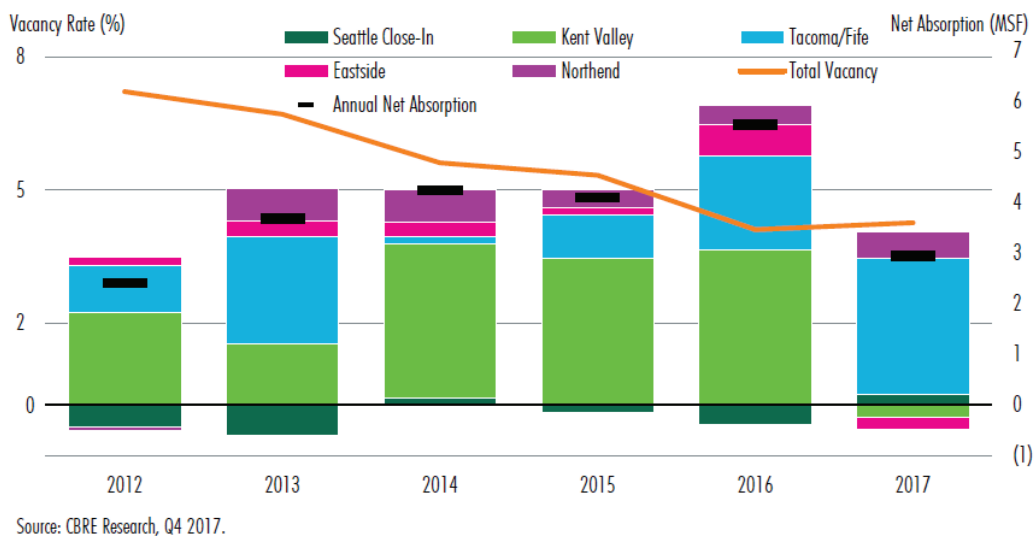
Madison Center: 560,000-square-foot development; construction commenced in December 2014 and was completed in June 2017

Hotel Development: Given the end of the economic recession in 2009, new hotel construction and development planning has increased considerably as the lodging performance for the greater Seattle MSA between 2010 and 2017 has improved significantly. This increase in new development planning will impact supply additions over the next two to five years, as this represents the typical lead time between applying for permitting on a project and the new hotel opening for business. As will be discussed, between 2018 and 2022 approximately 8,700 hotel rooms are projected to enter the King County lodging market. Comparatively, approximately 3,300 hotel rooms entered the King County lodging market between 2013 and 2017.

Industrial Market: In the final quarter of 2017, the Puget Sound industrial market maintained its new normal of escalating rents and scarce availabilities. Demand in the market is increasing, with tenants feeling the squeeze during renewals and paying a high price for entry into the bustling local economy. Reflecting on the region's most dominant company, Amazon, it is clear that e-commerce is the driving force behind the success of the industrial market.

Across the country, third-party logistics ("3PL") companies are growing due to the rapidly expanding e-commerce industry. A recent CBRE Research report estimated that 3PL users occupy 700 million square feet of warehouse and distribution space in the U.S. and have been growing by 3.0 percent to 5.0 percent annually since 2013. The report states that 3PLs have benefitted specifically from a rise in product returns, due to retailers not being "optimally equipped for the reverse flow of inventory." The Puget Sound industrial market is particularly equipped to enhance retailer's supply chain networks, due to its proximity to the interstate and two major North American ports, as well as the boom in the local economy. Demand throughout the greater Northwest, from Northern California to the Canadian border, has fueled the warehouse market in the Puget Sound.

TABLE D-9
INDUSTRIAL MARKET VACANCY VS. NET ABSORPTION



Convention Center: Two major convention centers serve the Seattle area: the Washington State Convention Center (“WSCC”) and the Bell Harbor (“Bell Harbor”) International Conference Center. The WSCC opened in June of 1988 and is conveniently located in downtown Seattle. The facility features approximately 102,000 square feet of dedicated meeting space, and 206,000 square feet of heavy load exhibit space. The meeting space can accommodate groups from 20 to 3,500 in a general session. It has four separate ballrooms totaling 45,000 square feet and 61 separate meeting rooms with numerous combination possibilities. In July 2010, the facility expanded and now includes an additional 71,000 square feet of meeting, exhibit, and pre-function space with 17 separate rooms. The WSCC underwent a \$20 million upgrade in 2012 and 2013, which included upgrades to finishes, furnishings, and signage.

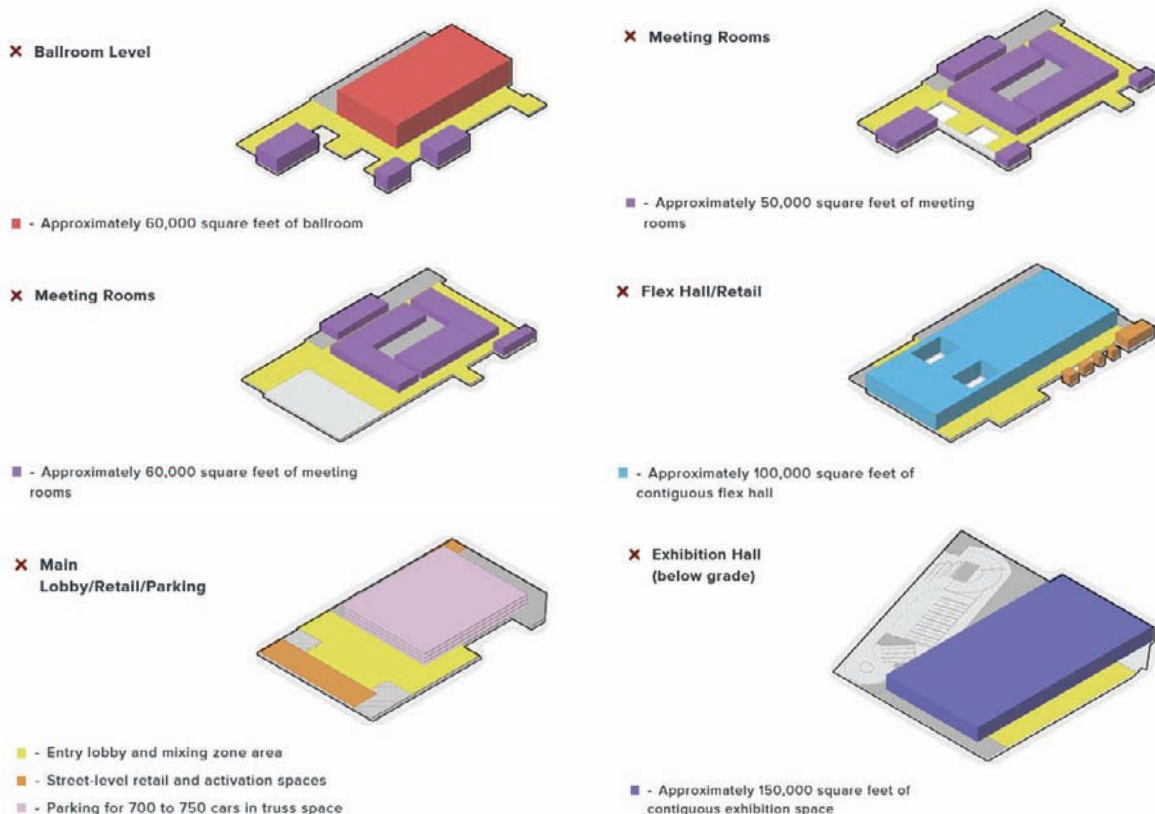
Bell Harbor is the smaller of the two conference centers in downtown Seattle, offering approximately 100,000 square feet of indoor and outdoor waterfront function space. The conference center, located on the Puget Sound waterway, caters mostly to smaller, local groups seeking a unique waterfront meeting facility.

According to Visit Seattle, Seattle and King County’s official destination marketing organization, the WSCC and Seattle hotels generated approximately 547,000 definite group room nights in 2017, representing 104 percent of the pace target. Pace target is the number of hotel room night bookings a convention center anticipates being booked as a result of events held within its facilities. The number of definite events was 630, or 112 percent of the pace target. Booking pace remains strong for the next three years, indicating the continued strength of group meeting demand in the local market. Hotel room nights for large groups are generally booked as a block

of rooms whereby a room block arrangement is entered into with a hotel(s) years before the convention occurs. A room block sets aside a specified number of rooms for a group at an agreed upon rate for convention attendees.

WSCC Addition: As demand for space at the WSCC grows, the permit approvals stage of development is currently underway for an expansion called the WSCC Addition that is anticipated to be completed by mid-year 2021. The WSCC has entered into a purchase and sale agreement, which has been approved by the PFD Board and County Council, to acquire property bordered by Ninth Avenue North, Boren Avenue, Howell Street, and Olive Way. This site will accommodate the new expansion. The WSCC Addition will more than double its size of the current convention center facility by adding approximately 255,000 square feet of exhibition space, 125,000 square feet of meeting rooms, 60,000 square feet of ballroom space, 26,000 square feet for retail purposes, and 229,000 square feet of parking. We have provided floor plan renderings below.

TABLE D-10
WSCC'S MULTI-FUNCTION SPACES SUPPORT A WIDE RANGE OF USES



The WSCC Addition will have a positive economic impact on the King County and the downtown Seattle market. The region will benefit from increased foot traffic and customers, more demand for lodging and dining, and significantly more jobs. It is estimated that the Addition will deliver an additional \$200 million per year from visitor spending, \$60 million per year from resident spending, and \$19 million per year from delegate spending. Additionally, 2,300 new permanent jobs will be created at the facility and in hospitality-related businesses while 6,000 additional workers will be employed during construction. Ultimately, the WSCC Addition will provide increased year-round demand for Seattle’s hotels, restaurants, retail stores, and entertainment venues in the surrounding area as Visit Seattle will be able to book multiple groups at the same time and/or accommodate larger city-wide conventions. While we have not been provided with a specific forecast for the number of increased events, attendees, or room nights associated with the expansion, the WSCC Addition will generate additional lodging demand and thus lodging tax revenues for King County and the WSCC Public Facilities District.

In anticipation of the WSCC addition, several new hotel projects have been announced and commenced construction proximate to the WSCC Addition site. As will be discussed later in this report, a 1,260-room Hyatt Regency is currently under construction, which will serve as a self-contained convention hotel and a headquarter hotel for large events booked at the WSCC Addition. Other recent new hotel openings adjacent to the WSCC Addition site include the 302-room Residence Inn and the 222-room Hilton Garden Inn. We have provided renderings of the proposed WSCC Addition below, including the future site location in relation to the existing center.

TABLE D-11
PROPOSED NEW SITE AND RENDERING SHOWING NORTHEAST UP PINE STREET



TABLE D-12
WSSC ADDITION LOOKING NORTHWEST TOWARD PINE STREET AND AERIAL VIEW



Transportation: Seattle is served by all modes of transportation including freeways, railroads, buses, an international airport, deep-water port facilities, a ferry system, and a light rail system known as Sound Transit. Primary access to downtown Seattle is provided by Interstate 5, Interstate 90, and Highway 99. Access to Interstate 5 is via several surface street arterials, including Mercer Street, Stewart Street, Yale Avenue, Seneca Street, University Street, Madison Street, and James Street. Interstate 5 represents the primary north-south thoroughfare in the Western U.S., connecting Seattle to the Canadian border to the north and San Diego, California, to the south. Interstate 90, the nation's longest east-west highway, extends from Seattle across the northern portion of the U.S. to Boston, Massachusetts.

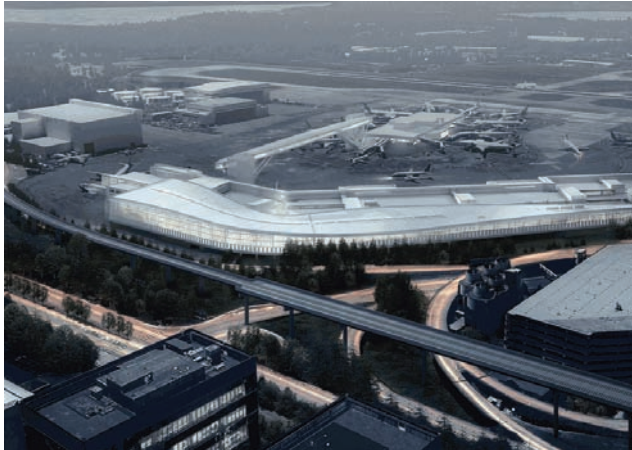
Sound Transit Link Light Rail: The first phase of Sound Transit Link Light Rail opened in 2009 and connected downtown Seattle to SeaTac. In 2016, it extended to Capitol Hill and Husky Stadium at the south end of the University of Washington. In 2021, the light rail will expand to University Station in the University District just to the west of the University of Washington. Current construction extends further north to Northgate, with completion also slated for 2021. Construction is also underway on two further extensions, a north link to Lynnwood and an eastern link over I-90 to Bellevue and Microsoft's World Headquarters in Redmond, which are estimated to be completed by 2023. In 2016, voters passed ST3, a referendum to extend the regional system to Everett in the north, Tacoma to the South, and the Seattle neighborhoods of Ballard and West Seattle, with completion scheduled between 2030 and 2035. The referendum also approved a 3.7-mile extension past Microsoft's World Headquarters in Redmond that is planned reach Marymoor Park and downtown Redmond by 2024.

The Seattle-Tacoma International Airport ("SeaTac") is located approximately 15 miles south of downtown Seattle, and is the major hub for domestic and international air travel in the Pacific Northwest. SeaTac is one of the nation's most modern and efficient airports, and is ranked 9th busiest airport in the US in terms of total passengers. The airport offers 28 scheduled passenger airlines that serve 87 non-stop domestic destinations and 23 international cities. In 2017, the airport achieved record highs in passenger traffic with regard to both domestic and international travel, hosting approximately 47 million passengers, and 2018 passenger traffic is expected to break records again.

As one of the nation's fastest growing major airports, SeaTac's annual passenger traffic is projected to nearly double by 2034, prompting plans for expansion and renovation. In 2017, the Port of Seattle broke ground on a brand-new terminal in order to meet demand from increased international traffic. The new facility will approximately double the passenger handling capability at SeaTac. Scheduled to open in the fourth quarter of 2019, the new \$766 million International Arrivals Facility ("IAF") will add 450,000 square feet of space and more than double passenger capacity. In early 2017, the Port of Seattle broke ground on a 180,000-square-foot expansion of the airport's aging North Satellite terminal. Expected to be completed by 2021, this project will include additional restaurant and retail space and will increase the number of available gates from 12 to 20. SeaTac's expansion is expected to support the continued growth of the local economy through increased domestic and international visitation.

In 2016, Delta Airlines launched a \$12.1 million expansion of the gates it operates at SeaTac, allowing the airline to handle more, but smaller jets through the reconfiguration of the space it occupies on Concourse B. This expansion comes soon after Delta Airlines opened its \$24 million Sky Club lounge. Since 2012, the airline has more than quadrupled its flight schedule in Seattle. In June of 2017, Delta Airlines announced that it will fly three times a day from Seattle to Chicago, filling one of the last big gaps in the carrier's Seattle route network. Seattle is a full-fledged international hub for Delta Airlines, with service to the top five destinations in Asia and three of the top four in Europe from SeaTac. Delta Airlines currently serves each of the top 10 destinations from Seattle and 17 of the top 20.

TABLE D-13
SEATAC'S NEW INTERNATIONAL ARRIVALS FACILITY



Tourism: Tourism in the region is largely concentrated within the City of Seattle. Popular attractions include the Seattle Center, Space Needle, Pike Place Market, Woodland Park Zoo, numerous art museums, and the Seattle Aquarium. With its location near water, forests, and mountains, outdoor activities are extremely popular as well. Fishing, water sports, boating, hiking, and mountain climbing are among the favorite outdoor pastimes.

According to Visit Seattle, Seattle and King County welcomed 20.8 million overnight visitors who generated a record-breaking \$7.4 billion in revenues during 2017. The 2017 overnight visitor counts increased 2.6 percent over 2016 levels, and the 2017 visitor total spend increased 5.6 percent over 2016 totals.

Sports Teams: Seattle is also home to several major league sports teams, including the National Football League ("NFL") Seahawks, the Major League Soccer ("MLS") Sounders, and the Major League Baseball ("MLB") Mariners.

Colleges and Universities: Seattle is home to several four-year colleges and universities, the largest of which is the University of Washington, with nearly 47,000 students. Other notable colleges and universities include Seattle University with 7,500 students, Seattle Pacific University with 4,100 students and the Seattle Community College campuses with over 13,000 students.

Seattle Developments: An underground tunnel will replace the Alaska Way Viaduct in early 2019. The removal of the viaduct, in conjunction with the reconstruction of the Seattle Waterfront Seawall and Pike Place Market expansion, will significantly enhance the overall aesthetic appeal of the waterfront neighborhood and establish the Seattle Waterfront as an iconic leisure destination.

Biomedical Industry Leaders: The University of Washington, Bill & Melinda Gates Foundation, and Fred Hutchinson Cancer Research Center are leaders among nearly 400 innovative organizations located in the Seattle area that lead an assemblage of 240 biotechnology companies, 416 medical technology and life sciences companies, 126 digital health/health IT companies, and 106 academic or research organizations in Washington state. Life sciences is the fifth largest employment sector in the state and continues to grow, with 36,300 individuals employed directly in life science jobs and 98,100 total life science sector jobs supported in the state currently.

Bill and Melinda Gates Foundation: The Bill and Melinda Gates Foundation built its Seattle campus at a cost of \$500 million. The first two phases of their world headquarters sit on a 900,000-square-foot campus. Founded by Bill Gates, Jr., with an endowment exceeding \$38 billion, the organization received a significant vote of confidence from Warren Buffet, with his endowment of an additional \$34 billion.

First Hill Medical Community: The First Hill neighborhood is best known as the core location for the Puget Sound medical community with over 20,000 medical employees and three of the region's largest hospitals: Swedish Medical Center, Harborview Medical Center, and Virginia Mason Medical Center. All three have been rapidly expanding while acquiring land in the area for future expansion. Currently, there are over 8.0 million square feet of medical/healthcare related offices and facilities in the neighborhood. Significant new job growth on First Hill is occurring with new projects including expansions of Harborview Medical Center, the Polyclinic, Swedish Orthopedic Institute and Hospital, and Virginia Mason.

Cruise Industry: According to the Port of Seattle, the cruise line industry had 216 sailings with 1,039,000 passengers, generating \$459 million in annual business revenue for 2017 with those numbers expected to rise in 2018. The continued growth of port and cruise demand are all positives for the mid and long-term health of the King County and downtown Seattle market.

Conclusion: The King County and Seattle market continues to function as the major hub in the State of Washington and its immediate surroundings primarily consist of office space, research and development facilities, retail, restaurants, hotels, multi-family, and other commercial developments. Owing to the strength and anticipated growth of the King County and Seattle market, we are of the opinion that the market benefits from a wide range of demand generators and steady growth rates, and looks poised to provide strong demand for hotel rooms and conference facilities in the area for years to come.

E. Historical Lodging Market Trends and Future Growth Assumptions – Hotels with 60 Rooms or More

Presented in the following pages is a summary of historical Regular Lodging Tax Revenues and Additional Lodging Tax Revenues collections followed by historical trends in annual hotel supply, demand, and average daily room rates. We have then provided our projections for future supply, demand, and ADR growth utilized in our projection of future Lodging Tax Revenues.

HISTORICAL REGULAR AND ADDITIONAL LODGING TAX REVENUES

Presented in the following table are the historical Regular Lodging Tax Revenues and Additional Lodging Tax Revenues collected for the WSCC as provided to us by representatives of the WSCC. It should be noted that historically total Lodging Tax Revenues were tabulated in fiscal years representing the period beginning July 1st and ending June 30th, coinciding with the state’s fiscal calendar. We have provided this historical data from fiscal year 1990/91 through 2016/17 in the following table. It should be noted that our forecasts presented later in this report have been provided on a calendar year (January 1st to December 31st) basis.

TABLE E-1
KING COUNTY HISTORICAL REGULAR AND ADDITIONAL LODGING TAX REVENUES
FISCAL YEARS 1990/91 - 2016/17

Fiscal Years	Regular Lodging Tax Revenues	Percent Change	Additional Lodging Tax Revenues	Percent Change	Total Lodging Tax Revenues
1990/91	\$13,130,278	-			\$13,130,278
1991/92	\$13,407,007	2.1%			\$13,407,007
1992/93	\$14,833,248	10.6%			\$14,833,248
1993/94	\$17,032,166	14.8%			\$17,032,166
1994/95	\$18,999,011	11.5%			\$18,999,011
1995/96	\$19,715,310	3.8%			\$19,715,310
1996/97	\$24,604,092	24.8%			\$24,604,092
1997/98	\$26,534,998	7.8%			\$26,534,998
1998/99	\$30,576,635	15.2%			\$30,576,635
1999/00	\$31,224,616	2.1%	\$1,906,542 ¹	-	\$33,131,158
2000/01	\$34,604,869	10.8%	\$7,665,772	302.1%	\$42,270,641
2001/02	\$30,366,742	-12.2%	\$6,823,160	-11.0%	\$37,189,902
2002/03	\$31,420,759	3.5%	\$7,011,338	2.8%	\$38,432,097
2003/04	\$33,183,545	5.6%	\$7,519,280	7.2%	\$40,702,825
2004/05	\$35,030,429	5.6%	\$7,917,453	5.3%	\$42,947,882
2005/06	\$40,445,951	15.5%	\$9,068,417	14.5%	\$49,514,368
2006/07	\$45,770,495	13.2%	\$10,223,550	12.7%	\$55,994,045
2007/08	\$50,304,645	9.9%	\$11,158,690	9.1%	\$61,463,335
2008/09	\$46,763,890	-7.0%	\$10,488,751	-6.0%	\$57,252,641
2009/10	\$41,447,755	-11.4%	\$9,362,155	-10.7%	\$50,809,910
2010/11	\$41,313,855	-0.3%	\$9,401,102	0.4%	\$50,714,957
2011/12	\$49,710,984	20.3%	\$11,374,856	21.0%	\$61,085,840
2012/13	\$53,252,463	7.1%	\$12,162,876	6.9%	\$65,415,339
2013/14	\$58,868,443	10.5%	\$13,630,860	12.1%	\$72,499,303
2014/15	\$68,124,534	15.7%	\$15,805,728	16.0%	\$83,930,262
2015/16	\$73,954,449	8.6%	\$17,638,662	11.6%	\$91,593,112
2016/17	\$79,135,050	7.0%	\$19,738,048	11.9%	\$98,873,098
CAGR	7.2%	-	14.7%	-	8.1%

¹Represents a partial year of Additional Lodging Tax Revenues collections

Source: WSCC

As noted, the Regular Lodging Tax Revenues and Additional Lodging Tax Revenues increased at a CAGR of 7.2 percent from 1990/91 to 2016/17, generally increasing every year except in 2001/02 (primarily a result of the events that transpired on September 11, 2001) and between 2008/09 and 2010/11, when economic recessions negatively impacted travel spending, and subsequently lodging performance both locally and nationally. It is also important to note that historically, there have been large annual increases in Lodging Tax Revenues, which can be attributed to strong hotel performance and corresponding increases in the lodging supply. These periodic supply increases and continued growth in lodging demand are the leading reasons for the strong historical average annual growth.

Since the downturn of 2009, Regular Lodging Tax Revenues and Additional Lodging Tax Revenues have experienced significant growth corresponding to the strong local economic recovery. During the last six fiscal years, Lodging Tax Revenues increased at an average of nearly 10.0 percent per annum or by a total of approximately \$29.4 million between 2011/12 and 2016/17. Given the growth in all segments of the local economy and lodging market, this strong annual growth is projected for the next several years.

HOTEL HORIZONS – SEATTLE®

Beginning in 2007, CBRE Hotels’ Americas Research unveiled *Hotel Horizons®*, an economics-based hotel forecasting model that projects five years of supply, demand, occupancy, ADR, and RevPAR for the U.S. lodging industry. *Hotel Horizons®* forecasting and reports are published on a quarterly basis for 60 markets and six national chain-scales and are based on actual monthly performance data collected by STR, Inc., as well as numerous economic indicators such as real personal income, payroll employment growth, gross domestic product, and inflation, and supply forecasts based on actual construction starts. As one of these 60 markets, the greater Seattle market encompasses a sample of over 45,000 hotel rooms of all sizes with many outside the county limits. Based on research compiled by CBRE Hotels’ Americas Research, the following table details the long-term averages for the key lodging metrics for the greater Seattle market dating back to 1988. We have also provided the average key metrics for the downtown Seattle submarket (Central Business District) as a point of comparison.

TABLE E-2 DOWNTOWN SEATTLE (CBD) AND THE SEATTLE MSA PERFORMANCE AVERAGES 1990 - 2017		
Measure	Downtown Seattle (CBD)	Seattle MSA
Average Occupancy Level	73.6%	69.4%
Annual ADR Change	3.9%	3.6%
Annual RevPAR Change	4.5%	3.9%
Annual Supply Change	2.1%	2.5%
Annual Demand Change	2.6%	2.6%
Source: CBRE Hotels’ Americas Research and STR, Inc.		

The historic averages are based on actual changes to these metrics as measured by STR, Inc., a highly respected hospitality research firm that collects actual performance data for most hotels and markets throughout the nation. It should be noted that for the last five years (2013 to 2017), the Downtown Seattle occupancy level has averaged approximately 82 percent while the greater Seattle MSA (including the Downtown Seattle CBD) occupancy has averaged approximately 75 percent. Despite the introduction of web-based units and the increase in this supply in recent years, the traditional lodging market has continued to achieve strong performance levels.

SUPPLY

For the purpose of our analysis, we first identified the current lodging supply in Seattle and the remaining King County area. Per state law, both the Regular Lodging Tax and the Additional Lodging Tax was historically only collected from hotels with 60 or more guestrooms. Accordingly, we have first analyzed the supply of hotels with 60 or more guestrooms and determined a supply base for this category of hotels. The following table details the number of properties located in Seattle and King County (excluding Seattle), as well as the number of rooms available on a daily and annual basis as of year-end 2017. This supply base serves as the basis for our annual projections.

TABLE E-3 HOTELS WITH 60 ROOMS OR MORE – KING COUNTY SUMMARY OF SUPPLY			
Market	Number of Properties	Number of Rooms Available Daily	Number of Rooms Available Annually
Seattle	76	15,066	5,499,090
King County (Excluding Seattle)	132	20,075	7,327,375
Total Supply	208	35,141	12,826,465
Note: Supply Figures are as of year-end 2017			

As noted, the City of Seattle is comprised of 76 hotels that contain 15,066 guestrooms available daily. The remaining King County area is comprised of 132 properties with 60 or more rooms. The remaining King County hotels represent 20,075 guestrooms daily as of year-end 2017. Major King County markets outside Seattle include Auburn, Bellevue, Federal Way, Kent, Renton, Redmond, and SeaTac. In total, there are 208 properties containing 35,141 guestrooms available daily or 12,826,465 guestrooms available annually. While the above table summarizes the existing total supply, it is also important to review how the number of hotels and guestrooms has grown over the last several years.

In the following table, we have presented a summary of the number of new hotel properties and guestrooms that have opened or expanded over the last 20 years in King County.

TABLE E-4
HOTELS WITH 60 ROOMS OR MORE - KING COUNTY
ADDITIONS TO SUPPLY (1998 – 2017)

Year	Total Number of Properties	Number of New Properties	Total Room Supply	Addition of New Supply	Change in Supply
1998	136	-	21,664	-	-
1999	146	10	23,498	1,834	8.5%
2000	152	6	24,714	1,216	5.2%
2001	156	4	25,549	835	3.4%
2002	162	6	26,555	1,006	3.9%
2003	164	2	27,154	599	2.3%
2004	166	2	27,705	551	2.0%
2005	168	2	27,891	186	0.7%
2006	172	4	28,582	691	2.5%
2007	174	2	29,410	828	2.9%
2008	179	5	30,096	686	2.3%
2009	181	2	30,867	771	2.6%
2010	186	5	31,412	545	1.8%
2011	186 ¹	1	31,673	261	0.8%
2012	186 ¹	1	31,823	150	0.5%
2013	186	0	31,915	92	0.3%
2014	186	0	32,008	93	0.3%
2015	195	9	32,879	871	2.7%
2016	200	5	33,949	1,070	3.3%
2017	208	8	35,141	1,192	3.5%
CAGR	208	74	2.6%	13,477	-
Average Additional Rooms Per Year				709	

¹Over the course of the year, an existing property closed for operations

Source: STR, Inc.

As noted above, over the last 20 years (1998 to 2017), 74 hotels representing 13,477 new hotel rooms have opened in King County, indicating an average annual increase of 2.6 percent or an average of 709 new hotel rooms per year. This is on par with the CAGR in new supply dating back to 1988 of 2.6 percent as presented earlier in this report.

It is interesting to note that there have been new rooms that have opened in King County each year between 1998 and 2017, despite that fact that the U.S. economy has endured two recessions, including the “Great Recession” between 2007 and 2009. While lodging performance is negatively impacted during a recession and new development planning slows or stops altogether, hotel projects that were conceived, planned, and constructed prior to a recession often open during the recession years leading to new rooms every year.

Presented in the following table is a summary of the 15 largest hotels located in King County.

**TABLE E-5
 KING COUNTY LODGING MARKET
 TOP 15 LARGEST HOTELS**

Property	Location	Number of Rooms	Percent of Total
Sheraton Hotel Seattle	Seattle	1,236	3.5%
Westin Seattle	Seattle	891	2.5%
DoubleTree Seattle Airport	SeaTac	850	2.4%
Hyatt Regency Bellevue	Bellevue	732	2.1%
Renaissance Seattle Hotel	Seattle	556	1.6%
Marriott Seattle Airport	SeaTac	459	1.3%
Grand Hyatt Seattle	Seattle	457	1.3%
Fairmont Olympic Hotel	Seattle	450	1.3%
W Hotel Seattle	Seattle	424	1.2%
Crowne Plaza Seattle Downtown	Seattle	416	1.2%
Hilton Seattle Airport & Conference Center	SeaTac	396	1.1%
Marriott Seattle Bellevue	Bellevue	384	1.1%
Marriott Seattle Waterfront	Seattle	358	1.0%
Hilton Bellevue	Bellevue	353	1.0%
Hyatt @ Olive 8	Seattle	346	1.0%
Total	-	8,308	23.6%

Source: STR, Inc.

As noted, the largest hotel in the King County lodging market is the Sheraton Hotel Seattle with 1,236 rooms. However, upon completion, the 1,260-room Hyatt Regency Convention Center Hotel will represent the largest property in the greater Seattle MSA, featuring 24 more rooms than the Sheraton Hotel Seattle.

FUTURE ADDITIONS TO SUPPLY

In our analysis of future supply growth, we have utilized our local market knowledge to identify any new hotels currently active in the planning or construction phase that are likely to open over the next five years. Given the end of the last economic recession, new hotel construction and development planning has increased considerably as lodging performance between 2009 and 2017 has improved significantly; the Seattle area represents one of the strongest lodging markets in the nation. This increase in new development planning will impact supply additions over the next two to five years as this represents the typical lead time between formally announcing a new project and the new hotel opening for business.

Based on our research, we have identified the following new hotel supply additions currently in the planning or construction phase in the City of Seattle, as well as those to be located in King County outside of the City of Seattle. As is typical with hotels in the planning phase of development, not all proposed hotels will ultimately be built, and it is possible that other hotels have been planned/announced that are excluded from our list. Therefore, we have not included all of the current proposed hotel projects we discovered during our research but rather only those projects

that we have deemed most likely to be built or that are already under construction. Provided below is a summary of the most likely additions over the next five years for the City of Seattle and the scheduled delivery of these rooms into the overall downtown market.

TABLE E-6
HOTELS WITH 60 ROOMS OR MORE – CITY OF SEATTLE
CHANGES IN AVERAGE DAILY ROOMS SUPPLY 2017 - 2022

Additions	Status	2017	2018	2019	2020	2021	2022
Residence Inn Downtown Seattle Convention Center	Open		302				
Curio Collection The Charter Seattle	Under Construction		172	57			
The Hotel @ The Mark	Under Construction		142	47			
Embassy Suites Seattle Downtown Pioneer Square	Under Construction		157	125			
Staybridge Suites Seattle South Lake Union	Under Construction		84	28			
MOXY Seattle Downtown	Under Construction		122	24			
EVEN Hotels Seattle South Lake Union	Under Construction		92	31			
The State Hotel - Eitel Building	Under Construction		38	52			
Hyatt Regency Convention Center Hotel	Under Construction			1,260			
Palihotel - Gatewood Building	Under Construction			101			
Courtyard by Marriott Northgate Hotel	Under Construction			144			
Best Western Pioneer Expansion	Under Construction			33			
Cambria Hotel & Suites Seattle	Under Construction			134			
Tapestry Hotel	Under Construction			130	12		
citizenM Hotel Seattle	Planning			92	92		
SpringHill Suites Seattle Downtown	Planning			45	135		
Rainier Square Luxury Hotel	Planning				165		
Marriott Seattle Lake Union	Planning				271	25	
AC Hotel Seattle North	Planning				124	41	
Number of Additional Rooms		-	1,109	2,303	799	66	0
Percent Change from Prior Year		-	7.4%	14.2%	4.3%	0.3%	0.0%
Ending Supply		15,066	16,175	18,478	19,277	19,343	19,343

Note: Addition of rooms stated in annual proportion to the opening date of each hotel

Source: CBRE Hotels Advisory

As noted above, we have identified 19 projects representing 4,277 additional rooms as recently opened and/or projected to enter the downtown Seattle market over the next five years. It should be noted that in addition to these 19 hotels, we have identified another +/-5 hotel projects that have been rumored for development in the downtown market that are not listed in the table above. Since these projects are less certain, we have deemed them less likely to be developed. Lastly, for those projects projected to enter the market midyear, we have “annualized” their room addition over two years, coinciding with their projected date of opening.

Similarly, we have summarized our projected additions to the remaining King County market in the following table.

TABLE E-7
HOTELS WITH 60 ROOMS OR MORE - KING COUNTY (EXCLUDING SEATTLE)
CHANGES IN AVERAGE DAILY ROOMS SUPPLY 2017 - 2022

Additions	Status	2017	2018	2019	2020	2021	2022
Hyatt Regency Lake Washington @ Seattle's Southport	Open	174	173				
Hampton Inn & Suites Seattle Renton	Open	64	46				
Hampton Inn & Suites Seattle Redmond	Open	98	32				
element Seattle Redmond	Open	76	55				
aloft Hotel Seattle Redmond	Open	88	62				
SpringHill Suites Seattle Issaquah	Open	121	24				
W Hotel Bellevue	Open	143	102				
AC Hotel by Marriott Seattle Bellevue	Open	98	136				
WoodSpring Suites Seattle Redmond	Open		120				
Hilton Garden Inn Seattle Bellevue Downtown	Under Construction		169	85			
aloft Hotel Seattle SeaTac Airport	Under Construction		120	24			
Hilton Garden Inn SeaTac	Under Construction		38	114			
Holiday Inn Express & Suites Seattle South Tukwila	Under Construction		69	23			
Hotel Interurban	Under Construction		139	46			
Home2 Suites Marysville Hotel	Under Construction		60	30			
Residence Inn Seattle Airport	Under Construction		85	85			
Hilton Garden Inn Seattle Lynnwood	Under Construction		88	62			
Archer Hotel Redmond	Under Construction			160			
La Quinta Inn & Suites Puyallup	Planning			100			
Hilton Garden Inn Redmond	Planning			85	85		
Holiday Inn Express Bellevue	Planning			85	85		
SpringHill Suites SeaTac	Planning			22	111		
Comfort Inn Des Moines	Planning			92	8		
Staybridge Suites Seattle Bellevue	Planning			100	9		
Holiday Inn Kent	Planning			114	10		
Holiday Inn Express & Suites Auburn	Planning			110	10		
Holiday Inn Express & Suites Bellevue	Planning			142	28		
Fairfield Inn & Suites North Bend	Planning			75	25		
Homewood Suites SeaTac Airport South	Planning			61	31		
Courtyard Seattle Woodinville	Planning			38	76		
Tru by Hilton Auburn	Planning			24	73		
Residence Inn Seattle South Renton	Planning			36	106		
Courtyard Seattle Issaquah	Planning			29	88		
Residence Inn Seattle Issaquah	Planning			28	85		
Luxury Hotel Bellevue	Planning				60	60	
Cambria Hotel & Suites SeaTac	Planning					156	
Number of Additional Rooms		-	1,518	1,770	890	216	0
Percent Change from Prior Year		-	7.6%	8.2%	3.8%	0.9%	0.0%
Ending Supply		20,075	21,593	23,363	24,253	24,469	24,469

Note: Addition of rooms stated in annual proportion to the opening date of each hotel

Source: CBRE Hotels Advisory

As noted above, we have identified 36 projects representing 4,394 additional rooms as recently opened and/or likely to enter the King County market over the next five years.

Beginning in 2023, we have then projected cyclical supply additions over a five-year period with a "ramp up" and "ramp down" in new supply over this time, consistent with typical hotel development cycles.

Based on historical trends, we have estimated that the Seattle market will add approximately 1,850 additional hotel rooms every five years beginning in 2023. Specifically, the market will add 300 rooms the first year, 400 rooms the second year, 450 rooms the third year, 400 rooms the fourth year, and 300 rooms the fifth year. This reflects a compound annual growth rate in supply of 2.0 percent for Seattle, in line with historical supply growth levels for Seattle as

previously presented. In addition, we have estimated that the remaining King County market will add approximately 1,400 additional hotel rooms every five years beginning in 2023. Specifically, the market will add 200 rooms in the first year, 300 rooms the second year, 400 rooms the third, 300 rooms the fourth year, and 200 rooms the fifth year. This future supply growth for Seattle and King County follows typical lodging market development cycles.

In total, new hotel room supply additions are projected to increase by 3,250 rooms every five years, or by 500 rooms in 2023 (the first year of the five-year cycle), 700 rooms in 2024, 850 rooms in 2025, 700 rooms in 2026, and 500 rooms in 2027. This cycle is then repeated every five years throughout the projection period. This results in an average growth in supply over the 30-year forecast period of approximately 1.7 percent.

As a point of reference, the historical long-term average annual growth in supply for King County is approximately 2.6 percent. Our current long-term growth rate of supply is lower than this historic average as this takes into consideration that many of the existing markets are more highly developed today than during the 1980s and 1990s, leaving less available land for future development throughout the greater King County area. As such, this is expected to place a physical constraint on new supply in King County and future supply growth is, therefore, expected to occur in neighboring markets and some of the communities outside of the county limits.

It is worth noting that our forecast for new supply accounts for the addition of 24,921 new hotel rooms over the 30-year forecast period ($60,062 - 35,141 = 24,921$). This equates to approximately 917 new hotel rooms per year, higher than the average annual increase in rooms between 1998 and 2017 but taking into account the larger than average projects being developed over the next four years.

DEMAND GROWTH

Based on discussions with general managers, regional managers, Visit Seattle, and other industry participants, the anticipated economic growth previously discussed, and our review of historical demand trends throughout King County, over the first five years of our analysis, we project demand (the number of rooms occupied) in Seattle to continue to increase as the economic outlook for the market remains positive, which is largely attributable to significant growth in new commercial office space and the expansion of the WSCC in 2021. New hotels entering the market will be positioned to absorb previously unsatisfied demand during peak periods. Coinciding with the opening of the WSCC expansion in 2021, demand growth is anticipated to exceed supply with occupancy levels returning to the 80-percent range for the City of Seattle.

For the remaining King County market, we project demand growth of between 4.0 and 6.0 percent each year between 2018 and 2020. This growth is projected as new rooms entering the King County (excluding Seattle) market induce demand into the area during peak periods. Similar to our projections for the City of Seattle, demand growth is projected to exceed supply

growth beginning in 2021, resulting in an occupancy of approximately 65 percent for the King County (excluding Seattle) lodging market.

Based on the foregoing, we estimate demand in 2018 for all of King County to increase by approximately 5.5 percent over prior year levels. While higher than recent trends within the greater King County market, this demand growth is warranted as the commercial office sector continues to grow and additions to supply accommodate previously unsatisfied demand. Accommodated demand is projected to further increase by 7.0 percent in 2019, largely due to the opening of the 1,260-room Hyatt Regency Convention Center Hotel. Thereafter, demand is projected to taper to long-run averages.

The following table details our forecasted demand growth rates from 2018 to 2022.

TABLE E-8 HOTELS WITH 60 ROOMS OR MORE DEMAND GROWTH 2018 - 2022			
Year	Seattle	King County (Excluding Seattle)	All King County
2018	5.0%	6.0%	5.5%
2019	8.0%	6.0%	7.0%
2020	4.0%	4.0%	4.0%
2021	3.0%	4.0%	3.5%
2022	2.0%	3.0%	2.5%

As noted above, demand growth is projected over the next five years for the King County lodging market. For the City of Seattle, the lower demand growth projected beginning in 2020 is strictly a function of the Seattle market operating at capacity with a citywide occupancy in the low 80-percent range leaving no room for additional demand growth without new hotel supply entering the market. As stated above, the primary supply addition to the downtown Seattle market is the 1,260-room Hyatt Regency Convention Center Hotel. Given the size of this property and the amount of meeting space it will contain (+/-105,000 square feet), the property will serve as a self-contained convention hotel as well as one of the primary headquarter hotels for the WSCC and WSCC Addition. As the City of Seattle occupancy is projected to be in the low 80-percent range prior to the opening of this property and other smaller new hotels, the new rooms are expected to be quickly absorbed in the local market, resulting in an increase in accommodated demand in downtown Seattle.

This will be further supported by the WSCC Addition delivery in 2021, which will allow the City of Seattle to host larger city-wide conventions and multiple groups simultaneously with the expansive facilities proposed as part of the WSCC Addition. Beginning in 2021, demand is projected to outpace supply resulting in an increase in occupancy for the City of Seattle lodging market. With the strong forecasted growth of the Seattle economy, coupled with the expansion of the WSCC, the City of Seattle's stabilized occupancy levels are forecast to be between approximately four

and five occupancy points higher than the prior 30-year average of 73.6 percent.

Beginning in 2023, we have forecasted base demand growth of between approximately 1.0 and 2.0 percent per year, lower than the long-term average; however, it is worth noting that the projected occupancy during this time remains in the high 70 to low 80 percent range for the City of Seattle. However, accommodated demand is forecasted above or below these levels in many years as markets reach stabilized levels of performance. While individual hotel performance varies widely based on the hotel size and condition, overall market occupancy levels tend to stabilize based on constraints attributed to demand segmentation and seasonality patterns. Only when new supply enters a market can additional demand be accommodated and the market experience stronger accommodated demand growth. Accordingly, with our previously assumed periodic additions to supply, accommodated demand growth will exceed 1.0 percent as this new supply is absorbed and will be below 1.0 percent when new supply is not available.

With regard to the King County (excluding Seattle) market, we project a similar trendline in demand and occupancy. Beginning in 2020, demand is projected to outpace the increase in supply resulting in an occupancy in the mid-60 percent range, which is in line with levels achieved in 2017. Beginning in 2023, we have forecasted base demand growth of between approximately 0.5 and 1.0 percent with fluctuations corresponding to increases in supply and the absorption of these additional hotel rooms in the market.

SEGMENTATION OF DEMAND

The demand captured by King County hotels is generated from numerous sources, or segments. The primary categories of demand monitored by hotels include the transient and group market segments. The transient segment is comprised of individual business travelers, domestic and international leisure travelers, government demand, and various individual wholesale or package demand. The group market segment includes association, convention, corporate, wholesale, and incentive groups as well as social groups, often referred to as SMERF groups (social, military, educational, religious, and fraternal).

Hotels located in the downtown Seattle area proximate to the WSCC, in downtown Bellevue, and near SeaTac, typically attract group demand due to their location near a convention center and/or, in-house meeting space facilities. For these hotels, such as the Sheraton Seattle, Westin Seattle, Grand Hyatt, Fairmont, Westin Bellevue, and Hyatt Bellevue, group demand typically represents between 35 and 45 percent of total hotel rooms occupied. The balance of demand, between 55 and 65 percent, is generated by the various transient demand segments. For hotels located outside of these areas or with little to no in-house meeting facilities, group demand represents a smaller portion of demand, or typically between 10 and 25 percent of demand. Transient demand is traditionally the largest segment for these hotels.

AVERAGE DAILY RATE (“ADR”) GROWTH

Future growth in the average daily room rate has been based on our review of historical growth trends, interviews with numerous hotel owners and operators in Seattle and throughout King County, and our experience in the local lodging market. Furthermore, we have reviewed Hotel Horizons – Seattle®. As a point of reference, through year-end 2017, ADR growth for Seattle was reported at 5.5 percent, while ADR growth for the overall King County market (including Seattle) was reported at 4.0 percent.

Based on the aforementioned, we have estimated ADR growth over the next five years for Seattle and the remaining King County area as detailed in the following table.

TABLE E-9 HOTELS WITH 60 ROOMS OR MORE ADR GROWTH 2018 – 2022			
Calendar Year	Seattle	King County (Excluding Seattle)	All King County
2018	4.0%	3.0%	3.5%
2019	3.0%	3.0%	3.5%
2020	3.0%	3.0%	3.0%
2021	3.0%	3.0%	2.8%
2022	3.0%	3.0%	2.8%

As noted above, overall ADR is projected to increase by 3.5 percent in 2018 and 2019 before tapering to 3.0 percent in 2020 and 2.8 percent in 2021 and 2022. ADR for the King County lodging market is projected to increase by approximately 3.0 percent per annum thereafter. For the 30-year projection period, we have forecasted ADR to increase at a CAGR of approximately 3.0 percent, below the long-term average annual increase in ADR of 3.6 percent as reported by CBRE Hotels’ Americas Research. We believe this rate growth to be reasonable as we are of the opinion that the additions to supply will put downward pressure on the growth of the market ADR.

LODGING TAX RATES

Regular Lodging Tax Revenues are calculated at 7.0 percent of total lodging room revenue for hotels with 60 or more rooms located in the City of Seattle and 2.8 percent of lodging room revenue for all other hotels with 60 or more rooms located in King County. In our analysis, we have assumed that the aforementioned tax rates will remain constant throughout the projection period. Also, it should be noted that we have accounted for a 2.0 percent Additional Lodging Tax collected from hotels in the City of Seattle. It should be noted that the Additional Lodging Tax will expire at the end of June 2029. As discussed, Extended Lodging Tax Revenues will be calculated at 7.0 percent of total lodging room revenue for hotels with fewer than 60 rooms in the City of Seattle and 2.8 percent of lodging room revenue for all other hotels with fewer than 60 room and web-based units located in King County. The WSCC will receive 50 percent of these lodging tax revenues. Additionally, the WSCC will receive a 2.0 percent tax collected from

hotels with fewer than 60 rooms and web-based units in the City of Seattle as part of its Additional Lodging Tax. This latter analysis is provided at the end of this report.

Based on the preceding methodology and assumptions outlined above, we have prepared a forecast of the future lodging room revenue and subsequent Regular Lodging Tax Revenues and Additional Lodging Tax Revenues from all hotels with 60 or more rooms located in Seattle and in King County (excluding Seattle).

FACTORS IMPACTING TOTAL LODGING TAX REVENUES FORECAST

Although it is possible that the King County lodging market will experience growth in room night demand, ADRs, and subsequently lodging room revenue and tax revenues above those summarized in the pages below, it is also possible that economic downturns, unexpected additions/deletions to the room supply, or other external factors could negatively impact the Seattle or King County lodging markets as stated previously.

Consequently, the estimated annual room night supply and demand, ADR levels, lodging room revenue, and total Lodging Tax Revenue represent the most likely performance of the King County lodging market over the projection period based on our analysis of the market as of the date of this report.

However, we have provided a brief list of specific factors and assumptions that could have either a positive or negative impact on the conclusions contained in this report.

- We have assumed that the greater King County infrastructure, including roadways, airports, public transportation, City and County services, and new residential and commercial development continue to grow and evolve with the changing times and expected growth in population and employment will meet demand such that the region will continue to remain on the forefront of technology and represent a desirable place to live and work.
- In keeping with historic economic and lodging cycles, our growth estimates from 2023 to 2047 are based on long term averages and do not specifically model for future economic recessions or other “acts of God”. Should the Country or the King County region fall victim to terrorist events, future geopolitical crises, seismic events, or an impact from other “unnatural or unplanned” factors, the local economy and subsequently lodging industry could experience several years of decline. However, using history as an indicator, the local lodging market has continually rebounded from similar dramatic events.

F. Regular and Additional Lodging Tax Revenues Forecast – Hotels with 60 Rooms or More

CITY OF SEATTLE

We have projected the annual supply, demand, ADR, and resulting lodging revenues for the City of Seattle from 2018 through 2047. Based on these projections, we have calculated the total room revenue for all Seattle hotels with 60 rooms or more and have applied the 7.0 percent lodging tax rate to the room revenue to project Regular Lodging Tax Revenues for each year. The following table outlines our projections. We have presented the calendar year 2017 actual Regular Lodging Tax Revenue collections as a point of reference.

In 2018, we project that Regular Lodging Tax Revenue will increase by 9.2 percent over 2017 figures. This is attributed to strong growth in both ADR and accommodated demand projected for the market. Between 2019 and 2022, we project Regular Lodging Tax Revenue growth to remain strong as new high-quality supply and the expansion of the WSCC lead to increases in demand, and increases in ADR are projected to continue. Thereafter we project Regular Lodging Tax Revenues to increase between approximately 4.0 and 5.0 percent each year. Years with stronger growth reflect years when additional supply is projected to enter the market which will allow the market to accommodate previously unsatisfied demand.

TABLE F-1
HOTELS WITH 60 ROOMS OR MORE - CITY OF SEATTLE
2018 - 2047 REGULAR LODGING TAX REVENUES PROJECTIONS¹

Calendar Year	Daily Supply	Annual Room Night Supply	Change In Supply	Annual Room Nights Occupied	Room Nights Change	Market Occupancy	ADR	ADR Change	Total Room Revenue	Regular Lodging Tax Revenues @ 7%	Lodging Tax Change
2017	15,066	5,499,090	1.5%	4,621,110	4.0%	84.0%	\$225.71	6.2%	\$1,043,047,770	\$73,013,344	10.5%
2018	16,175	5,903,875	7.4%	4,852,166	5.0%	82.2%	\$234.74	4.0%	\$1,139,008,000	\$79,731,000	9.2%
2019	18,478	6,744,470	14.2%	5,240,339	8.0%	77.7%	\$241.78	3.0%	\$1,267,033,000	\$88,692,000	11.2%
2020	19,277	7,036,105	4.3%	5,449,953	4.0%	77.5%	\$249.04	3.0%	\$1,357,245,000	\$95,007,000	7.1%
2021	19,343	7,060,195	0.3%	5,613,451	3.0%	79.5%	\$256.51	3.0%	\$1,439,902,000	\$100,793,000	6.1%
2022	19,343	7,060,195	0.0%	5,725,720	2.0%	81.1%	\$264.20	3.0%	\$1,512,761,000	\$105,893,000	5.1%
2023	19,643	7,169,695	1.6%	5,840,235	2.0%	81.5%	\$272.13	3.0%	\$1,589,306,000	\$111,251,000	5.1%
2024	20,043	7,315,695	2.0%	5,898,637	1.0%	80.6%	\$280.29	3.0%	\$1,653,355,000	\$115,735,000	4.0%
2025	20,493	7,479,945	2.2%	5,957,623	1.0%	79.6%	\$288.70	3.0%	\$1,719,986,000	\$120,399,000	4.0%
2026	20,893	7,625,945	2.0%	6,017,199	1.0%	78.9%	\$297.36	3.0%	\$1,789,301,000	\$125,251,000	4.0%
2027	21,193	7,735,445	1.4%	6,137,543	2.0%	79.3%	\$306.29	3.0%	\$1,879,840,000	\$131,589,000	5.1%
2028	21,493	7,844,945	1.4%	6,254,157	1.9%	79.7%	\$315.47	3.0%	\$1,973,023,000	\$138,112,000	5.0%
2029	21,893	7,990,945	1.9%	6,316,698	1.0%	79.0%	\$324.94	3.0%	\$2,052,536,000	\$143,678,000	4.0%
2030	22,343	8,155,195	2.1%	6,367,232	0.8%	78.1%	\$334.69	3.0%	\$2,131,025,000	\$149,172,000	3.8%
2031	22,743	8,301,195	1.8%	6,494,577	2.0%	78.2%	\$344.73	3.0%	\$2,238,855,000	\$156,720,000	5.1%
2032	23,043	8,410,695	1.3%	6,624,468	2.0%	78.8%	\$355.07	3.0%	\$2,352,141,000	\$164,650,000	5.1%
2033	23,343	8,520,195	1.3%	6,756,957	2.0%	79.3%	\$365.72	3.0%	\$2,471,159,000	\$172,981,000	5.1%
2034	23,743	8,666,195	1.7%	6,824,527	1.0%	78.7%	\$376.69	3.0%	\$2,570,747,000	\$179,952,000	4.0%
2035	24,193	8,830,445	1.9%	6,879,123	0.8%	77.9%	\$387.99	3.0%	\$2,669,053,000	\$186,834,000	3.8%
2036	24,593	8,976,445	1.7%	7,016,706	2.0%	78.2%	\$399.63	3.0%	\$2,804,107,000	\$196,287,000	5.1%
2037	24,893	9,085,945	1.2%	7,157,040	2.0%	78.8%	\$411.62	3.0%	\$2,945,994,000	\$206,220,000	5.1%
2038	25,193	9,195,445	1.2%	7,228,610	1.0%	78.6%	\$423.97	3.0%	\$3,064,718,000	\$214,530,000	4.0%
2039	25,593	9,341,445	1.6%	7,300,896	1.0%	78.2%	\$436.69	3.0%	\$3,188,226,000	\$223,176,000	4.0%
2040	26,043	9,505,695	1.8%	7,373,905	1.0%	77.6%	\$449.79	3.0%	\$3,316,712,000	\$232,170,000	4.0%
2041	26,443	9,651,695	1.5%	7,447,644	1.0%	77.2%	\$463.28	3.0%	\$3,450,375,000	\$241,526,000	4.0%
2042	26,743	9,761,195	1.1%	7,522,121	1.0%	77.1%	\$477.18	3.0%	\$3,589,425,000	\$251,260,000	4.0%
2043	27,043	9,870,695	1.1%	7,582,298	0.8%	76.8%	\$491.50	3.0%	\$3,726,685,000	\$260,868,000	3.8%
2044	27,443	10,016,695	1.5%	7,733,944	2.0%	77.2%	\$506.24	3.0%	\$3,915,255,000	\$274,068,000	5.1%
2045	27,893	10,180,945	1.6%	7,888,623	2.0%	77.5%	\$521.43	3.0%	\$4,113,367,000	\$287,936,000	5.1%
2046	28,293	10,326,945	1.4%	7,967,509	1.0%	77.2%	\$537.07	3.0%	\$4,279,136,000	\$299,540,000	4.0%
2047	28,593	10,436,445	1.1%	8,047,184	1.0%	77.1%	\$553.19	3.0%	\$4,451,585,000	\$311,611,000	4.0%
CAGR/AVG	2.0%	2.0%		1.8%		78.6%	3.0%		4.8%	4.8%	

¹Rounded to the nearest \$1,000

Note: Numbers may not foot due to rounding

The following table summarizes our projection of Seattle's room revenue, Regular Lodging Tax Revenues, and the 2.0 percent Additional Lodging Tax Revenues. The Additional Lodging Tax is calculated as 2.0 percent of the room revenue through June 2029.

TABLE F-2
HOTELS WITH 60 ROOMS OR MORE - CITY OF SEATTLE
PROJECTED REGULAR LODGING TAX REVENUES AND ADDITIONAL LODGING TAX REVENUES¹

Year	Seattle Room Revenues	Seattle Regular Lodging Tax Revenues	Additional Lodging Tax Revenues ²
2017	\$1,043,047,770	\$73,013,344	\$20,860,955
2018	\$1,139,008,000	\$79,731,000	\$22,780,000
2019	\$1,267,033,000	\$88,692,000	\$25,341,000
2020	\$1,357,245,000	\$95,007,000	\$27,145,000
2021	\$1,439,902,000	\$100,793,000	\$28,798,000
2022	\$1,512,761,000	\$105,893,000	\$30,255,000
2023	\$1,589,306,000	\$111,251,000	\$31,786,000
2024	\$1,653,355,000	\$115,735,000	\$33,067,000
2025	\$1,719,986,000	\$120,399,000	\$34,400,000
2026	\$1,789,301,000	\$125,251,000	\$35,786,000
2027	\$1,879,840,000	\$131,589,000	\$37,597,000
2028	\$1,973,023,000	\$138,112,000	\$39,460,000
2029	\$2,052,536,000	\$143,678,000	\$20,525,500
2030	\$2,131,025,000	\$149,172,000	
2031	\$2,238,855,000	\$156,720,000	
2032	\$2,352,141,000	\$164,650,000	
2033	\$2,471,159,000	\$172,981,000	
2034	\$2,570,747,000	\$179,952,000	
2035	\$2,669,053,000	\$186,834,000	
2036	\$2,804,107,000	\$196,287,000	
2037	\$2,945,994,000	\$206,220,000	
2038	\$3,064,718,000	\$214,530,000	
2039	\$3,188,226,000	\$223,176,000	
2040	\$3,316,712,000	\$232,170,000	
2041	\$3,450,375,000	\$241,526,000	
2042	\$3,589,425,000	\$251,260,000	
2043	\$3,726,685,000	\$260,868,000	
2044	\$3,915,255,000	\$274,068,000	
2045	\$4,113,367,000	\$287,936,000	
2046	\$4,279,136,000	\$299,540,000	
2047	\$4,451,585,000	\$311,611,000	
CAGR	4.8%	4.8%	5.6%³

¹Rounded to the nearest \$1,000

²2.0 percent of sales taxes generated by hotels in Seattle are rebated back to the WSCC through June 2029

³CAGR is calculated from 2018 to 2028

Note: Numbers may not foot due to rounding.

KING COUNTY

Like our projections for the City of Seattle, we have projected the annual supply, demand, ADR, and resulting lodging room revenue for the remaining hotels located in King County from 2018 through 2047. We have calculated the total room revenue for King County hotels (excluding Seattle) and have applied the 2.8 percent lodging tax rate to the room revenue to estimate the projected Regular Lodging Tax Revenues for each year. The following table outlines our projections. The actual lodging tax figures for calendar year 2017 have been provided as a point of reference.

In 2018 and 2019, we project that Regular Lodging Tax Revenues will increase 9.2 percent each year, attributable to the growth in market ADR as well as increases in supply. In 2020 and 2021, the increase in Regular Lodging Tax Revenues is projected to taper to 7.1 percent each year and further taper to 6.1 percent in 2022. Thereafter we project Regular Lodging Tax Revenues to increase between approximately 3.0 and 4.0 percent each year. Years with stronger growth reflect years when additional supply is projected to enter the market which will allow the market to accommodate previously unsatisfied demand.

TABLE F-3
HOTELS WITH 60 ROOMS OR MORE - KING COUNTY (EXCLUDING SEATTLE)
2018 - 2047 REGULAR LODGING TAX REVENUES PROJECTIONS¹

Calendar Year	Daily Supply	Annual Room Night Supply	Change In Supply	Annual Room Nights Occupied	Room Nights Change	Market Occupancy	ADR	ADR Change	Total Room Revenues	Regular Lodging Tax Revenues @ 2.8%	Regular Lodging Tax Change
2017	20,075	7,327,375	5.1%	4,680,959	0.0%	63.9%	\$78.42	-1.7%	\$367,072,202	\$10,278,022	-1.7%
2018	21,593	7,881,445	7.6%	4,961,816	6.0%	63.0%	\$80.77	3.0%	\$400,769,000	\$11,222,000	9.2%
2019	23,363	8,527,495	8.2%	5,259,525	6.0%	61.7%	\$83.19	3.0%	\$437,560,000	\$12,252,000	9.2%
2020	24,253	8,852,345	3.8%	5,469,906	4.0%	61.8%	\$85.69	3.0%	\$468,714,000	\$13,124,000	7.1%
2021	24,469	8,931,185	0.9%	5,688,702	4.0%	63.7%	\$88.26	3.0%	\$502,087,000	\$14,058,000	7.1%
2022	24,469	8,931,185	0.0%	5,859,363	3.0%	65.6%	\$90.91	3.0%	\$532,664,000	\$14,915,000	6.1%
2023	24,669	9,004,185	0.8%	5,917,957	1.0%	65.7%	\$93.64	3.0%	\$554,130,000	\$15,516,000	4.0%
2024	24,969	9,113,685	1.2%	5,977,136	1.0%	65.6%	\$96.44	3.0%	\$576,462,000	\$16,141,000	4.0%
2025	25,369	9,259,685	1.6%	6,036,908	1.0%	65.2%	\$99.34	3.0%	\$599,693,000	\$16,791,000	4.0%
2026	25,669	9,369,185	1.2%	6,097,277	1.0%	65.1%	\$102.32	3.0%	\$623,861,000	\$17,468,000	4.0%
2027	25,869	9,442,185	0.8%	6,158,250	1.0%	65.2%	\$105.39	3.0%	\$649,002,000	\$18,172,000	4.0%
2028	26,069	9,515,185	0.8%	6,219,832	1.0%	65.4%	\$108.55	3.0%	\$675,157,000	\$18,904,000	4.0%
2029	26,369	9,624,685	1.2%	6,282,031	1.0%	65.3%	\$111.81	3.0%	\$702,366,000	\$19,666,000	4.0%
2030	26,769	9,770,685	1.5%	6,313,441	0.5%	64.6%	\$115.16	3.0%	\$727,054,000	\$20,358,000	3.5%
2031	27,069	9,880,185	1.1%	6,376,575	1.0%	64.5%	\$118.61	3.0%	\$756,354,000	\$21,178,000	4.0%
2032	27,269	9,953,185	0.7%	6,440,341	1.0%	64.7%	\$122.17	3.0%	\$786,835,000	\$22,031,000	4.0%
2033	27,469	10,026,185	0.7%	6,517,625	1.2%	65.0%	\$125.84	3.0%	\$820,166,000	\$22,965,000	4.2%
2034	27,769	10,135,685	1.1%	6,550,213	0.5%	64.6%	\$129.61	3.0%	\$848,995,000	\$23,772,000	3.5%
2035	28,169	10,281,685	1.4%	6,582,964	0.5%	64.0%	\$133.50	3.0%	\$878,837,000	\$24,607,000	3.5%
2036	28,469	10,391,185	1.1%	6,681,709	1.5%	64.3%	\$137.51	3.0%	\$918,780,000	\$25,726,000	4.5%
2037	28,669	10,464,185	0.7%	6,715,117	0.5%	64.2%	\$141.63	3.0%	\$951,075,000	\$26,630,000	3.5%
2038	28,869	10,537,185	0.7%	6,782,268	1.0%	64.4%	\$145.88	3.0%	\$989,403,000	\$27,703,000	4.0%
2039	29,169	10,646,685	1.0%	6,836,526	0.8%	64.2%	\$150.26	3.0%	\$1,027,238,000	\$28,763,000	3.8%
2040	29,569	10,792,685	1.4%	6,925,401	1.3%	64.2%	\$154.77	3.0%	\$1,071,810,000	\$30,011,000	4.3%
2041	29,869	10,902,185	1.0%	6,994,655	1.0%	64.2%	\$159.41	3.0%	\$1,115,004,000	\$31,220,000	4.0%
2042	30,069	10,975,185	0.7%	7,064,602	1.0%	64.4%	\$164.19	3.0%	\$1,159,939,000	\$32,478,000	4.0%
2043	30,269	11,048,185	0.7%	7,099,925	0.5%	64.3%	\$169.12	3.0%	\$1,200,710,000	\$33,620,000	3.5%
2044	30,569	11,157,685	1.0%	7,170,924	1.0%	64.3%	\$174.19	3.0%	\$1,249,099,000	\$34,975,000	4.0%
2045	30,969	11,303,685	1.3%	7,199,608	0.4%	63.7%	\$179.42	3.0%	\$1,291,718,000	\$36,168,000	3.4%
2046	31,269	11,413,185	1.0%	7,271,604	1.0%	63.7%	\$184.80	3.0%	\$1,343,775,000	\$37,626,000	4.0%
2047	31,469	11,486,185	0.6%	7,344,320	1.0%	63.9%	\$190.34	3.0%	\$1,397,929,000	\$39,142,000	4.0%
CAGR/AVG	1.3%	1.3%		1.4%		64.3%	3.0%		4.4%	4.4%	

¹ Rounded to the nearest \$1,000

Note: Numbers may not foot due to rounding

COMBINED SEATTLE AND KING COUNTY

On the following page, we have combined our Regular Lodging Tax Revenues forecasts for Seattle and all of King County (excluding Seattle) lodging markets.

TABLE F-4
HOTELS WITH 60 ROOMS OR MORE - KING COUNTY
2018 - 2047 REGULAR LODGING TAX REVENUES PROJECTIONS¹

Calendar Year	Daily Supply	Annual Room Nights Supply	Change In Supply	Annual Room Nights Occupied	Room Nights Change	Market Occupancy	ADR	ADR Change	Total Room Revenues	Regular Lodging Tax Revenues	Regular Lodging Tax Revenues Change
2017	35,141	12,826,465	3.5%	9,302,069	1.9%	73%	\$151.59	5.0%	\$1,410,119,971	\$83,291,366	8.8%
2018	37,768	13,785,320	7.5%	9,813,982	5.5%	71%	\$156.90	3.5%	\$1,539,777,000	\$90,953,000	9.2%
2019	41,841	15,271,965	10.8%	10,499,864	7.0%	69%	\$162.34	3.5%	\$1,704,593,000	\$100,944,000	11.0%
2020	43,530	15,888,450	4.0%	10,919,858	4.0%	69%	\$167.21	3.0%	\$1,825,959,000	\$108,131,000	7.1%
2021	43,812	15,991,380	0.6%	11,302,153	3.5%	71%	\$171.82	2.8%	\$1,941,989,000	\$114,851,000	6.2%
2022	43,812	15,991,380	0.0%	11,585,083	2.5%	72%	\$176.56	2.8%	\$2,045,425,000	\$120,808,000	5.2%
2023	44,312	16,173,880	1.1%	11,758,191	1.5%	73%	\$182.29	3.2%	\$2,143,436,000	\$126,767,000	4.9%
2024	45,012	16,429,380	1.6%	11,875,773	1.0%	72%	\$187.76	3.0%	\$2,229,817,000	\$131,876,000	4.0%
2025	45,862	16,739,630	1.9%	11,994,531	1.0%	72%	\$193.39	3.0%	\$2,319,679,000	\$137,190,000	4.0%
2026	46,562	16,995,130	1.5%	12,114,476	1.0%	71%	\$199.20	3.0%	\$2,413,162,000	\$142,719,000	4.0%
2027	47,062	17,177,630	1.1%	12,295,793	1.5%	72%	\$205.67	3.2%	\$2,528,842,000	\$149,761,000	4.9%
2028	47,562	17,360,130	1.1%	12,473,989	1.4%	72%	\$212.30	3.2%	\$2,648,180,000	\$157,016,000	4.8%
2029	48,262	17,615,630	1.5%	12,598,729	1.0%	72%	\$218.67	3.0%	\$2,754,902,000	\$163,344,000	4.0%
2030	49,112	17,925,880	1.8%	12,680,673	0.7%	71%	\$225.39	3.1%	\$2,858,079,000	\$169,530,000	3.8%
2031	49,812	18,181,380	1.4%	12,871,152	1.5%	71%	\$232.71	3.2%	\$2,995,209,000	\$177,898,000	4.9%
2032	50,312	18,363,880	1.0%	13,064,809	1.5%	71%	\$240.26	3.2%	\$3,138,976,000	\$186,681,000	4.9%
2033	50,812	18,546,380	1.0%	13,274,582	1.6%	72%	\$247.94	3.2%	\$3,291,325,000	\$195,946,000	5.0%
2034	51,512	18,801,880	1.4%	13,374,740	0.8%	71%	\$255.69	3.1%	\$3,419,742,000	\$203,724,000	4.0%
2035	52,362	19,112,130	1.7%	13,462,087	0.7%	70%	\$263.55	3.1%	\$3,547,890,000	\$211,441,000	3.8%
2036	53,062	19,367,630	1.3%	13,698,414	1.8%	71%	\$271.78	3.1%	\$3,722,887,000	\$222,013,000	5.0%
2037	53,562	19,550,130	0.9%	13,872,157	1.3%	71%	\$280.93	3.4%	\$3,897,069,000	\$232,850,000	4.9%
2038	54,062	19,732,630	0.9%	14,010,879	1.0%	71%	\$289.36	3.0%	\$4,054,121,000	\$242,233,000	4.0%
2039	54,762	19,988,130	1.3%	14,137,423	0.9%	71%	\$298.18	3.0%	\$4,215,464,000	\$251,939,000	4.0%
2040	55,612	20,298,380	1.6%	14,299,307	1.1%	70%	\$306.90	2.9%	\$4,388,522,000	\$262,181,000	4.1%
2041	56,312	20,553,880	1.3%	14,442,300	1.0%	70%	\$316.11	3.0%	\$4,565,379,000	\$272,746,000	4.0%
2042	56,812	20,736,380	0.9%	14,586,723	1.0%	70%	\$325.60	3.0%	\$4,749,364,000	\$283,738,000	4.0%
2043	57,312	20,918,880	0.9%	14,682,223	0.7%	70%	\$335.60	3.1%	\$4,927,395,000	\$294,488,000	3.8%
2044	58,012	21,174,380	1.2%	14,904,868	1.5%	70%	\$346.49	3.2%	\$5,164,354,000	\$309,043,000	4.9%
2045	58,862	21,484,630	1.5%	15,088,230	1.2%	70%	\$358.23	3.4%	\$5,405,085,000	\$324,104,000	4.9%
2046	59,562	21,740,130	1.2%	15,239,113	1.0%	70%	\$368.98	3.0%	\$5,622,911,000	\$337,166,000	4.0%
2047	60,062	21,922,630	0.8%	15,391,504	1.0%	70%	\$380.05	3.0%	\$5,849,514,000	\$350,753,000	4.0%
CAGR/AVG	1.6%	1.6%		1.6%		70.9%	3.1%		4.7%	4.8%	

¹ Rounded to the nearest \$1,000

Note: Numbers may not foot due to rounding

TABLE F-5
HOTELS WITH 60 ROOMS OR MORE - TOTAL KING COUNTY PROJECTED REGULAR LODGING
TAX REVENUES¹

Calendar Year	Seattle Regular Lodging Tax Revenues	King County (Excluding Seattle) Regular Lodging Tax Revenues	King County Regular Lodging Tax Revenues	Percent Change
2017	\$73,013,344	\$10,278,022	\$83,291,366	8.8%
2018	\$79,731,000	\$11,222,000	\$90,953,000	9.2%
2019	\$88,692,000	\$12,252,000	\$100,944,000	11.0%
2020	\$95,007,000	\$13,124,000	\$108,131,000	7.1%
2021	\$100,793,000	\$14,058,000	\$114,851,000	6.2%
2022	\$105,893,000	\$14,915,000	\$120,808,000	5.2%
2023	\$111,251,000	\$15,516,000	\$126,767,000	4.9%
2024	\$115,735,000	\$16,141,000	\$131,876,000	4.0%
2025	\$120,399,000	\$16,791,000	\$137,190,000	4.0%
2026	\$125,251,000	\$17,468,000	\$142,719,000	4.0%
2027	\$131,589,000	\$18,172,000	\$149,761,000	4.9%
2028	\$138,112,000	\$18,904,000	\$157,016,000	4.8%
2029	\$143,678,000	\$19,666,000	\$163,344,000	4.0%
2030	\$149,172,000	\$20,358,000	\$169,530,000	3.8%
2031	\$156,720,000	\$21,178,000	\$177,898,000	4.9%
2032	\$164,650,000	\$22,031,000	\$186,681,000	4.9%
2033	\$172,981,000	\$22,965,000	\$195,946,000	5.0%
2034	\$179,952,000	\$23,772,000	\$203,724,000	4.0%
2035	\$186,834,000	\$24,607,000	\$211,441,000	3.8%
2036	\$196,287,000	\$25,726,000	\$222,013,000	5.0%
2037	\$206,220,000	\$26,630,000	\$232,850,000	4.9%
2038	\$214,530,000	\$27,703,000	\$242,233,000	4.0%
2039	\$223,176,000	\$28,763,000	\$251,939,000	4.0%
2040	\$232,170,000	\$30,011,000	\$262,181,000	4.1%
2041	\$241,526,000	\$31,220,000	\$272,746,000	4.0%
2042	\$251,260,000	\$32,478,000	\$283,738,000	4.0%
2043	\$260,868,000	\$33,620,000	\$294,488,000	3.8%
2044	\$274,068,000	\$34,975,000	\$309,043,000	4.9%
2045	\$287,936,000	\$36,168,000	\$324,104,000	4.9%
2046	\$299,540,000	\$37,626,000	\$337,166,000	4.0%
2047	\$311,611,000	\$39,142,000	\$350,753,000	4.0%
CAGR	4.8%	4.4%	4.8%	

¹Rounded to the nearest \$1,000

Note: Numbers may not foot due to rounding

As noted in the table above, Regular Lodging Tax Revenues are projected to increase at a CAGR of 4.8 percent for the City of Seattle and 4.4 percent for King County (excluding Seattle). In total, Regular Lodging Tax Revenues for King County generated by hotels with 60 rooms and more is

projected to increase at a CAGR of 4.8 percent, below the CAGR achieved between 1990/91 and 2016/17 of 7.2 percent.

The following table includes our Regular Lodging Tax Revenues projections for Seattle and the remaining King County area, the 2.0 percent Additional Lodging Tax Revenues, and the total Lodging Tax Revenues (excluding Extended Lodging Tax Revenues) available to the WSCC.

TABLE F-6
HOTELS WITH 60 ROOMS OR MORE - TOTAL KING COUNTY PROJECTED REGULAR LODGING TAX
REVENUES AND ADDITIONAL LODGING TAX REVENUES¹

Calendar Year	Seattle Regular Lodging Tax Revenues	King County (Excluding Seattle) Regular Lodging Tax Revenues	King County Regular Lodging Tax Revenues	Additional Lodging Tax Revenues ²	Total Lodging Tax Revenues
2017	\$73,013,344	\$10,278,022	\$83,291,366	\$20,860,955	\$104,152,321
2018	\$79,731,000	\$11,222,000	\$90,953,000	\$22,780,000	\$113,733,000
2019	\$88,692,000	\$12,252,000	\$100,944,000	\$25,341,000	\$126,285,000
2020	\$95,007,000	\$13,124,000	\$108,131,000	\$27,145,000	\$135,276,000
2021	\$100,793,000	\$14,058,000	\$114,851,000	\$28,798,000	\$143,649,000
2022	\$105,893,000	\$14,915,000	\$120,808,000	\$30,255,000	\$151,063,000
2023	\$111,251,000	\$15,516,000	\$126,767,000	\$31,786,000	\$158,553,000
2024	\$115,735,000	\$16,141,000	\$131,876,000	\$33,067,000	\$164,943,000
2025	\$120,399,000	\$16,791,000	\$137,190,000	\$34,400,000	\$171,590,000
2026	\$125,251,000	\$17,468,000	\$142,719,000	\$35,786,000	\$178,505,000
2027	\$131,589,000	\$18,172,000	\$149,761,000	\$37,597,000	\$187,358,000
2028	\$138,112,000	\$18,904,000	\$157,016,000	\$39,460,000	\$196,476,000
2029	\$143,678,000	\$19,666,000	\$163,344,000	\$20,525,500	\$183,869,500
2030	\$149,172,000	\$20,358,000	\$169,530,000		\$169,530,000
2031	\$156,720,000	\$21,178,000	\$177,898,000		\$177,898,000
2032	\$164,650,000	\$22,031,000	\$186,681,000		\$186,681,000
2033	\$172,981,000	\$22,965,000	\$195,946,000		\$195,946,000
2034	\$179,952,000	\$23,772,000	\$203,724,000		\$203,724,000
2035	\$186,834,000	\$24,607,000	\$211,441,000		\$211,441,000
2036	\$196,287,000	\$25,726,000	\$222,013,000		\$222,013,000
2037	\$206,220,000	\$26,630,000	\$232,850,000		\$232,850,000
2038	\$214,530,000	\$27,703,000	\$242,233,000		\$242,233,000
2039	\$223,176,000	\$28,763,000	\$251,939,000		\$251,939,000
2040	\$232,170,000	\$30,011,000	\$262,181,000		\$262,181,000
2041	\$241,526,000	\$31,220,000	\$272,746,000		\$272,746,000
2042	\$251,260,000	\$32,478,000	\$283,738,000		\$283,738,000
2043	\$260,868,000	\$33,620,000	\$294,488,000		\$294,488,000
2044	\$274,068,000	\$34,975,000	\$309,043,000		\$309,043,000
2045	\$287,936,000	\$36,168,000	\$324,104,000		\$324,104,000
2046	\$299,540,000	\$37,626,000	\$337,166,000		\$337,166,000
2047	\$311,611,000	\$39,142,000	\$350,753,000		\$350,753,000
CAGR	4.8%	4.4%	4.8%	5.6%³	4.0%

¹Rounded to the nearest \$1,000

²2.0 percent of sales taxes generated by hotels in Seattle are rebated back to the WSCC through June 2029

³CAGR is calculated from 2018 to 2028

Note: Numbers may not foot due to rounding

G. Extended and Additional Lodging Tax Revenues Forecast – Hotels with Fewer than 60 Rooms

As discussed, we understand that new legislation has been passed for King County and the City of Seattle whereby a lodging tax will be applied to hotels with fewer than 60 rooms and web-based businesses such as Airbnb, VRBO, HomeAway, etc. (web-based units). These Extended Lodging Tax Revenues and this portion of Additional Lodging Tax Revenues are anticipated to be collected beginning in January 2019.

Therefore, much like our analysis of hotels in Seattle and King County with 60 rooms or more, we have projected the annual supply, demand, ADR, and resulting lodging room revenue for the City of Seattle and King County (excluding Seattle) for hotels containing fewer than 60 rooms. As previously discussed, the WSCC will receive 50 percent of the 7.0 percent Extended Lodging Tax Revenues generated by these hotels within the City of Seattle and 50 percent of the 2.8 percent Extended Lodging Tax Revenues generated by these hotels in King County (excluding Seattle). Additionally, the WSCC will receive 100 percent of the 2.0 percent Additional Lodging Tax Revenues for those hotels with fewer than 60 rooms located within the City of Seattle for rebate to the state to the extent it is not used to pay debt service. In completing our analysis for hotels with fewer than 60 rooms, we have made the following assumptions:

1. The supply of rooms in the City of Seattle and other King County areas was determined from a census of properties utilizing data from STR, Inc. Through this search, we identified 31 hotels representing a total of 1,182 rooms in the City of Seattle and 38 properties representing 1,388 rooms in King County (excluding Seattle). In general, hotels with fewer than 60 rooms represent independent hotels and motels, many containing exterior corridors and are of inferior quality than larger hotels with more than 60 rooms (economy or midscale properties);
2. This segment of the industry typically achieves a performance level well below the more typical “investment grade” properties with more than 60 rooms;
3. Given the market position of this segment of properties, we have not accounted for any future additions to supply. As noted earlier in this report, we have identified 55 proposed additions to supply in the City of Seattle and King County, and they all contain more than 60 rooms. It is unlikely that the supply of this segment will experience any material growth over the forecast period; and,
4. In order to provide our projections for the next 30 years, and given the fact that this segment has no lodging tax revenue history with the WSCC, we have estimated the aggregate performance for all hotels with fewer than 60 rooms (in the City of Seattle and separately for King County) in current value dollars (\$2017). We have then projected this performance forward to 2019, the first year that the WSCC will begin collecting lodging

tax revenues. Given the unique nature of this product type, we project that the sample of hotels in the City of Seattle with fewer than 60 rooms achieved an annual occupancy of approximately 60 percent with a corresponding ADR of \$60 in 2017. For King County (excluding Seattle), we have estimated an annual occupancy of 50 percent with a corresponding ADR of \$50 in 2017. Going forward, we have not accounted for any growth in demand over the projection period, although we have accounted for an annual growth in ADR of 3.0 percent per year, consistent with our long-term outlook for inflation.

A table summarizing our lodging tax projections for hotels with fewer than 60 rooms in the City of Seattle is presented on the following page.

As discussed, the hotels with fewer than 60 rooms located in the City of Seattle represent a total of 1,182 rooms, much smaller than the sample of hotels with 60 rooms and more in Seattle (15,066 rooms). Based on our projections, Extended Lodging Tax Revenues (50 percent of the 7.0 percent lodging tax) for hotels with fewer than 60 rooms in the City of Seattle is estimated to be approximately \$577,000 in 2019, the first year that Extended Lodging Tax Revenues will be collected by the WSCC. The Extended Lodging Tax Revenues for these hotels in the City of Seattle is projected to increase to approximately \$1,320,000 by 2047, representing an increase of \$743,000 during the projection period (2019 to 2047). The 2.0 Additional Lodging Tax Revenues for hotels with fewer than 60 rooms in the City of Seattle is projected to increase from approximately \$330,000 in 2019 to \$430,000 in 2028. The Additional Lodging Tax Revenues in 2029 are less as it represents a partial year.

Washington State Convention Center PFD
Projection of Lodging Tax Revenues – King County, WA
July 18, 2018
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TABLE G-1

HOTELS WITH FEWER THAN 60 ROOMS - CITY OF SEATTLE

2019 - 2047 EXTENDED AND ADDITIONAL LODGING TAX REVENUES PROJECTIONS¹

Calendar Year	Daily Supply	Annual Room Nights Supply	Change In Supply	Annual Room Nights Occupied	Room Nights Change	Market Occupancy	ADR	ADR Change	Total Room Revenue	Extended Lodging Tax Revenues @ 7%	Extended Lodging Tax Revenues 50% to WSCC ²	Extended Lodging Tax Revenues Change	Additional Lodging Tax Revenues	Additional Lodging Tax Revenues Change
2017	1,182	431,430	-	258,858	-	60.0%	\$60.00	-	\$15,531,480	-	-	-	-	-
2018	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$61.80	3.0%	\$15,997,000	-	-	-	-	-
2019	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$63.65	3.0%	\$16,477,000	\$1,153,000	\$577,000	-	\$330,000	-
2020	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$65.56	3.0%	\$16,972,000	\$1,188,000	\$594,000	2.9%	\$339,000	2.7%
2021	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$67.53	3.0%	\$17,481,000	\$1,224,000	\$612,000	3.0%	\$350,000	3.2%
2022	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$69.56	3.0%	\$18,005,000	\$1,260,000	\$630,000	2.9%	\$360,000	2.9%
2023	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$71.64	3.0%	\$18,545,000	\$1,298,000	\$649,000	3.0%	\$371,000	3.1%
2024	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$73.79	3.0%	\$19,102,000	\$1,337,000	\$669,000	3.1%	\$382,000	3.0%
2025	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$76.01	3.0%	\$19,675,000	\$1,377,000	\$689,000	3.0%	\$394,000	3.1%
2026	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$78.29	3.0%	\$20,265,000	\$1,419,000	\$710,000	3.0%	\$405,000	2.8%
2027	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$80.63	3.0%	\$20,873,000	\$1,461,000	\$731,000	3.0%	\$417,000	3.0%
2028	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$83.05	3.0%	\$21,499,000	\$1,505,000	\$753,000	3.0%	\$430,000	3.1%
2029	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$85.55	3.0%	\$22,144,000	\$1,550,000	\$775,000	2.9%	\$221,500	
2030	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$88.11	3.0%	\$22,809,000	\$1,597,000	\$799,000	3.1%		
2031	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$90.76	3.0%	\$23,493,000	\$1,645,000	\$823,000	3.0%		
2032	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$93.48	3.0%	\$24,198,000	\$1,694,000	\$847,000	2.9%		
2033	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$96.28	3.0%	\$24,923,000	\$1,745,000	\$873,000	3.1%		
2034	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$99.17	3.0%	\$25,671,000	\$1,797,000	\$899,000	3.0%		
2035	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$102.15	3.0%	\$26,441,000	\$1,851,000	\$926,000	3.0%		
2036	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$105.21	3.0%	\$27,235,000	\$1,906,000	\$953,000	2.9%		
2037	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$108.37	3.0%	\$28,052,000	\$1,964,000	\$982,000	3.0%		
2038	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$111.62	3.0%	\$28,893,000	\$2,023,000	\$1,012,000	3.1%		
2039	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$114.97	3.0%	\$29,760,000	\$2,083,000	\$1,042,000	3.0%		
2040	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$118.42	3.0%	\$30,653,000	\$2,146,000	\$1,073,000	3.0%		
2041	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$121.97	3.0%	\$31,572,000	\$2,210,000	\$1,105,000	3.0%		
2042	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$125.63	3.0%	\$32,519,000	\$2,276,000	\$1,138,000	3.0%		
2043	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$129.40	3.0%	\$33,495,000	\$2,345,000	\$1,173,000	3.1%		
2044	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$133.28	3.0%	\$34,500,000	\$2,415,000	\$1,208,000	3.0%		
2045	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$137.28	3.0%	\$35,535,000	\$2,487,000	\$1,244,000	3.0%		
2046	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$141.39	3.0%	\$36,601,000	\$2,562,000	\$1,281,000	3.0%		
2047	1,182	431,430	0.0%	258,858	0.0%	60.0%	\$145.64	3.0%	\$37,699,000	\$2,639,000	\$1,320,000	3.0%		
CAGR/AVG	0.0%	0.0%		0.0%		60.0%	3.0%		3.0%	3.0%	3.0%		3.0% ³	

¹Rounded to the nearest \$1,000

²Taxes begin in January 2019

³CAGR is calculated from 2019 to 2028

Note: Numbers may not foot due to rounding

A table summarizing our Extended Lodging Tax Revenues projections for hotels with fewer than 60 rooms in King County (excluding Seattle) is presented on the following page.

There are 1,388 hotel rooms in King County (excluding Seattle) that represent properties with fewer than 60 rooms. This is only 206 more hotel rooms than the supply that is featured within the City of Seattle. Based on our projections, Extended Lodging Tax Revenues (50 percent of the 2.8 percent lodging tax) for hotels with fewer than 60 rooms in King County (excluding Seattle) are estimated to be approximately \$188,000 in 2019, increasing to \$431,000 in 2047, or by a total of \$243,000.

TABLE G-2
HOTELS WITH FEWER THAN 60 ROOMS - KING COUNTY (EXCLUDING SEATTLE)
2019 - 2047 EXTENDED LODGING TAX REVENUES PROJECTIONS¹

Calendar Year	Daily Supply	Annual Room Night Supply	Change In Supply	Annual Room Nights Occupied	Room Nights Change	Market Occupancy	ADR	ADR Change	Total Room Revenues	Extended Lodging Tax Revenues @ 2.8%	Extended Lodging Tax Revenues 50% to WSCC ²	Extended Lodging Tax Revenues Change
2017	1,388	506,620	-	253,310	-	50.0%	\$50.00	-	\$12,665,500	-	-	-
2018	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$51.50	3.0%	\$13,045,000	-	-	-
2019	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$53.05	3.0%	\$13,437,000	\$376,000	\$188,000	-
2020	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$54.64	3.0%	\$13,840,000	\$388,000	\$194,000	3.2%
2021	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$56.28	3.0%	\$14,255,000	\$399,000	\$200,000	3.1%
2022	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$57.96	3.0%	\$14,683,000	\$411,000	\$206,000	3.0%
2023	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$59.70	3.0%	\$15,123,000	\$423,000	\$212,000	2.9%
2024	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$61.49	3.0%	\$15,577,000	\$436,000	\$218,000	2.8%
2025	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$63.34	3.0%	\$16,044,000	\$449,000	\$225,000	3.2%
2026	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$65.24	3.0%	\$16,526,000	\$463,000	\$232,000	3.1%
2027	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$67.20	3.0%	\$17,021,000	\$477,000	\$239,000	3.0%
2028	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$69.21	3.0%	\$17,532,000	\$491,000	\$246,000	2.9%
2029	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$71.29	3.0%	\$18,058,000	\$506,000	\$253,000	2.8%
2030	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$73.43	3.0%	\$18,600,000	\$521,000	\$261,000	3.2%
2031	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$75.63	3.0%	\$19,158,000	\$536,000	\$268,000	2.7%
2032	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$77.90	3.0%	\$19,732,000	\$552,000	\$276,000	3.0%
2033	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$80.24	3.0%	\$20,324,000	\$569,000	\$285,000	3.3%
2034	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$82.64	3.0%	\$20,934,000	\$586,000	\$293,000	2.8%
2035	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$85.12	3.0%	\$21,562,000	\$604,000	\$302,000	3.1%
2036	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$87.68	3.0%	\$22,209,000	\$622,000	\$311,000	3.0%
2037	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$90.31	3.0%	\$22,875,000	\$641,000	\$321,000	3.2%
2038	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$93.01	3.0%	\$23,562,000	\$660,000	\$330,000	2.8%
2039	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$95.81	3.0%	\$24,268,000	\$680,000	\$340,000	3.0%
2040	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$98.68	3.0%	\$24,996,000	\$700,000	\$350,000	2.9%
2041	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$101.64	3.0%	\$25,746,000	\$721,000	\$361,000	3.1%
2042	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$104.69	3.0%	\$26,519,000	\$743,000	\$372,000	3.0%
2043	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$107.83	3.0%	\$27,314,000	\$765,000	\$383,000	3.0%
2044	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$111.06	3.0%	\$28,134,000	\$788,000	\$394,000	2.9%
2045	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$114.40	3.0%	\$28,978,000	\$811,000	\$406,000	3.0%
2046	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$117.83	3.0%	\$29,847,000	\$836,000	\$418,000	3.0%
2047	1,388	506,620	0.0%	253,310	0.0%	50.0%	\$121.36	3.0%	\$30,742,000	\$861,000	\$431,000	3.1%
AGR/AVG	0.0%	0.0%		0.0%		50.0%	3.0%		3.0%	3.0%	3.0%	

¹Rounded to the nearest \$1,000

²Taxes begin in January 2019

Note: Numbers may not foot due to rounding

A table summarizing our Extended Lodging Tax Revenue and Additional Lodging Tax Revenues projections for hotels with fewer than 60 rooms for all of King County is presented on the following page.

TABLE G-3
HOTELS WITH FEWER THAN 60 ROOMS - TOTAL KING COUNTY PROJECTED EXTENDED AND ADDITIONAL LODGING TAX REVENUES¹

Calendar Year	Seattle Extended Lodging Tax Revenues ²	King County (Excluding Seattle) Extended Lodging Tax Revenues ³	King County Extended Lodging Tax Revenues	Additional Lodging Tax Revenues ⁴
2017	-	-	-	-
2018	-	-	-	-
2019	\$577,000	\$188,000	\$765,000	\$330,000
2020	\$594,000	\$194,000	\$788,000	\$339,000
2021	\$612,000	\$200,000	\$812,000	\$350,000
2022	\$630,000	\$206,000	\$836,000	\$360,000
2023	\$649,000	\$212,000	\$861,000	\$371,000
2024	\$669,000	\$218,000	\$887,000	\$382,000
2025	\$689,000	\$225,000	\$914,000	\$394,000
2026	\$710,000	\$232,000	\$942,000	\$405,000
2027	\$731,000	\$239,000	\$970,000	\$417,000
2028	\$753,000	\$246,000	\$999,000	\$430,000
2029	\$775,000	\$253,000	\$1,028,000	\$221,500
2030	\$799,000	\$261,000	\$1,060,000	
2031	\$823,000	\$268,000	\$1,091,000	
2032	\$847,000	\$276,000	\$1,123,000	
2033	\$873,000	\$285,000	\$1,158,000	
2034	\$899,000	\$293,000	\$1,192,000	
2035	\$926,000	\$302,000	\$1,228,000	
2036	\$953,000	\$311,000	\$1,264,000	
2037	\$982,000	\$321,000	\$1,303,000	
2038	\$1,012,000	\$330,000	\$1,342,000	
2039	\$1,042,000	\$340,000	\$1,382,000	
2040	\$1,073,000	\$350,000	\$1,423,000	
2041	\$1,105,000	\$361,000	\$1,466,000	
2042	\$1,138,000	\$372,000	\$1,510,000	
2043	\$1,173,000	\$383,000	\$1,556,000	
2044	\$1,208,000	\$394,000	\$1,602,000	
2045	\$1,244,000	\$406,000	\$1,650,000	
2046	\$1,281,000	\$418,000	\$1,699,000	
2047	\$1,320,000	\$431,000	\$1,751,000	
CAGR	3.0%	3.0%	3.0%	3.0%⁵

¹Rounded to the nearest \$1,000

²50 percent of the 7.0 percent Extended Lodging Tax Revenues

³50 percent of the 2.8 percent Extended Lodging Tax Revenues

⁴2.0 percent of sales taxes generated by hotels in Seattle are rebated back to the WSCC through June 2029

⁵CAGR is calculated from 2019 to 2028

Note: Numbers may not foot due to rounding

H. Extended and Additional Lodging Tax Revenues Forecast – Web-Based Units

The WSCC will also receive Extended Lodging Tax Revenues from web-based units located in King County. Web-based units in King County are predominately associated with companies such as Airbnb, VRBO, and HomeAway. These web-based businesses are a peer-to-peer online marketplace and homestay network that enables people to list or rent short-term lodging in residential properties, with the cost of such accommodation set by the property owner. These companies receive a percentage service fee from both guests and hosts in conjunction with every booking.

The Seattle MSA is one of the premier markets for these web-based units. As these web-based units have grown to become a standard form of lodging for both corporate and leisure travelers, they are recognized as a formidable component of the greater Seattle lodging market that competes with traditional hotels, albeit typically for value-oriented accommodations.

In completing our analysis for web-based units in King County, we have made the following assumptions:

1. The supply of web-based units in the City of Seattle and other King County areas was determined utilizing a publication called Hotel Horizons - Airbnb Insights®, which contains data compiled by CBRE Hotels' Americas Research and AirDNA (a data mining company) on the rental and performance of web-based units. While we have relied on the Hotel Horizons - Airbnb Insights® publication for the Seattle MSA in providing our lodging tax revenue projections for web-based units, it should be noted that this publication focuses predominately on Airbnb rental units but not exclusively on Airbnb. However, Airbnb is the largest of the web-based rental companies in the greater Seattle MSA;
2. There is risk associated with the "platform" of these web-based units fading away or new technologies emerging during our projection period. Accordingly, we have taken a conservative approach on our Extended Lodging Tax Revenue projections for web-based units located in the City of Seattle and King County (excluding Seattle), particularly has it related to future growth in supply and demand beginning in 2020;
3. From the data utilized in the Hotel Horizons® Airbnb Insights publication, we have been able to extract web-based units that are located in the City of Seattle and those that are located in King County (excluding Seattle), which has allowed us to determine a basis in supply. Based on this publication, we understand that there are 4,264 web-based units located within the City of Seattle and 976 web-based units located in King County (excluding Seattle). These figures have been used as the basis for our supply in projecting

lodging tax revenues associated with web-based units;

4. CBRE Hotels' Americas Research and AirDNA estimate that the web-based units in the City of Seattle achieved an occupancy of approximately 66 percent and an ADR of approximately \$145 in 2017. Additionally, it is estimated that the web-based units in King County (excluding Seattle) achieved an occupancy of approximately 55 percent and an ADR of approximately \$126 in 2017;
5. Supply for these web-based units increased by between 30 and 40 percent in 2017, and we understand that supply for these web-based units in the greater Seattle MSA is anticipated to increase by between 25 and 30 percent in 2018 and taper thereafter. However, we have taken a more conservative approach and have projected supply growth of 10.0 percent in 2018 and 5.0 percent in 2019 with projected stabilized supply levels beginning in 2020;
6. We understand that demand has historically increased at a similar pace as the increase in supply for web-based units in the greater Seattle MSA. Accordingly, we have projected demand to increase in line with our projections of supply; and,
7. We understand that ADR for these web-based units in the greater Seattle MSA increased by approximately 10.0 percent in 2017. Beginning in 2018, we have projected ADR growth of 3.0 percent per annum throughout the projection period, consistent with our assumed long-term outlook for inflation.

Presented in the table on the following page are our Additional Lodging Tax Revenues projections for web-based units located in the City of Seattle. As previously discussed, the WSCC will not receive Extended Lodging Tax Revenues from web-based units within the City of Seattle. Based on discussions with PFM; we understand that the WSCC will collect 100 percent of the 2.0 percent Additional Lodging Tax for use to pay debt service on bonds or, if not used to pay debt service on bonds, rebated to the state.

Based on our foregoing assumptions for web-based units located within the City of Seattle, this segment of the industry has grown into a sizeable source of room rental revenue, with nearly \$150 million in 2017 in the City of Seattle. Thus, we project the Additional Lodging Tax Revenues (100 percent of the 2.0 percent Additional Lodging Tax) to increase from approximately \$3,681,000 in 2019 to approximately \$4,803,000 in 2028. The Additional Lodging Tax Revenues in 2029 are less as it represents a partial year.

TABLE H-1
 WEB-BASED UNITS - CITY OF SEATTLE
 2019 - 2047 ADDITIONAL LODGING TAX REVENUES PROJECTIONS¹

Calendar Year	Daily Supply	Annual Room Night Supply	Change In Supply	Annual Room Nights Occupied	Room Nights Change	Market Occupancy	ADR	ADR Change	Total Room Revenue	Lodging Tax Revenue	Lodging Tax Change	Additional Lodging Tax Revenues @ 2% ²	Additional Lodging Tax Revenues Change
2017	4,264	1,556,517	-	1,029,461	-	66.1%	\$145.91	-	\$150,204,437			-	-
2018	4,691	1,712,169	10.0%	1,132,407	10.0%	66.1%	\$150.28	3.0%	\$170,182,000			-	-
2019	4,925	1,797,777	5.0%	1,189,027	5.0%	66.1%	\$154.79	3.0%	\$184,051,000			\$3,681,000	-
2020	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$159.44	3.0%	\$189,573,000			\$3,791,000	3.0%
2021	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$164.22	3.0%	\$195,260,000			\$3,905,000	3.0%
2022	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$169.14	3.0%	\$201,118,000			\$4,022,000	3.0%
2023	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$174.22	3.0%	\$207,152,000			\$4,143,000	3.0%
2024	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$179.45	3.0%	\$213,366,000			\$4,267,000	3.0%
2025	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$184.83	3.0%	\$219,767,000			\$4,395,000	3.0%
2026	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$190.37	3.0%	\$226,360,000			\$4,527,000	3.0%
2027	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$196.09	3.0%	\$233,151,000			\$4,663,000	3.0%
2028	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$201.97	3.0%	\$240,145,000			\$4,803,000	3.0%
2029	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$208.03	3.0%	\$247,350,000			\$2,473,500	
2030	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$214.27	3.0%	\$254,770,000				
2031	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$220.70	3.0%	\$262,413,000				
2032	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$227.32	3.0%	\$270,286,000				
2033	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$234.14	3.0%	\$278,394,000				
2034	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$241.16	3.0%	\$286,746,000				
2035	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$248.40	3.0%	\$295,349,000				
2036	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$255.85	3.0%	\$304,209,000				
2037	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$263.52	3.0%	\$313,335,000				
2038	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$271.43	3.0%	\$322,735,000				
2039	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$279.57	3.0%	\$332,417,000				
2040	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$287.96	3.0%	\$342,390,000				
2041	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$296.60	3.0%	\$352,662,000				
2042	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$305.49	3.0%	\$363,241,000				
2043	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$314.66	3.0%	\$374,139,000				
2044	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$324.10	3.0%	\$385,363,000				
2045	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$333.82	3.0%	\$396,924,000				
2046	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$343.84	3.0%	\$408,831,000				
2047	4,925	1,797,777	0.0%	1,189,027	0.0%	66.1%	\$354.15	3.0%	\$421,096,000				
CAGR/AVG	0.0%	0.0%		0.0%		66.1%	3.0%		3.0%			3.0%³	

¹Rounded to the nearest \$1,000

²Taxes begin in January 2019

³CAGR is calculated from 2019 to 2028

Note: Numbers may not foot due to rounding

Presented in the table on the following page are our Extended Lodging Tax Revenues projections for web-based units located in King County (excluding Seattle). As we understand it, the WSCC will receive 50.0 percent of the 2.8 percent Extended Lodging Tax Revenues generated by these units.

Extended Lodging Tax Revenues (50 percent of the 2.8 percent lodging tax revenue) for the web-based units located in King County (excluding Seattle) are projected to increase from approximately \$422,000 in 2019 to \$966,000 in 2047, or by a total of \$544,000 throughout the 30-year projection period.

TABLE H-2
WEB-BASED UNITS - KING COUNTY (EXCLUDING SEATTLE)
2019 - 2047 EXTENDED LODGING TAX REVENUES PROJECTIONS¹

Calendar Year	Daily Supply	Annual Room Night Supply	Change In Supply	Annual Room Nights Occupied	Room Nights Change	Market Occupancy	ADR	ADR Change	Total Room Revenues	Extended Lodging Tax Revenues @ 2.8%	Extended Lodging Tax Revenues 50% to WSCC ²	Extended Lodging Tax Revenues Change
2017	976	356,070	-	194,640	-	54.7%	\$126.43	-	\$24,608,880	-	-	-
2018	1,073	391,677	10.0%	214,104	10.0%	54.7%	\$130.23	3.0%	\$27,882,000	-	-	-
2019	1,127	411,261	5.0%	224,809	5.0%	54.7%	\$134.13	3.0%	\$30,154,000	\$844,000	\$422,000	-
2020	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$138.16	3.0%	\$31,059,000	\$870,000	\$435,000	3.1%
2021	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$142.30	3.0%	\$31,991,000	\$896,000	\$448,000	3.0%
2022	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$146.57	3.0%	\$32,950,000	\$923,000	\$462,000	3.1%
2023	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$150.97	3.0%	\$33,939,000	\$950,000	\$475,000	2.8%
2024	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$155.50	3.0%	\$34,957,000	\$979,000	\$490,000	3.2%
2025	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$160.16	3.0%	\$36,006,000	\$1,008,000	\$504,000	2.9%
2026	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$164.97	3.0%	\$37,086,000	\$1,038,000	\$519,000	3.0%
2027	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$169.92	3.0%	\$38,198,000	\$1,070,000	\$535,000	3.1%
2028	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$175.01	3.0%	\$39,344,000	\$1,102,000	\$551,000	3.0%
2029	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$180.26	3.0%	\$40,525,000	\$1,135,000	\$568,000	3.1%
2030	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$185.67	3.0%	\$41,741,000	\$1,169,000	\$585,000	3.0%
2031	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$191.24	3.0%	\$42,993,000	\$1,204,000	\$602,000	2.9%
2032	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$196.98	3.0%	\$44,283,000	\$1,240,000	\$620,000	3.0%
2033	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$202.89	3.0%	\$45,611,000	\$1,277,000	\$639,000	3.1%
2034	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$208.97	3.0%	\$46,979,000	\$1,315,000	\$658,000	3.0%
2035	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$215.24	3.0%	\$48,389,000	\$1,355,000	\$678,000	3.0%
2036	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$221.70	3.0%	\$49,840,000	\$1,396,000	\$698,000	2.9%
2037	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$228.35	3.0%	\$51,336,000	\$1,437,000	\$719,000	3.0%
2038	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$235.20	3.0%	\$52,876,000	\$1,481,000	\$741,000	3.1%
2039	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$242.26	3.0%	\$54,462,000	\$1,525,000	\$763,000	3.0%
2040	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$249.53	3.0%	\$56,096,000	\$1,571,000	\$786,000	3.0%
2041	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$257.01	3.0%	\$57,779,000	\$1,618,000	\$809,000	2.9%
2042	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$264.72	3.0%	\$59,512,000	\$1,666,000	\$833,000	3.0%
2043	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$272.66	3.0%	\$61,297,000	\$1,716,000	\$858,000	3.0%
2044	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$280.84	3.0%	\$63,136,000	\$1,768,000	\$884,000	3.0%
2045	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$289.27	3.0%	\$65,030,000	\$1,821,000	\$911,000	3.1%
2046	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$297.95	3.0%	\$66,981,000	\$1,875,000	\$938,000	3.0%
2047	1,127	411,261	0.0%	224,809	0.0%	54.7%	\$306.89	3.0%	\$68,991,000	\$1,932,000	\$966,000	3.0%
CAGR/AVG	0.0%	0.0%		0.0%		54.7%	3.0%		3.0%		3.0%	

¹Rounded to the nearest \$1,000

²Taxes begin in January 2019

Note: Numbers may not foot due to rounding

Presented in the following table is a summary of the projected Extended Lodging Tax Revenues and Additional Lodging Tax Revenues for web-based units in King County beginning in January 2019.

TABLE H-3
WEB-BASED UNITS - TOTAL KING COUNTY PROJECTED EXTENDED AND
ADDITIONAL LODGING TAX REVENUES¹

Calendar Year	King County (Excluding Seattle) Extended Lodging Tax Revenues	Additional Lodging Tax Revenues
2017	-	-
2018	-	-
2019	\$422,000	\$3,681,000
2020	\$435,000	\$3,791,000
2021	\$448,000	\$3,905,000
2022	\$462,000	\$4,022,000
2023	\$475,000	\$4,143,000
2024	\$490,000	\$4,267,000
2025	\$504,000	\$4,395,000
2026	\$519,000	\$4,527,000
2027	\$535,000	\$4,663,000
2028	\$551,000	\$4,803,000
2029	\$568,000	\$2,473,500
2030	\$585,000	
2031	\$602,000	
2032	\$620,000	
2033	\$639,000	
2034	\$658,000	
2035	\$678,000	
2036	\$698,000	
2037	\$719,000	
2038	\$741,000	
2039	\$763,000	
2040	\$786,000	
2041	\$809,000	
2042	\$833,000	
2043	\$858,000	
2044	\$884,000	
2045	\$911,000	
2046	\$938,000	
2047	\$966,000	
CAGR	3.0%	3.0%⁴

¹Rounded to the nearest \$1,000

²50 percent of the 2.8 percent Extended Lodging Tax Revenues

³2.0 percent of sales taxes generated by hotels in Seattle are rebated back to the WSCC through June 2029

⁴CAGR is calculated from 2019 to 2028

Note: Numbers may not foot due to rounding

I. Total Lodging Tax Revenues Forecast – King County

Presented in the following table are the projected Regular Lodging Tax Revenues, Extended Lodging Tax Revenues and Additional Lodging Tax Revenues for all hotels and web-based units in King County.

TABLE I-1
TOTAL KING COUNTY PROJECTED LODGING TAX REVENUES

Calendar Year	Regular Lodging Tax Revenues	Extended Lodging Tax Revenues	Additional Lodging Tax Revenues²	Total Lodging Tax Revenues
2017	\$83,291,366	-	\$20,860,955	\$104,152,321
2018	\$90,953,000	-	\$22,780,000	\$113,733,000
2019	\$100,944,000	\$1,187,000	\$29,352,000	\$131,483,000
2020	\$108,131,000	\$1,223,000	\$31,275,000	\$140,629,000
2021	\$114,851,000	\$1,260,000	\$33,053,000	\$149,164,000
2022	\$120,808,000	\$1,298,000	\$34,637,000	\$156,743,000
2023	\$126,767,000	\$1,336,000	\$36,300,000	\$164,403,000
2024	\$131,876,000	\$1,377,000	\$37,716,000	\$170,969,000
2025	\$137,190,000	\$1,418,000	\$39,189,000	\$177,797,000
2026	\$142,719,000	\$1,461,000	\$40,718,000	\$184,898,000
2027	\$149,761,000	\$1,505,000	\$42,677,000	\$193,943,000
2028	\$157,016,000	\$1,550,000	\$44,693,000	\$203,259,000
2029	\$163,344,000	\$1,596,000	\$23,220,500	\$188,160,500
2030	\$169,530,000	\$1,645,000		\$171,175,000
2031	\$177,898,000	\$1,693,000		\$179,591,000
2032	\$186,681,000	\$1,743,000		\$188,424,000
2033	\$195,946,000	\$1,797,000		\$197,743,000
2034	\$203,724,000	\$1,850,000		\$205,574,000
2035	\$211,441,000	\$1,906,000		\$213,347,000
2036	\$222,013,000	\$1,962,000		\$223,975,000
2037	\$232,850,000	\$2,022,000		\$234,872,000
2038	\$242,233,000	\$2,083,000		\$244,316,000
2039	\$251,939,000	\$2,145,000		\$254,084,000
2040	\$262,181,000	\$2,209,000		\$264,390,000
2041	\$272,746,000	\$2,275,000		\$275,021,000
2042	\$283,738,000	\$2,343,000		\$286,081,000
2043	\$294,488,000	\$2,414,000		\$296,902,000
2044	\$309,043,000	\$2,486,000		\$311,529,000
2045	\$324,104,000	\$2,561,000		\$326,665,000
2046	\$337,166,000	\$2,637,000		\$339,803,000
2047	\$350,753,000	\$2,717,000		\$353,470,000
CAGR	4.8%	3.0%	7.0%³	4.0%

¹Rounded to the nearest \$1,000

²2.0 percent of sales tax generated by hotels in Seattle are rebated back to the WSCC through June 2029

³CAGR is calculated from 2018 to 2028

Note: Numbers may not foot due to rounding

Based on the foregoing analysis, Regular Lodging Tax Revenues, Extended Lodging Tax Revenues and Additional Lodging Tax Revenues are projected to increase from

approximately \$113,733,000 in 2018 to \$353,470,000 in 2047, or at a CAGR of 4.0 percent over the next 30 years.

This concludes our analysis of the projected Lodging Tax Revenues for King County. If you require any assistance in the interpretation of our findings, please do not hesitate to contact us. As always, it has been a pleasure working with you on this interesting project.

Yours sincerely,

CBRE Hotels Advisory



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APPENDIX B

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

Historical and current population figures for the State as well as the County, the two largest cities in the County, and the unincorporated areas of the County are given below.

TABLE B-1

POPULATION⁽¹⁾

Year	Washington	King County	Seattle	Bellevue	Unincorporated King County
2014	6,968,170	2,017,250	640,500	134,400	252,050
2015	7,061,410	2,052,800	662,400	135,000	253,280
2016	7,183,700	2,105,100	686,800	139,400	245,920
2017	7,310,300	2,153,700	713,700	140,700	247,060
2018	7,427,570	2,190,200	730,400	142,400	247,240

⁽¹⁾ Estimates are as of April 1 of each year.

Source: State of Washington, Office of Financial Management.

Per Capita Income

The following table presents per capita personal income for the Seattle Metropolitan Area, the County, the State, and the United States.

TABLE B-2

PER CAPITA INCOME

	2012	2013	2014	2015	2016
Seattle Metropolitan Area ⁽¹⁾⁽²⁾	\$ 55,220	\$ 55,960	\$ 60,148	\$ 62,883	\$ 64,553
King County ⁽¹⁾	65,345	66,073	71,882	75,518	77,213
State of Washington ⁽¹⁾	47,338	47,814	50,890	53,064	54,579
United States ⁽¹⁾	44,282	44,493	46,494	48,451	49,246

⁽¹⁾ As of March 2017.

⁽²⁾ Average of King County, Pierce County, and Snohomish County.

Source: U.S. Bureau of Economic Analysis, U.S. Department of Commerce.

Construction

The table below lists the value of housing construction for which building permits have been issued by entities within the County. The value of public construction is not included in this table.

TABLE B-3

**RESIDENTIAL BUILDING PERMIT VALUES⁽¹⁾
KING COUNTY**

Year	New Single Family Units		New Multi-Family Units		Total Value
	Number	Value	Number	Value	
2012	3,864	\$ 1,133,343,731	7,750	\$ 1,118,023,021	\$ 2,251,366,752
2013	4,419	1,419,065,243	7,858	1,053,237,846	2,472,303,089
2014	4,215	1,478,116,875	10,488	1,401,889,919	2,880,006,794
2015	4,010	1,539,049,136	14,527	2,227,509,189	3,766,558,325
2016	4,254	1,616,722,532	13,445	1,759,255,696	2,375,978,228
2017	4,356	1,735,074,421	14,258	2,174,576,693	3,909,651,114

⁽¹⁾Estimates with imputation.

Source: U S. Bureau of the Census.

Retail Activity

The following table presents taxable retail sales in the County and Seattle.

TABLE B-4

TAXABLE RETAIL SALES

Year	King County	Seattle
2013	\$ 46,093,349,116	\$ 18,258,202,770
2014	49,638,174,066	19,995,171,842
2015	54,890,159,770	22,407,443,037
2016	59,530,882,870	24,287,539,378
2017	62,910,608,935	26,005,147,210

Source: Washington State Department of Revenue.

Industry and Employment

The following table presents State-wide employment data for certain major employers in the Puget Sound area.

TABLE B-5

MAJOR EMPLOYERS

Employer	Full-Time Employees In State
The Boeing Company	78,225
Joint Base Lewis-McChord	58,074
Navy Region Northwest	46,693
Microsoft Corp. ⁽¹⁾	43,618
Amazon.com Inc. ⁽¹⁾⁽²⁾⁽³⁾	24,000
University of Washington ⁽¹⁾	23,639
Wal-Mart Stores Inc. ⁽²⁾	19,484
Providence Health & Services ⁽¹⁾	17,669
Fred Meyer Stores	15,500
King County Government ⁽¹⁾	13,800
Starbucks Corp. ⁽¹⁾⁽²⁾	12,610
CHI Franciscan Health	11,847
Nordstrom Inc. ⁽¹⁾	10,867
Costco Wholesale Corp. ⁽¹⁾	10,500
City of Seattle ⁽¹⁾	10,343
Swedish Medical Center ⁽¹⁾	9,627
Fairchild Air Force Base	9,110
United States Postal Service	7,645
Alaska Air Group Inc. ⁽¹⁾	7,150
Group Health Cooperative	6,587
Seattle Public Schools ⁽¹⁾	6,317
United Parcel Service of America Inc., dba UPS	6,000
Washington State University	5,915
Target ⁽²⁾	5,493
Multicare Health System	4,741

⁽¹⁾ Headquartered within the District.

⁽²⁾ Estimate only.

⁽³⁾ Headcount reflects full and part-time employees.

Source: *Puget Sound Book of Lists, as of July 22, 2016.*

TABLE B-6

RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT SEATTLE METROPOLITAN DIVISION (KING AND SNOHOMISH COUNTIES) (NOT SEASONALLY ADJUSTED)

	2014	2015	2016	2017	2018 ⁽¹⁾
Civilian Labor Force	1,553,761	1,579,690	1,616,655	1,651,578	1,690,083
Total Employment	1,478,844	1,510,470	1,551,401	1,588,698	1,629,144
Total Unemployment	74,917	69,220	65,254	62,880	60,939
Percent of Labor Force	4.8%	4.4%	4.0%	3.8%	3.6%

⁽¹⁾ Preliminary average through May 2018.

Source: *Washington State Employment Security Department.*

TABLE B-7

**RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT
WASHINGTON STATE
(NOT SEASONALLY ADJUSTED)**

	2014	2015	2016	2017	2018⁽¹⁾
Civilian Labor Force	3,489,666	3,545,904	3,635,200	3,724,722	3,752,282
Total Employment	3,275,753	3,345,496	3,444,126	3,547,430	3,568,773
Total Unemployment	213,913	200,408	191,074	177,292	183,509
Percent of Labor Force	6.1%	5.7%	5.3%	4.8%	4.9%

⁽¹⁾ Preliminary average through May 2018.

Source: Washington State Employment Security Department.

TABLE B-8

**RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT
UNITED STATES
(SEASONALLY ADJUSTED)⁽¹⁾**

	2014	2015	2016	2017	2018⁽²⁾
Civilian Labor Force	155,916,000	157,134,000	159,191,000	160,310,000	161,582,000
Total Employment	146,317,000	148,845,000	151,440,000	153,337,000	155,001,000
Total Unemployment	9,599,000	8,289,000	7,751,000	6,973,000	6,580,000
Percent of Labor Force	6.2%	5.3%	4.9%	4.4%	4.1%

⁽¹⁾ Data extracted on May 23, 2018.

⁽²⁾ Preliminary average through April 2018.

Source: United States Department of Labor Bureau of Labor Statistics.

TABLE B-9

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
SEATTLE-BELLEVUE-EVERETT METROPOLITAN STATISTICAL AREA
(KING AND SNOHOMISH COUNTIES)
(NOT SEASONALLY ADJUSTED)**

NAICS INDUSTRY	2014	2015	2016	2017	2018 ⁽¹⁾
TOTAL NONFARM	1,543,642	1,592,658	1,644,200	1,688,008	1,710,700
Total Private	1,335,900	1,379,767	1,426,317	1,466,242	1,487,300
Goods Producing	248,892	258,142	261,858	259,725	259,360
Mining and Logging	725	800	775	792	800
Construction	77,900	86,125	92,408	97,452	97,080
Manufacturing	170,267	171,217	168,675	161,392	161,480
Service Providing	1,294,750	1,334,517	1,382,342	1,428,283	1,451,400
Trade, Transportation, and Utilities	281,642	292,308	302,325	317,867	324,020
Information	91,775	94,817	102,383	108,683	111,000
Financial Activities Professional and Business Services	80,958	81,967	83,983	84,050	84,440
Educational and Health Services	231,083	240,650	249,133	255,800	260,320
Leisure and Hospitality	197,075	200,258	207,767	213,817	221,380
Other Services	148,667	154,992	161,642	167,483	167,140
Government	55,808	56,633	58,225	59,817	59,620
Workers in Labor/Management Disputes	207,742	212,892	217,883	221,767	223,400
	0	0	0	0	0

⁽¹⁾ Preliminary average through May 2018.

Source: Washington State Employment Security Department.

TABLE B-10

**SEATTLE-TACOMA INTERNATIONAL AIRPORT
HISTORICAL ENPLANED PASSENGERS 2013 – 2017**

Year	Domestic	Year-over- Year Percentage Increase	International	Year-over- Year Percentage Increase	Total Enplaned Passengers	Year-over- Year Percentage Increase
2013	15,604,129	4.1%	1,772,187	9.8%	17,376,316	4.7%
2014	16,824,379	7.8	1,892,399	6.8	18,716,778	7.7
2015	18,944,106	12.6	2,164,650	14.4	21,108,756	12.8
2016	20,385,030	7.6	2,411,088	11.4	22,796,118	8.0
2017	20,861,988	2.3	2,553,594	5.9	23,415,582	2.7

Source: Port of Seattle Airport Statistics (website not incorporated herein), which also notes that approximately 74 percent of the airport's passengers originate and/or terminate their itinerary at Sea-Tac.

TABLE B-11

**SEATTLE HARBOR CRUISE PASSENGERS
2013 – 2017**

Year	Cruise Ship Passengers
2013	870,994
2014	823,780
2015	898,032
2016	983,539
2017	1,071,594 ⁽¹⁾

(1) 218 cruise ship vessel calls.

Source: Port of Seattle (website not incorporated herein).

TABLE B-12

**MEDIAN HOUSEHOLD INCOME FOR COUNTIES
WITH POPULATION OVER TWO MILLION
2016**

Area Name	Median Household Income	Median Household Income as a Percent of State Total	Population
King County, WA	\$85,907	128.1%	2,155,962
Orange County, CA	81,642	120.6	3,177,703
San Diego County, CA	70,693	104.4	3,317,200
Queens County, NY	61,844	98.6	2,356,044
Tarrant County, TX	61,553	108.8	2,021,746
Los Angeles County, CA	61,308	90.5	10,150,558
Cook County, IL	60,025	98.4	5,231,356
Riverside County, CA	59,951	88.5	2,386,522
Maricopa County, AZ	58,742	109.8	4,233,383
Harris County, TX	56,415	99.7	4,617,041
San Bernardino County, CA	56,194	83.0	2,137,131
Kings County, NY	54,793	87.4	2,650,859
Clark County, NV	54,455	98.6	2,156,724
Dallas County, TX	54,429	96.2	2,587,462
Miami-Dade County, FL	45,886	90.2	2,736,543

Source: USDA, Economic Research Service.

TABLE B-13
ASSESSED VALUE OF TAXABLE PROPERTY
2014 – 2018

Tax Year	Assessed Value of Property in the District⁽¹⁾	Year-over-Year Change
2014	\$340,643,616,343	--
2015	388,118,855,592	13.94%
2016	426,335,605,837	9.85
2017	471,456,288,019	10.58
2018	534,662,434,753	13.41

⁽¹⁾ Per King County's Annual Reports for the purposes of the Tax Levy collected in the year identified in the column titled "Tax Year."

Sources: King County Assessor's Office.

TABLE B-14
LARGEST COUNTIES IN THE UNITED STATES BY POPULATION 2017

Ranking	County	State
1	Los Angeles County	California
2	Cook County	Illinois
3	Harris County	Texas
4	Maricopa County	Arizona
5	San Diego County	California
6	Orange County	California
7	Miami-Dade County	Florida
8	Kings County	New York
9	Dallas County	Texas
10	Riverside County	California
11	Queens County	New York
12	Clark County	Nevada
13	King County	Washington
14	San Bernardino County	California
15	Tarrant County	Texas

Source: United Census Bureau, American Fact Finder.

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APPENDIX C

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**

(See Attached)

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Miller & Miller, P.S.

**Washington State Convention
Center Public Facilities District**

**Financial Statements and
Independent Auditor's Report**

**For The Years Ended December 31,
2017 and 2016**

**Washington State Convention Center Public Facilities District
Financial Statements and Independent Auditor's Report
December 31, 2017 and 2016
Table of Contents**

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Management's Discussion and Analysis	3
Statement of Net Position.....	10
Statement of Revenues, Expenses and Changes in Net Position.....	11
Statement of Cash Flows.....	12
Notes to Financial Statements	13

Independent Auditor's Report

Board of Directors
Washington State Convention Center Public Facilities District
705 Pike Street
Seattle WA 98101-2310

Report on the Financial Statements

We have audited the accompanying statements of net position of the Washington State Convention Center Public Facilities District (the District) as of December 31, 2017 and 2016, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in blue ink that reads "Miller & Miller, P.C." in a cursive script.

Certified Public Accountants

April 3, 2018

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Years Ending December 31, 2017 and 2016

OVERVIEW

The Washington State Convention Center Public Facilities District (District) presents the Management's Discussion and Analysis (MD&A) of its financial activities for the seventh full year of operations in 2017. The MD&A focuses on significant financial issues, provides an overview of the District's financial activity and highlights operation changes in the District's financial position.

The accompanying financial statements present the activities of the District. The District was created on July 19, 2010, by King County (Ordinance 16883), pursuant to Substitute Senate Bill 6889, which authorized the creation of the public facilities district by King County and the transfer of assets and liabilities from the nonprofit corporation, established by the Washington State Legislature in 1982, to design, construct, promote and operate the Washington State Convention Center. Prior to its formation, the District was an agency of the state of Washington, and its activities were reported in the Comprehensive Annual Financial Report (CAFR) of Washington State.

ABOUT OUR BUSINESS

The District operates a world-class convention center that generates significant regional economic activity by attracting conventions, tradeshows, and other events to the State of Washington. The District generates event-related revenue primarily from the sale and use of meeting and exhibition space, the sale of services that support the use of that space, such as electricity, water/drain, audio/video and telecommunications (together such services are referred to herein as "Facility Services"), and the sale of food and beverages at the facility. About 70 percent of its convention business comes from association meetings, especially medical and high tech. The convention center attracts hundreds of thousands of people to the Greater Seattle area, enriching the local economy in 2017 with sales of 311,136 hotel nights generating attendee spending of approximately \$386 million, generated sales tax of nearly \$30 million, plus retail spending, and other direct spending on goods and services as provided by Econ Northwest analysis.

The District also operates three separate public parking garages in downtown Seattle totaling 1,598 spaces. The garages are all top-tier parking facilities in the heart of Seattle, providing easy access to multiple freeway ramps and accessible parking for events, commuters, nearby residents, and tourists alike. The garages generate revenue as a result of parking fees and electric vehicle charging stations.

FINANCIAL HIGHLIGHTS

- A. Net position increased by approximately \$52 million from 2016 to 2017. The increase is due to the receipt of lodging tax revenues exceeding the District's interest costs and operating results.
- B. While 2016 reflects the historically largest operating revenues for the District, fiscal year 2017 marked a successful year, with strong operating revenues, exceeding the original adopted budget projections. The District's largest annual event consolidated with its other events across the country and moved to Las Vegas. This resulted in reduced revenues in Building rent and Food services that was nearly equaled by a strong sales team booking local replacement events.
- C. The City of Seattle Mayor, the King County Executive and representatives from the Community Package Coalition (CPC) and the District announced an agreement on terms for the District to provide \$82.8 million towards a suite of benefits for the community. This partnership moves the WSCC Addition project – and the creation of new convention space – closer to reality.

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ending December 31, 2017 and 2016

Summary of WSCC Addition Public Benefits and Investments

Item	\$ MM
Community Package Projects	
Freeway Park Improvements	\$10.0
Lid I-5 Study	\$ 1.5
Pike-Pine Bicycle Improvements	\$10.0
Olive Way Pedestrian Improvements	\$ 0.5
8 th Avenue Bicycle Improvements	\$ 6.0
Terry Avenue Promenade	\$ 4.0
Affordable Housing	\$29.0
Subtotal	\$61.0
<u>Other Public Benefits (current estimate)</u>	
Pike-Pine Renaissance Pedestrian Improvements	\$10.0
9 th Avenue Pedestrian Improvements	\$ 0.6
Public Art	\$ 1.9
Historic Building Lighting	\$ 1.0
On-Site Features	\$ 8.1
Improvements to Olive Way	\$ 0.2
Subtotal	\$21.8
Other Housing Contributions	
King County Requirement	\$ 5.0
Incentive Zoning	\$ 4.3
Total	\$92.1

- D. King County Executive Dow Constantine and the District Board of Directors chairman Frank Finneran announced on November 18, 2015, an agreement on terms for WSCC to acquire 4 acres of the Convention Place Station (CPS) in downtown Seattle from King County, in exchange for \$161 million. The CPS is the linchpin to double the capacity of the convention center. During February 2017, the WSCC Board of Director's approved Resolution number 2017-7 approving the purchase of the CPS site from King County to utilize for its Addition Project. During June 2017, the King County Council voted 8-0 to approve the Purchase and Sale Agreement for the CPS site with the District. King County Metro will receive \$275 million in principal and interest payments over the next 30 years. Upon close of the Purchase and Sale Agreement, the District will contribute \$5 million to the County's housing program and King County Metro will receive \$20 million up front; interest-only payments of \$1,410,109 during construction; and, from 2027 to 2048, principal and interest payments at 4.25 percent interest, plus an annual escalation for inflation.
- E. The District made its last principal payment on revenue bonds series 2010A in July 2014. The District made its third principal payment on its bond series 2010B in July 2017. As of December 31, 2017, the remaining bond series 2010B debt balance is \$279,135,000. Both bond series were issued November 2010, for the purpose of defeasance of state debt, to support capital improvements and to fund a common reserve.
- F. For the last five years the District invoiced all services provided by subcontractors and/or the District. The subcontractors are reimbursed by the District for their portion of the sales. Aramark, the food service provider, has a management contract with the District whereby all invoices are billed through the District. Aramark is reimbursed for expenses they incurred, plus

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Years Ending December 31, 2017 and 2016

a management fee. Services provided by subcontractors are reflected both as operating revenues and operating expenses in the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The operations of the District are grouped into one business type fund for financial reporting purposes. The District's accounting demonstrates legal compliance and financial management over transactions related to certain functions or activities.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows (on pages 10 through 12) provide information about the activities and finances of the District as a whole.

The Statement of Net Position

The Statement of Net Position reports information about the District as a whole and about its activities in a way that helps communicate the financial condition of the District. This statement includes assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year revenues and expenses are taken into account regardless of when cash is received or paid.

The District's net position is the difference between assets and liabilities. The District does not report deferred inflows or outflows in the Statement of Net Position because it has no items that qualify for such classification. Net position is one way to measure the District's financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial condition is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's funding structures and the condition of the District's operating assets to assess the overall financial health of the District.

The Statement of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position show the District's income and expenses during the period. All revenues earned and expenses incurred during the years ended December 31, 2017 and 2016 are reported in the District's financial statements.

The District's operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operation in a given year. Marketing revenues and expenses are reported separately from operating revenues and expenses.

The Statement of Cash Flows

The District categorizes cash inflows and outflows into four categories: 1) cash flows from operations, 2) cash flows from non-capital financing activities, 3) cash flows from capital and related financing activities and 4) cash flows from investments.

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Years Ending December 31, 2017 and 2016

FINANCIAL ANALYSIS

CONDENSED COMPARATIVE STATEMENTS OF NET POSITION

	<u>2017</u>	<u>2016</u>	<u>Percentage Change</u>	<u>2015</u>	<u>Percentage Change</u>
ASSETS					
Current and Other assets	\$ 181,270,801	\$ 171,211,243	6%	\$ 178,311,931	-4%
Capital Assets	<u>726,085,081</u>	<u>524,825,961</u>	38%	<u>474,004,249</u>	11%
Total Assets	907,355,882	696,037,204	30%	652,316,180	7%
LIABILITIES					
Current Liabilities	67,669,212	42,061,139	61%	36,784,271	14%
Noncurrent Liabilities	<u>412,625,940</u>	<u>279,135,000</u>	48%	<u>286,450,000</u>	-3%
Total Liabilities	480,295,152	321,196,139	50%	323,234,271	-1%
NET POSITION					
Net invested in capital position	303,604,538	257,982,529	18%	203,267,729	27%
Restricted	14,994,204	14,394,398	4%	16,663,513	-14%
Unrestricted	<u>108,461,988</u>	<u>102,464,137</u>	6%	<u>109,150,668</u>	-6%
Total Net Position	<u>\$ 427,060,730</u>	<u>\$ 374,841,065</u>	14%	<u>\$ 329,081,910</u>	14%

Current and other assets increased approximately \$10 million from 2016 to 2017 as a result of the Traction Power Supply Station (TPSS) receivable with King County Metro regarding construction work at the Convention Place Station (CPS) site. From 2015 to 2016 current and other assets decreased as a result of land, construction in progress purchases, lodging tax revenues that exceeded interest expense and cash operating surplus.

Capital Assets increased approximately \$202 million from 2016 to 2017 due to the purchase of CPS real estate for potential future convention center expansion of approximately \$161 million, cost for the Addition Project included in Construction in progress; net of current year depreciation and the result of other capital asset additions and disposals. Capital Assets increased from 2015 to 2016 because of real estate purchases and Pike Street Improvements, cost for the Addition Project included in Construction in progress; net of current year depreciation and the result of other capital asset additions and disposals.

Current liabilities increased for a variety of reasons, including increased payables from CPS and other Addition project costs, increases in the amount due to the state of Washington for certain lodging taxes and for operating expenses. Current liabilities increased from 2015 to 2016 due to the Addition project and amount due to the state of Washington for certain lodging taxes.

Net investment in capital assets increased from 2016 to 2017 from purchasing the CPS site from King County Metro and upturn in Addition Project spending. The change in net position- investment in capital assets also reflects the net effects of asset additions and disposals, bond principal payments and depreciation on capital assets. This balance increased from 2015 to 2016 from purchasing the Sound Transit and marshalling yard properties, Addition Project and Pike Street renovations.

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ending December 31, 2017 and 2016

COMPARATIVE SCHEDULE OF CHANGES IN NET POSITION

	2017	2016	Percentage Change	2015	Percentage Change
OPERATING REVENUES					
Building rent	\$ 4,363,947	\$ 4,563,699	-4%	\$ 4,398,715	4%
Food service	20,949,997	22,005,777	-5%	19,673,485	12%
Parking	3,723,747	3,588,648	4%	3,618,471	-1%
Facility services	3,547,743	3,218,654	10%	2,986,364	8%
Retail leases	510,214	495,965	3%	521,279	-5%
Other	1,866,048	1,683,471	11%	1,511,486	11%
Total Operating Revenues	34,961,697	35,556,214	-2%	32,709,800	9%
MARKETING REVENUES					
Lodging tax for marketing	13,944,123	12,863,089	8%	12,194,605	5%
NONOPERATING REVENUES					
Lodging tax - regular	69,705,450	64,300,007	8%	60,958,399	5%
Build America Bonds subsidy	6,077,141	6,167,877	-1%	6,263,260	-2%
Interest and investment income	1,337,620	1,174,492	14%	508,520	131%
Total Revenues	126,026,031	120,061,679	5%	112,634,583	7%
OPERATING EXPENSES					
Salaries and wages	8,505,409	8,183,258	4%	7,828,450	5%
Employee benefits	5,216,785	5,038,470	4%	4,773,908	6%
Professional and other services	2,620,474	2,524,676	4%	2,571,813	-2%
Food service	12,253,134	12,967,020	-6%	10,512,122	23%
Supplies	584,990	597,246	-2%	576,759	4%
Utilities	3,102,999	2,790,347	11%	2,711,915	3%
Repair and maintenance	1,703,191	1,770,592	-4%	1,968,144	-10%
Depreciation and amortization	13,448,391	13,218,878	2%	12,571,219	5%
Other administrative and contingency	327,266	360,115	-9%	319,884	13%
Total Operating Expenses	47,762,639	47,450,603	1%	43,834,214	8%
MARKETING EXPENSES					
Visit Seattle, Outside Marketing	11,940,816	10,973,623	9%	10,415,378	5%
In-house Marketing	1,188,809	1,016,655	17%	983,680	3%
Total Marketing Expenses	13,129,625	11,990,278	10%	11,399,058	5%
NONOPERATING EXPENSES					
Interest expense	11,569,690	14,153,153	-18%	16,057,662	-12%
Other expense	1,344,412	708,490	90%	2,656,423	-73%
Total Expenses	73,806,366	74,302,524	-1%	73,947,357	0%
Change in Net Position	52,219,665	45,759,155	14%	38,687,226	18%
Net Position - Beginning	374,841,065	329,081,910	14%	290,394,684	13%
Net Position - Ending	427,060,730	374,841,065	14%	329,081,910	14%

Operations revenues have decreased from 2016 to 2017. The District's largest annual event consolidated with its other events across the country and moved to Las Vegas. This resulted in slightly reduced revenues in Building rent and Food services. Parking, Facility services, Retail leases and Other revenues all exceed 2016 revenues. Related operating expenses increased one percent. Marketing revenues increased eight percent and marketing expenses increased ten percent.

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Years Ending December 31, 2017 and 2016

Other non-operating revenue increased from 2016 to 2017 due to increases in Lodging Tax revenue and investment income. Other non-operating expenses decreased from 2016 to 2017 due to an increase of losses on disposal of assets in connection with capital improvement projects and a decrease in interest expense, as more interest costs in 2017 were capitalized as compared to 2016.

CAPITAL ASSETS

The following schedule is a summary of the District's investment in capital assets as of December 31, 2017, 2016 and 2015:

	12/31/2017	12/31/2016	12/31/2015
Capital assets, not being depreciated			
Land	313,857,947	\$152,847,007	\$138,285,805
Construction in progress	125,373,206	77,190,472	30,159,037
Total capital assets, not being depreciated	439,231,153	230,037,479	168,444,842
Capital assets, being depreciated			
Buildings and improvements	458,142,009	459,460,339	458,857,005
Other improvements and art collection	11,654,366	5,876,163	4,893,756
Machinery/equipment/furniture/fixtures	13,649,344	13,281,648	12,752,967
Total capital assets, being depreciated	483,445,719	478,618,150	476,503,728
Less accumulated depreciation for			
Buildings	(185,386,868)	(174,152,026)	(162,696,130)
Other improvements and art collection	(2,736,166)	(2,348,236)	(1,985,119)
Machinery/equipment/furniture/fixtures	(8,468,758)	(7,329,406)	(6,263,072)
Total accumulated depreciation	(196,591,791)	(183,829,668)	(170,944,321)
Total capital assets, being depreciated, net	286,853,928	294,788,482	305,559,407
Total capital assets	\$ 726,085,081	\$ 524,825,961	\$ 474,004,249

Capital Assets increased from 2016 to 2017 due to purchasing the CPS site from King County Metro, increase in Addition Project spending and, net of current year depreciation and capital asset additions and disposals. Capital Assets increased from 2015 to 2016 due to purchasing the Sound Transit and marshalling yard properties, Pike Street renovation and Addition Project. Additional information regarding capital assets is provided in Note 5 to the financial statements.

DEBT ADMINISTRATION

The District's bond rating is Aa3 by Moody's and A+ by Standard and Poor's.

As of December 31, 2017, the District had \$412,625,940 in long term outstanding debt and \$29,519,900 in the current portion of long term debt. In 2016, the District's outstanding debt was \$286,450,000. The District and King County Metro formalized an agreement to purchase the CPS site. At close of the property the District pays \$5 million to a housing program, \$20 million to King County of which of which \$3,000,100 is in escrow after signing the agreement and a 30 year note of \$141,010,940. The debt issued by the District in November 2010, was used to defease the state's debt, to provide for capital funding for improvement of the Convention Center and to fund a

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Years Ending December 31, 2017 and 2016

common reserve. Additional information regarding long-term debt is provided in Note 8 to the financial statements.

The District carries property insurance through Factory Mutual Insurance Company and casualty, employee dishonesty, and errors and omissions insurance through Philadelphia Insurance Companies. It participates in the state's Worker's Compensation Program.

ECONOMIC FACTORS

The District moved forward on capital improvement projects in order to ensure that its facility continues to attract profitable events and compete with the many newer and larger buildings in the western United States. The District's newest meeting and event space, The Conference Center, opened in summer 2010. It offers 71,000 square feet of high-end, configurable space, and connects seamlessly to the 344,000 square foot Washington State Convention Center. There are event bookings for the facility through May 2029. There is a market for an even larger facility.

Improvements in 2017 included a new roof on a large section of the south building, audio system replacement, installing battery powered door locks for all the meeting rooms, and sealing Pike Street concrete.

Planned capital improvements in 2018 include a new customer greeting and sales studio in former meeting room 206, along with Galleria First floor improvements. Additional planned improvements involve a flex space that can be used for pop-up retail, coat check, etc., and updating while adding flexible expandable space to the Moby space. The District plans to refurbish the Freeway Park Parking Garage elevator and Cooling Tower, re-gasket north chillers, and replace the north roof walk path.

The District Board of Director's authorized an operating budget of \$35,358,760 for fiscal 2017.

Financial Contact

The District's financial statements are designed to provide users with a general overview of the District's finances and to demonstrate accountability to the taxpayers, investors, creditors and customers of the District. If you have questions about the report, please contact the District's administrative offices at 206-694-5000. The District's financial statements can be accessed at its website: www.wsc.com.

Washington State Convention Center Public Facility District
Statement of Net Position
As of December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 72,272,367	\$ 37,681,354
Restricted cash and cash equivalents	24,763,381	23,812,175
Investments	40,966,290	68,945,720
Restricted investments	19,665,388	19,606,568
Restricted investments interest receivable	26,357	19,442
Receivables (net)	1,030,765	1,792,729
Due from other governments	21,342,903	9,344,033
Prepayments and other current assets	807,134	666,476
Total Current Assets	<u>180,874,585</u>	<u>161,868,497</u>
Noncurrent Assets		
Investments	-	8,988,690
Other noncurrent assets	396,216	354,056
Total Noncurrent Assets	<u>396,216</u>	<u>9,342,746</u>
Capital Assets		
Land	313,857,947	152,847,007
Buildings and improvements	458,142,009	459,460,339
Machinery/equipment/furniture/fixtures	13,649,344	13,281,648
Other improvements and art collection	11,654,366	5,876,163
Accumulated depreciation	(196,591,791)	(183,829,668)
Construction in progress	125,373,206	77,190,472
Total Capital Assets	<u>726,085,081</u>	<u>524,825,961</u>
Total Assets	<u>907,355,882</u>	<u>696,037,204</u>
LIABILITIES		
Current Liabilities		
Accounts payable	9,376,607	7,469,304
Retainage-payable from restricted assets	538,048	28,536
Salaries, benefits and taxes payable	1,147,454	1,173,334
Unearned revenue and deposits payable	3,738,137	2,657,003
Due to other governments	13,153,400	11,966,634
Interest payable	9,231,129	9,389,242
Current portion of long term debt	29,519,900	7,315,000
Other	964,537	2,062,086
Total Current Liabilities	<u>67,669,212</u>	<u>42,061,139</u>
Noncurrent Liabilities		
Bonds and Notes payable	412,625,940	279,135,000
Total Noncurrent Liabilities	<u>412,625,940</u>	<u>279,135,000</u>
Total Liabilities	<u>480,295,152</u>	<u>321,196,139</u>
NET POSITION		
Net investment in capital assets	303,604,628	257,982,529
Restricted:		
Restricted for debt service	5,368,230	5,043,993
Restricted for capital improvements	-	-
Restricted for operating reserve	9,625,974	9,350,405
Unrestricted	108,461,898	102,464,138
Total Net Position	<u>\$ 427,060,730</u>	<u>\$ 374,841,065</u>

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

Washington State Convention Center Public Facilities District
Statement of Revenue, Expenses and Changes in Net Position
For the Years Ending December 31, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Building rent	\$ 4,363,947	\$ 4,563,699
Food service	20,949,997	22,005,777
Parking	3,723,747	3,588,648
Facility services	3,547,743	3,218,654
Retail leases	510,214	495,965
Other	1,866,049	1,683,471
Total Operating Revenues	<u>34,961,697</u>	<u>35,556,214</u>
OPERATING EXPENSES		
Salaries and wages	8,505,409	8,183,258
Employee benefits	5,216,785	5,038,470
Professional and other services	2,620,474	2,524,676
Food service	12,253,134	12,967,020
Supplies	584,990	597,246
Utilities	3,102,999	2,790,347
Repair and maintenance	1,703,191	1,770,592
Depreciation and amortization	13,448,391	13,218,878
Other administrative and contingency	327,266	360,115
Total Operating Expenses	<u>47,762,639</u>	<u>47,450,603</u>
OPERATING INCOME (LOSS)	(12,800,942)	(11,894,389)
MARKETING REVENUES		
Marketing Tax	13,944,123	12,863,089
MARKETING EXPENSES		
Visit Seattle, Outside Marketing	11,940,816	10,973,623
In-house Marketing	1,188,809	1,016,655
Total Marketing Expenses	<u>13,129,625</u>	<u>11,990,278</u>
INCOME FROM MARKETING	<u>814,498</u>	<u>872,811</u>
TOTAL NET OPERATING AND MARKETING LOSS	(11,986,444)	(11,021,578)
NONOPERATING REVENUES (EXPENSES)		
Lodging tax - regular	69,705,450	64,300,007
Interest and investment income	1,337,620	1,174,492
Interest expense	(11,569,690)	(14,153,153)
Build America Bonds subsidy	6,077,141	6,167,877
Loss on disposal of assets	(1,294,965)	(691,614)
Non-Operating Interest Expense	(45,496)	(14,378)
Other revenue (expenses)	(3,951)	(2,498)
Total Nonoperating Revenue	<u>64,206,109</u>	<u>56,780,733</u>
CHANGE IN NET POSITION	52,219,665	45,759,155
Net Position - Beginning	374,841,065	329,081,910
Net Position - Ending	<u><u>\$ 427,060,730</u></u>	<u><u>\$ 374,841,065</u></u>

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

Washington State Convention Center Public Facilities District
Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 36,804,796	\$ 34,882,284
Receipts from governments	13,872,508	12,739,412
Payments to suppliers	(33,998,443)	(32,608,971)
Payments to employees	(13,748,074)	(13,145,614)
Payments to or receipt from others, net	(117,207)	292,715
Net Cash Provided By Operating Activities	<u>2,813,579</u>	<u>2,159,826</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Nonoperating Portion of Lodging Taxes received	69,418,860	64,473,934
Lodging Tax received to be paid to state	20,860,955	18,883,572
Portion of Lodging Tax paid to state	(19,738,049)	(17,638,663)
Nonoperating revenues and expenses	(49,447)	(16,875)
Purchase of other noncurrent assets	(42,159)	(89,116)
Net Cash Provided By Noncapital Financing Activities	<u>70,450,160</u>	<u>65,612,852</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(49,714,868)	(57,715,471)
Interest and principal paid on capital debt	(26,184,222)	(26,188,196)
Payment on note to acquire land	(3,000,100)	
BABs subsidy received	3,059,485	6,167,877
Net Cash Used By Capital and Related Financing Activities	<u>(75,839,705)</u>	<u>(77,735,790)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	1,144,136	918,274
Investment fees	(3,951)	(2,498)
Investment purchases	(71,494,000)	(53,572,958)
Investment maturities	108,472,000	74,559,609
Net Cash Provided (Used) By Investing Activities	<u>38,118,185</u>	<u>21,902,426</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>35,542,219</u>	<u>11,939,314</u>
Cash and Cash Equivalents Balances - Beginning	61,493,529	49,554,215
Cash and Cash Equivalents Balances - Ending	<u>\$ 97,035,748</u>	<u>\$ 61,493,529</u>
Cash and Cash Equivalents as Reflected in the Statement of Net Position:		
Cash and cash equivalents	\$ 72,272,367	\$ 37,681,354
Restricted cash and cash equivalents	\$ 24,763,381	23,812,175
Total Ending Cash and Cash Equivalents in the Statement of Net Position	<u>\$ 97,035,748</u>	<u>\$ 61,493,529</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (11,986,444)	\$ (11,021,578)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation and amortization	13,448,391	13,218,878
Changes in operating assets and liabilities:		
Accounts Receivable	761,964	(1,157,125)
Due from Other Governments-Operating Portion	(71,615)	(123,677)
Operating Accounts Payable	680,127	(192,204)
Prepayments	(140,658)	146,358
Salaries, benefits and taxes payable	(25,880)	76,114
Unearned revenue and deposits payable	1,081,135	483,195
Other operating liabilities	(933,441)	729,865
Net Cash Provided (Used) By Operating Activities	<u>\$ 2,813,579</u>	<u>\$ 2,159,826</u>
SCHEDULE OF NON-CASH INVESTING, CAPITAL, NON CAPITAL AND RELATED FINANCING ACTIVITY		
Capital Assets acquired by increases in accounts payable	\$ 1,227,086	\$ 3,343,874
Land purchase acquired by a note payable	161,010,940	
Reimbursement of capital is included in receivables	8,559,337	
Change in fair value of investments	193,484	256,218

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

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the Washington State Convention Center Public Facilities District (District). The District was created on July 19, 2010, by King County Ordinance 16883, pursuant to Substitute Senate Bill 6889, which authorized the creation of the public facilities district by King County and the transfer of assets and liabilities from the nonprofit corporation, established by the Washington State Legislature in 1982, to design, construct, promote and operate the Washington State Convention Center. Prior to July 19, 2010, the District was an enterprise fund of the state of Washington, and its activities were reported in the Comprehensive Annual Financial Report (CAFR) of Washington State.

The District is an independent, governmental entity, and all of its activities are accounted for in the records of the District. All liabilities incurred by the District are required to be satisfied exclusively from the assets, credit and property of the District. The District's reporting cycle is the 12-month calendar period from January 1 through December 31.

In November 2010, the District issued bonds in the amount of \$314,652,701. The proceeds were distributed on November 30, in accordance with the Official Statement for the bonds and the Transfer Agreement between the state and the District as follows: to the District for capital improvements (\$21.4 million), to the state to defease Convention Center debt (\$270.9 million), to an external fiscal agent to establish the common reserve (\$19.5 million) and to fund bond issue costs (\$2.7 million).

As of December 31, 2010, the District recorded the assets of the enterprise fund of the state of Washington, including all capital assets and a receivable from the state, in the amount of \$53.2 million, which was transferred to the District on January 4, 2011. The District also recorded all of the liabilities of the state's corporation, with the exception of the long-term debt, which was defeased with the bond issue discussed in the above paragraph.

B. Component Units

The Washington State Convention Center Art Foundation, a 501(c) (3) tax exempt organization, was formed to support the public art program of the WSCC. The Art Foundation's Board of Directors is appointed by the Chair of the WSCC Board of Directors Art Committee and approved by the WSCC Board of Directors. While the WSCC Board of Directors has the ability to control which art is displayed at any point in time, it does not direct the operation of the Art Foundation. The WSCC is entitled to the assets of the Art Foundation only upon its dissolution. The Art Foundation has no employees. As such, WSCC staff provides insignificant administrative services to the Art Foundation. The total assets (\$554,581), total revenues \$1,766 and total expenses (\$187) as of December 31, 2017 for the Art Foundation are considered insignificant to the WSCC. In addition, there are no transactions between the two entities for the years ended December 31, 2017 and 2016. As such, the Art Foundation is not included in the WSCC's financial statements as either a blended or a discretely-presented component unit.

C. Basis of Accounting and Presentation

The District uses the accrual basis of accounting and the economic resources measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of when the related cash is received or disbursed.

Amounts received but not earned at year-end are reported as unearned revenues. Earned but unbilled revenues are accrued. Amounts disbursed but not owed at year-end are reported as pre-paid expenses. Amounts owed, but for which the District has not yet been invoiced, are accrued.

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

D. Summary of Significant Accounting Policies

1. Policy for defining operating and non-operating revenues/expenses

Operating revenues/expenses are distinguished from non-operating revenues/expenses based on their relationship to the primary purpose of the District, which is operating a convention center. The operating revenues of the District result from event rentals, related event fees, food service, parking and retail leases. The operating expenses relate directly or indirectly to the generation of the operating revenues and include salaries and benefits, professional services, food service, depreciation, supplies, utilities, maintenance, advertising and other administrative expenses.

The District relies on four contractors to provide specific event services for clients. Rates charged for all contractor services are approved by the District. Aramark has a management contract with the District and is the exclusive food and beverage provider within the center. The District recognizes in its financial statements gross food revenues and food expense. Revenues from the other three contractors are recorded as Facility Services under Operating Revenues. Edlen is the exclusive electrical and air/water/drain provider for the District. The District receives in the range of 28 to 35 percent of the revenue generated by Edlen. Edlen retains the remaining revenues and all expenses. Smart City provides exclusive telecommunication, data and internet services. Generally, the District receives 30 percent of the gross revenues and Smart City retains the remaining revenue and covers all expenses. Presentation Services Audio Visual (PSAV) was the preferred audio-visual provider through September for the District. LMG became the preferred audio-visual provider in October of 2017. Generally, PSAV and LMG pay the District 23 to 40 percent commission depending on the service or rented equipment provided.

For fiscal 2017 and all comparable years the District reports marketing revenues and expenses separately from the operating category. Marketing revenues and expense are located on the Statement of Revenues, Expenses and Changes in Net Position between operating and non-operating. Marketing revenue is a dedicated portion of the lodging tax that supports national and international marketing by Visit Seattle on the District's behalf. In-house marketing supports advertising and marketing for events in the building and local/regional marketing.

The District receives non-operating revenues from lodging taxes and interest and investment income. Its non-operating expenses are mainly debt service interest payments and loss on disposal of assets. The District reports its interest expense net of capitalized interest on the expansion project and separately reports its subsidy from the U.S. Federal government on its Build America Bonds in non-operating revenues.

2. Policy for applying Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989

GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements provides a codification of private-sector standards of accounting and financial reporting issued prior to December 1, 1989, to be followed in the financial statements of proprietary fund types. The District has adopted provisions of GASB Statement No. 62.

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

As required by the Governmental Accounting Standards Board (GASB) the District adopted GASB Statement number 63 *Deferred Outflows and Inflows of Resources and Net Position* and implemented GASB Statement number 65 *Items Previously Reported as Assets and Liabilities* in 2012. The District has no items required to be reported as deferred outflows or deferred inflows.

3. Policy for defining cash equivalents

Cash includes the following:

- a. Cash on hand.
- b. Cash on demand deposit with financial institutions that can be withdrawn without prior notice or penalty.
- c. Cash in management pools (e.g., the Local Government Investment Pool) that are similar to demand deposits.

Cash equivalents include highly liquid investments with the following characteristics:

- a. Readily convertible to known amounts of cash.
- b. Mature in such a short period of time that their values are effectively immune from changes in interest rates.

The District considers all investments, originally purchased with a three-month term or less, to be cash equivalents.

4. Policy for application of restricted versus unrestricted resources

The District applies all restricted resources to eligible expenses prior to applying unrestricted resources. For example, the District's debt covenants restrict certain resources for debt service and capital improvements, and the District applies these restricted resources to debt service and capital improvements first, before using unrestricted assets. Were there to be insufficient restricted resources for debt service and capital improvements, the District would first apply the restricted resources and compensate for any insufficiency with unrestricted resources.

E. Budgetary Information

1. Scope of Budget

The District adopts an annual operating budget by resolution no later than December 31. It adopts budgets for the debt service requirements of individual debt issues. It adopts capital projects' budgets for specific projects for a three-year period. Each year's annual operating budget is developed based on economic projections. The Board adopts a contingency amount, within which management can control spending variances.

Capital Bond budget funding carries forward until projects are completed and/or funding is exhausted.

The Board of Directors approved Resolution number 2012-6, a Capital Improvement Project Funding Program. Annually \$4 million adjusted by the prior year's consumer price index will be dedicated to annually fund approved capital improvement projects. Unspent funds will carry forward but capital improvement projects must be approved annually.

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

The Board of Directors approved Resolution number 2010-16 that requires the establishment of an annual operating reserve based on 100 days of operating budgeted expenses. The 2017 Operating Reserve was funded in January 2017 to \$9,203,400. In December 2017 the budget was amended by Resolution number 2017-23, and the Operating Reserve was increased to \$9,625,974.

2. Amending the Budget

The District prepares a monthly comparison of budgeted amounts to actual amounts. It can amend its operating budget only by board resolution. Capital budgets are monitored throughout the length of the specific projects, and budgets are modified by board resolution.

F. Assets, Liabilities and Net Position

1. Cash and Cash Equivalents

It is the District's policy to invest all temporary cash surpluses. At December 31, 2017 and 2016, the District had \$72,272,367 and \$37,681,354, respectively in short-term residual investments of surplus cash reported as unrestricted cash and cash equivalents. The increase in unrestricted cash and cash equivalents from 2016 to 2017 was principally to keep funds short-term and liquid. The Convention Place Station (CPS) site Purchase and Sale Agreement requires a \$21,999,900 cash payment at the sale's closing, and ongoing Addition construction payments are needed before the District goes to market around mid-2018.

2. Investments (See Note 4)

It is the policy of the District to invest all public funds in accordance with governing federal, state and local statutes. The District updated its investment policy in 2016 to incorporate the new State of Washington regulations. The certification of excellence for the investment policy was awarded by the Washington Public Treasurers' Association to the District. The District's objectives are to ensure safety of the principal, to maintain an investment portfolio that is sufficiently liquid to meet all operating requirements, debt payments and capital purchases and to achieve a market rate of return taking into account risk constraints.

Additionally, the District maintained current and non-current restricted investments with external fiscal agents, which are presented on the Statement of Net Position as restricted investments in the amount of \$19,665,388 for 2017 and \$19,606,568 for 2016, which is the 2010B bond Common Reserve. Current and non-current unrestricted investments are \$40,966,290 as of December 31, 2017 and \$77,934,410 as of December 31, 2016. All investments are reported at fair value as reported by the external fiscal agent.

3. Receivables

Receivables consist of the following components:

Customer accounts receivable consist of amounts owed by private organizations for goods and services and leased retail space.

Interest receivable consists of amounts owed by financial institutions on the District's investments.

4. Due to/from Other Governments

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

As of December 31, 2017 and 2016, the due from other governments is mainly composed of Lodging Tax collected by the hotels and earned in November and December 2017 and 2016 but paid to the District by the state of Washington in January and February 2018 and 2017, respectively. Also, for 2017, the due from other governments include \$3,017,656 for the US Government's Build America Bonds subsidy that was not received until January 2018. A King County Metro CPS site agreement requires it to pay the District for the Traction Power Supply Station (TPSS) work done by the District. As of December 31, 2017, King County Metro owes the District \$8,559,337 for the TPSS work.

5. Inventories

The District does not carry any significant inventories. It expenses operating supplies and small tools when purchased.

6. Restricted Assets and Liabilities

The District restricts certain resources based on bond covenants, board requirements and contractual arrangements. The following restrictions pertain:

Operating Reserve Account
Bond Interest and Principal Accounts
Common (debt service) Reserve Account
Retainage Accounts

7. Capital Assets (See Note 5)

Capital assets include land, buildings, building improvements, machinery and equipment, furniture and fixtures, art collections and construction in progress. Assets are capitalized if the initial investment is \$5,000 or greater and have an estimated useful life of more than one year. Groups of capital assets may be capitalized even if their individual costs are less than \$5,000 and subsequent additions to the group are likewise capitalized. Capital assets are recorded at cost. Costs of additions or improvements are capitalized if they increase the useful life of the asset. Routine repair and maintenance costs are expensed when incurred.

Costs for capital assets under construction are capitalized, as is the net interest expense related to the debt issue supporting the project. Capitalized interest on the Addition project was \$7,052,683 for 2017 and \$4,765,187 for 2016. As such, a portion of interest costs were capitalized to construction in progress, and the remainder is reflected as interest expense in the statement of Revenues, Expenses and Changes in Net Position.

Capital assets in service are depreciated over their useful lives using the straight-line method. The following useful lives are used in recording depreciation expense:

Assets	Useful Lives (Years)
Buildings	50
Building Improvements	4 - 15
Equipment – Heating/Air Conditioning	13
Vehicular Equipment	13
Equipment – Furniture	2 - 10
Equipment – Communications	10
Equipment – Data Processing	4 - 10
Vehicles and All Other Equipment	5
Art Collections	Not depreciated

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8. Compensated Absences

The District compensates employees for vacation and sick leave. All such leave is accrued when earned and reduced when used. Vacation leave for administrative staff may be accumulated to a maximum of 240 hours on the employee's anniversary date. Vacation leave for union staff may be accumulated to:

Years of Hours Worked	Maximum Accumulated Hours
1 - 4	96
5 - 8	120
9 - 10	128
11 - 13	136
Max	160

Sick leave for all staff may be accumulated to a maximum of 720 hours, with excess up to 96 hours payable at 25 percent annually. Part-time staff may accumulate vacation and sick leave, using a pro-rata formula based on 2080 hours annually. Upon retirement, termination or death, unused vacation leave is payable in full and unused sick leave is forfeited.

9. Unearned Revenue and Deposits Payable

The District collects certain money in advance, primarily customer deposits for future events. Until earned, these collections are presented as unearned revenue and deposits payable.

10. Restricted and Unrestricted Net Position

The District's net position is presented as net investment in capital assets, restricted and unrestricted. Restricted net position excludes capital assets, net of related debt, but includes other assets on which there are externally imposed legal restrictions. Unrestricted net assets include all other net assets. Additional details regarding the classification of net position is provided in Note 12.

G. Prior-Year Comparative Data

The current period, January 1, 2017 through December 31, 2017, is the eighth year of operating revenues and expenses reported by the District. Comparative data for the period of January 1, 2016 through December 31, 2016 are reported in the financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related or contractual provisions.

NOTE 3 - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

The District's cash and cash equivalents are held in multiple financial institutions and are covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a pool administered by the Washington State Public Deposit Protection Commission (PDPC).

The Local Government Investment Pool (LGIP) is an unrated 2a-7 like pool, as defined by GASB 31. Accordingly, participants' balances in the LGIP are not subject to interest rate risk. In accordance with GASB 40 guidelines, the balances are also not subject to custodial credit risk. The credit risk of the LGIP

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is limited as most investments are either obligations of the US government, government sponsored enterprises, or insured demand deposit accounts and certificates of deposit. Investments or deposits held by the LGIP are either insured or held by a third-party custody provider in the LGIP's name. The fair value of the District's pool investments is determined by the pool's share price. The District has no regulatory oversight responsibility for the LGIP which is governed by the Washington State Finance Committee and is administered by the State Treasurer. The LGIP is audited annually by the Office of the State Auditor, an independently elected public official. The LGIP is not rated and is disclosed in the financial statements as a cash equivalent.

As of December 31, 2017, and 2016, cash and cash equivalents include:

Financial Institution		2017	2016
US Bank		19,122,883	18,764,804
Local Government Investment Pool		77,866,740	42,682,599
Petty Cash/Change Funds		46,125	46,125
TOTAL		97,035,748	61,493,528

NOTE 4 – INVESTMENTS

In accordance with the District's investment policy and Washington State law, authorized investment purchases include Certificates of Deposit with financial institutions qualified by the Washington Public Deposit Protection Commission, US Treasury and Agency Securities, Bankers' Acceptances, Bonds of Washington State and any local government in Washington State which have, at the time of purchase, one of the three highest credit ratings of a nationally recognized rating agency and the State Investment Pool (which is a 2a7-like pool).

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset:

- Level 1 inputs are quoted prices in active markets for identical assets. These valuation inputs are considered most reliable.
- Level 2 inputs are quoted prices for similar assets, quoted prices for identical or similar assets in markets that are not active, or other observables. These valuation inputs are considered to be reliable.
- Level 3 inputs are significant unobservable inputs and are considered to be the least reliable.

The District has the following recurring fair value measurements as of December 31, 2017:

U.S. Government Treasury Notes of \$48,645,477 are valued using quoted prices in an active market for identical assets (Level 1 inputs). Corporate Commercial Paper of \$11,986,200 are valued using quoted

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prices in an active market for identical assets (Level 1 inputs) The District holds no investments that require valuation using levels 2 or 3 inputs.

As of December 31, 2017 and 2016, the District had the following investments (in thousands):

		Moody, S & P		Ending Fair Value			Ending Fair Value
Investments	Maturities	Rating	Cost	12/31/2016	Purchases	Sales	12/31/2017
Coca-Cola CP	7/13/2017	AAA,AA	\$ 3,974	\$3,971		\$3,974	
Coca-Cola CP	1/8/2018		\$ 3,974		3,974		3,999
Pfizer Inc CP	1/22/2018		\$ 3,975		3,975		3,997
Disney Walt Co CP	4/26/2017		\$ 2,994		2,994	2,994	
Ge Capital CP	7/31/2017		\$ 4,477		4,477	4,477	
Toyota Motors CP	8/31/2017		\$ 4,469		4,469	4,469	
Toyota Motors CP	2/22/2018		\$ 3,974		3,974		3,991
Toyota Motors CP	1/31/2017	AAA,AA	9,953	9,995		9,953	
US Treas. Note	7/31/2017	AAA, NA	4,954	4,995		5,000	
US Treas. Note	5/31/2017	AAA, NA	5,002	5,000		5,000	
US Treas. Note	7/31/2017	AAA, NA	9,998	9,996		10,000	
US Treas. Note	8/31/2017	AAA, NA	4,995	4,996		5,000	
US Treas. Note	2/28/2018	AAA, NA	3,936	3,991			3,996
US Treas. Note	11/30/2017	AAA, NA	19,606	19,607		19,605	
US Treas. Note (1)	3/31/2018		19,659		19,659		19,665
US Treas. Note	1/15/2017	AAA, NA	5,006	5,000		5,000	
US Treas. Note	4/30/2017	AAA, NA	5,018	5,006		5,000	
US Treas. Note	6/30/2017	AAA, NA	4,986	5,003		5,000	
US Treas. Note	10/31/2017	AAA, NA	4,973	4,996		5,000	
US Treas. Note	9/30/2017	AAA, NA	4,993		4,993	5,000	
US Treas. Note	9/30/2017	AAA, NA	2,996		2,996	3,000	
US Treas. Note	1/15/2018		4,993		4,993		4,999
US Treas. Note	2/15/2018		14,990		14,990		14,995
US Treas. Note	5/31/2018	AAA, NA	4,995	4,998			4,990
US Treas. Note	3/31/2017	AAA, NA	4,993	5,000		5,000	
US Treas. Note	11/30/2017	AAA, NA	4,927	4,988		5,000	
			\$ 168,810	\$ 97,542	\$ 71,494	\$ 108,472	\$ 60,632

(1) This investment is restricted for debt service.

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For the year ended December 31, 2016, the change in investments is summarized as follows (in thousands):

Beginning			Ending Fair
Fair Value			Value
12/31/2015	Purchases	Sales	12/31/2016
\$ 118,313	\$ 53,573	\$ 74,560	\$ 97,542

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. To mitigate this risk, the District limits the maturity of any single security to five years, in accordance with its investment policy. To achieve its financial objective of ensuring liquidity most investments have shorter maturities. As detailed in the chart above, all investments mature in 2018.

Credit Risk is the risk that an issuer or other counterparty of an investment will not fulfill its obligations. To mitigate this risk, the District ensures that it adheres to the credit standards as defined in its investment policy. The Moody and S&P rating (if available) are provided in the chart above.

Concentration of Credit Risk is the risk of loss attributed to the percentage of a government's investment in a single issuer. To mitigate this risk, the District ensures that it maintains portfolio diversification as defined in its investment policy.

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside counterparty. To mitigate this risk, the District ensures that investments are held in safekeeping at a qualified financial institution in the District's name as defined in its investment policy.

NOTE 5 – CAPITAL ASSETS

The capital assets and related changes during the years ended December 31, 2017 and 2016 are reflected in the following charts.

Asset Class	Beginning Balance January 1, 2017	Increases	Decreases	Ending Balance December 31, 2017
Capital assets, not being depreciated				
Land	\$152,826,968	161,010,940		\$313,837,908
Land development costs	20,039			20,039
Construction in progress	77,190,472	54,991,536	(6,808,802)	125,373,206
Total capital assets, not being depreciated	\$230,037,479	\$216,002,476	(\$6,808,802)	\$439,231,153
Capital assets, being depreciated				
Buildings and improvements	459,460,339	641,809	(1,960,139)	458,142,009
Other improvements and art collection	5,876,163	5,778,203		11,654,366
Machinery/equipment/furniture/fixtures	13,281,648	388,790	(21,094)	13,649,344
Total capital assets, being depreciated	\$478,618,150	\$6,808,802	(\$1,981,233)	\$483,445,719
Less accumulated depreciation for				
Buildings	(174,152,026)	(11,907,689)	672,847	(185,386,868)
Other improvements and art collection	(2,348,236)	(387,979)	50	(2,736,165)
Machinery/equipment/furniture/fixtures	(7,329,406)	(1,152,723)	13,371	(8,468,758)
Total accumulated depreciation	(\$183,829,668)	(\$13,448,391)	\$686,268	(196,591,791)
Total capital assets, being depreciated, net	294,788,481	(6,639,589)	(\$1,294,965)	286,853,928
Total capital assets	\$ 524,825,961	\$ 209,362,887	\$ (8,103,767)	\$ 726,085,081

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Asset Class	Beginning Balance January 1, 2016	Increases	Decreases	Ending Balance December 31, 2016
Capital assets, not being depreciated				
Land	\$138,265,766	\$14,561,202		\$152,826,968
Land development costs	20,039			20,039
Construction in progress	30,159,037	50,170,874	(3,139,439)	77,190,472
Total capital assets, not being depreciated	\$168,444,842	\$64,732,077	(\$3,139,439)	\$230,037,479
Capital assets, being depreciated				
Buildings and improvements	458,857,005	1,577,225	(973,892)	459,460,339
Other improvements and art collection	4,893,756	994,163	(11,755)	5,876,163
Machinery/equipment/furniture/fixtures	12,752,967	568,051	(39,370)	13,281,648
Total capital assets, being depreciated	\$476,503,728	\$3,139,439	(\$1,025,017)	\$478,618,150
Less accumulated depreciation for				
Buildings	(162,696,130)	(11,747,380)	291,484	(174,152,026)
Other improvements and art collection	(1,985,119)	(369,289)	6,173	(2,348,236)
Machinery/equipment/furniture/fixtures	(6,263,072)	(1,103,761)	37,427	(7,329,406)
Total accumulated depreciation	(\$170,944,321)	(\$13,220,431)	\$335,083	(\$183,829,668)
Total capital assets, being depreciated, net	305,559,407	(10,080,991)	(689,934)	294,788,481
Total capital assets	\$ 474,004,249	\$ 54,651,085	\$ (3,829,373)	\$ 524,825,961

NOTE 6 – EMPLOYEE BENEFITS

A. Defined Contribution Retirement Plans

Before transition to a public facilities district, WSCC as an agency of the state of Washington participated in a 401(k) defined contribution retirement plan for its employees under the authority of Internal Revenue Code Section 457. It continued its Retirement Contribution Plan. In the transition to a public facilities district, Internal Revenue rules required the funds in 401(k) plans be transferred into the District's 401(a) plan and the 457 plan to rollover to the District's 457(b) Plan. All of the plans when WSCC was an agency of the state of Washington and becoming a District transferred the responsibility for selecting among investment options from the plan fiduciaries to the plan participants as permitted under ERISA 404(c). The defined contribution plans are administered by RBC Wealth Management and are not considered either assets or liabilities of the District.

401(a) – Compensation Deferral Plan

All full-time employees are eligible for this plan upon hire, with the exception of 1) leased employees, 2) union employees, 3) non-resident aliens with no US source income and 4) individuals not eligible based on written agreement. The entry date is the first day of any month. Each employee directs how contributions are to be invested and receives an individual monthly statement of activity.

The District contributed \$283,622 and \$260,564 for 2017 and 2016, respectively, to the employee 401 (a) plan. The District contributes five percent based on the employee's compensation; and may match \$0.50 for each dollar an employee contributes to the employee retirement contribution plan up to 6 percent of the employee's wages. Vesting in the employer contributions occurs in accordance with the following schedule:

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Years of Service	Vested Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

Forfeitures from non-eligible employees are netted against plan expenses. There were no forfeitures for fiscal year 2017.

457 (b) Employee Retirement Contribution Plan

All full-time employees are eligible for this plan upon hire, with the exception of 1) leased employees, 2) union employees, 3) non-resident aliens with no US source income and 4) individuals not eligible based on written agreement. The entry date is the first day of any month. Each eligible employee determines the pre-tax contribution to be withheld from gross wages, with a minimum participation of 1 percent of compensation and a maximum of \$16,500 or 100 percent of includible compensation, whichever is less. Employees age 50 or older, or those within three years of retirement, may contribute an additional \$5,500. Each employee directs how contributions are to be invested and receives an individual monthly statement of activity.

Employees vest in the program from inception, and they may receive benefits upon retirement, termination or death. The employee may make a pre-tax contribution to the contribution plan. All full-time non-represented employees are eligible and 100 percent vested. Employees contributed \$298,938 and \$258,417 in 2017 and 2016, respectively, to their 457(b) plan.

All defined contribution pension plans were established by, and can be amended by, the District's Board of Directors.

B. Health & Welfare

The District is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2017, 258 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical, dental, life and vision insurance through the following carriers: Kaiser Permanente, Regence BlueShield, Asuris Northwest

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Health, Delta Dental of Washington, The Standard, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2017, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Kaiser Permanente ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

NOTE 7 – RISK MANAGEMENT

A. General Liability Insurance

The District has property and casualty insurance through Factory Mutual Insurance Company of Rhode Island through November 30, 2018, as follows: \$527 million in total coverage for its facilities and operations including earthquake, flood and terrorism coverage. The total combined maximum deductible is \$250,000.

B. Employee Dishonesty Insurance

The District maintains a blanket bond for employee dishonesty, with a current coverage limit of \$1,000,000, with a \$10,000 deductible. There were no claims against this policy in 2017.

C. Liability Insurance

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The District maintains insurance through Associated Industries Insurance Company (Alliant "SLIP" program) for the following liability categories (aggregate limit): General (\$10,000,000), Stop Gap (\$10,000,000), Auto (\$10,000,000); Umbrella (\$5,000,000), Management (\$3,000,000). A \$10,000 deductible generally applies to these coverages.

There have been no settlements exceeding insurance coverage for the past three years.

NOTE 8 – LONG-TERM DEBT

A. Long-Term Debt

The District issued revenue bonds in November 2010 in the original amount of \$314,652,701. The debt service is supported by the Lodging Tax, pursuant to RCW 36.100.040(4). This debt issue had three purposes:

1. Finance the transfer of the Washington State Convention Center from the state to the District.
2. Provide capital funds for renovations of the convention center.
3. Provide funds for a Common Reserve.

Revenue bond and King County Note outstanding as of December 31, 2017 and changes from 2016 are as follows:

Description	Maturity	Interest Rates	Balance 12/31/2016	Additions	Reduction	Balance 12/31/2017	Amount Due Within One Year
Bonds 2010B	2018-2040	4.32%-6.79%	286,450,000	\$ -	\$ (7,315,000)	\$ 279,135,000	\$ 7,520,000
Less Current Portion			<u>(7,315,000)</u>			<u>(7,520,000)</u>	
Long Term Portion			279,135,000			271,615,000	
King County CPS Note	2025-2056	4.25%	-	166,010,940	(3,000,100)	163,010,840	21,999,900
Less Current Portion						<u>(21,999,900)</u>	
Long Term Portion			-			141,010,940	
Total Long Term Debt			<u>\$ 279,135,000</u>			<u>\$ 442,145,840</u>	<u>\$ 29,519,900</u>

Revenue bonds outstanding as of December 31, 2016 and changes from 2015 are as follows:

Description	Maturity	Interest Rates	Balance 12/31/2015	Additions	Reduction	Balance 12/31/2016	Amount Due Within One Year
Bonds 2010B	2017-2040	3.92%-6.79%	\$ 293,580,000	-	\$ (7,130,000)	\$ 286,450,000	\$ 7,315,000
Less Current Portion			<u>(7,130,000)</u>			<u>(7,315,000)</u>	
Long Term Portion			<u>\$ 286,450,000</u>			<u>\$ 279,135,000</u>	

The District and King County Purchase and Sales Agreement for CPS property was finalized July 25, 2017. The purchase price was \$161,010,940 and should be paid as follows:

- \$20 million cash at closing.
- The balance of the Purchase Price shall be paid by the District at closing with a promissory note.
 - Thereafter closing for a period of 5 years interest only payments shall be due to King County in the amount of \$1,410,109 for a total of six payments.

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- Year 7 begin payment on 25-year promissory note with a beginning balance of \$141,010,940.
- District shall pay, separate from the purchase price, \$5,000,000 in cash at closing to satisfy the District's affordable housing obligation.

Revenue bond and note debt service requirements to maturity as of December 31, 2016 are as follows:

Year	2010B		Less BABs		CPS Note		
	Principal	Interest	Subsidy	Total	Principal	Interest	Total
2018	7,520,000	18,462,258	(6,035,310)	19,946,948	20,000,000	1,410,109	41,357,057
2019	7,755,000	18,099,719	(5,916,796)	19,937,923		1,410,109	21,348,032
2020	8,005,000	17,710,342	(5,789,509)	19,925,833		1,410,109	21,335,942
2021	8,280,000	17,292,400	(5,652,884)	19,919,516		1,410,109	21,329,625
2022	8,590,000	16,810,343	(5,495,299)	19,905,043		1,410,109	21,315,152
2023 - 2027	48,985,000	74,770,123	(24,442,346)	99,312,777	1,790,983	13,362,999	114,466,759
2028 - 2032	60,800,000	56,604,157	(18,503,893)	98,900,264	9,205,948	28,927,966	137,034,178
2033 - 2037	75,455,000	34,058,981	(11,133,877)	98,380,104	17,931,892	26,275,765	142,587,761
2038 - 2040	53,745,000	7,403,817	(2,420,307)	58,728,510	29,727,153	21,521,638	109,977,301
2041 - 2045					45,469,143	13,942,253	59,411,396
2046 - 2048					36,885,821	3,211,651	40,097,472
Total	\$ 279,135,000	\$ 261,212,139	\$ (85,390,222)	\$ 454,956,917	\$ 161,010,940	\$ 114,292,817	\$ 730,260,674

The current portion of debt reflected in the Statement of Net Position includes \$1,999,900 due upon closing of the CPS Purchase and Sale agreement that is not reflected in the chart above.

As discussed in NOTE 11, Congress' BABs subsidies were originally 35 percent, however, sequestration measures have reduced this to 32.69 percent. Effects of future subsidy reductions through 2040 have been reflected in the above maturity chart. This chart assumes that the BABs subsidy will remain 32.69 percent through maturity.

The District began capitalizing interest costs on the Addition project in 2014. Total interest cost, during 2017 was \$18,620,373, of which \$7,050,683 was recognized as capitalized interest, resulting in recognized interest expense of \$11,569,690. Total interest cost during 2016 was \$19,029,632, of which \$4,876,479 was recognized as capitalized interest, resulting in recognized interest expense of \$14,153,153.

NOTE 9 – LEASES

Operating Leases

The District leases office equipment under non-cancellable operating leases. The total commitments under these leases are \$56,065 until the end of the leases in 2021.

Year	Operating Leases
2018	\$25,234
2019	\$22,290
2020	\$7,411
2021	\$1,130
Total	\$56,065

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Tenant Leasing Agreements

The District leases building space to various retail tenants. A total of 15 retail leases provided revenue of \$510,214 in fiscal 2017. Lease contract terms will expire within one to four years for many of the retail tenants. It is not known if options to extend terms will be exercised, but negotiations are ongoing at this time with some retail tenants. Based on enforceable contracts on December 31, 2017, future minimum rental payments required for five succeeding years are:

Year	Lease Revenue
2018	\$518,481
2019	\$313,588
2020	\$204,301
2021	\$125,439
2022	\$82,938
Total	\$1,244,747

Retail spaces, separate and apart from the convention center facilities have never been recorded separately from the convention center facilities. As such, the original cost, accumulated depreciation and net carrying value of the leased assets are not available to be reported.

Other Leasing Agreements

The District earns lease revenue from real property acquired for the expansion project. These lease terms are month to month. Leases end when pre-construction work begins on designated property. Revenue from these leases is included in other operating revenues and was \$308,679 in 2017 and \$706,797 in 2016.

NOTE 10 – COMMITMENTS AND CONTIGENCIES

The District has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved, but where based on available information, management believes it is probable that the District will be assessed a liability. In the opinion of management, the District's insurance policies are adequate to pay all known or pending claims.

A. Capital Projects

The proceeds of \$21,435,000 from the November 2010 debt issue are restricted for capital improvements and must be expended within a 36-month period to avoid arbitrage requirements. However, interest earned on funds not spent within the 36-month period is significantly under the original bond rates. Therefore, an arbitrage calculation for the Internal Revenue Service is not necessary.

B. Freeway Park

In February 1997, WSCC entered into a 30-year lease agreement with the city of Seattle for the 665-stall Freeway Park garage. Under this agreement, WSCC paid debt service on the \$1.3 million of city bonds outstanding at the time, and the final debt service payment was made in June 2002. In accordance with the lease agreement, a capital reserve account, not to exceed \$500,000, with annual maximum payments of \$20,000, was set up. WSCC is responsible for all repairs and maintenance. The City of Seattle has assigned the remainder of the lease from the WSCC to the District.

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

Future expected capital reserve account payments required for five succeeding fiscal years are:

2018	20,000
2019	20,000
2020	20,000
2021	20,000
2022	20,000
Total	\$100,000

C Airspace Lease WSDOT

On February 4, 1986, WSCC entered into a 66-year lease agreement with the Washington State Department of Transportation (WSDOT). WSDOT has assigned the remainder of the lease from WSCC to the District. Under this agreement, the WSCC leases airspace and other real property. In 1984, Shorett & Riely appraised the leased airspace and determined that its value was \$12,869,000. Additionally, it was determined that qualifying site penalties were valued at \$10,722,983 and qualifying rent credits were valued at \$5,631,358. The payment of rent by the District may be satisfied by payments in cash or by rental credits. After the first 15 years of the lease and every 10 years thereafter, the lease shall be reviewed. In fiscal 2013, the lease payments came up for review, and with an updated appraisal in fiscal 2014, the Department of Transportation and the District agreed that the value of the rent credits more than offset annual rent. The rent cannot increase by more than 30% for any review period. For the first 25 years, the qualifying site penalties and the qualifying rent credits have offset annual rent.

D. Expansion-Related Commitments

In connection with the proposed convention center Addition, the District has entered into various contracts for property development, project management, architectural, engineering and construction activities. Total commitments under these agreements total \$285 million as of December 31, 2017.

E. Pending Lodging Excise Tax Removal of Exemption for Premises with Fewer Than Sixty Lodging Units

House bill 2015 and companion Senate bill 5850 have passed the 2018 legislative session. The lodging excise tax bill modifies the lodging excise tax to remove the exemption for premises with fewer than sixty lodging units and to tax certain vacation rental, short-term home sharing arrangements and other compensated use or occupancy of dwellings. Revenue from this bill is shared with the City of Seattle and King County. The District will remit to the City of Seattle all short-term rental funds collected in the City of Seattle. After the City of Seattle receives their funds, the District will remit to King County fifty percent of the new funds received from this bill. The funds received from this legislation by the City of Seattle are earmarked for community-initiated equitable development and affordable housing programs. King County funds must be used to support affordable housing programs. The Department of Revenue 2018 fiscal note forecasts total collections of bill 2015 to be shared by the District, City of Seattle and King County as follows.

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT
NOTES TO FINANCIAL STATEMENTS
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		District Revenue Impact
		For Removal of 60 Unit Exemption
		and Short-term Rentals
		(in \$000)
	Fiscal Year ¹	Additional Revenue
	2018	0
	2019	5,828
	2020	18,358
	2021	19,276
	2022	20,240
	2023	21,252
	¹	Fiscal year is the State of Washington
		fiscal year July 1 through June 30.
		District's fiscal year is calendar,
		(January 1 through December 31).

F. Issuing Debt for the Addition Project

The District is anticipating issuing an initial phase of debt for the Addition Project in mid-2018. The budget for the project is \$1.7 billion, and the District expects to issue debt of \$1.2 billion, with the remaining funds for the Addition Project coming from cash, investment earnings and other sources.

NOTE 11 – INFREQUENT EVENTS

BUILD AMERICA BONDS

The District made an irrevocable election to have Section 54AA of the Internal Revenue Code of 1986, apply to 2010B Bonds so that the 2010B Bonds are treated as “Build America Bonds” (BAB). Under this treatment the District has received an interest subsidy of 35% from the US Treasury. The District believed this subsidy would be intact for the life of the bonds outstanding.

Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended in 2012 certain automatic reductions took place as of March 1, 2013. These required reductions of 8.9% to refundable credits under section 6431 of the Internal Revenue Code applicable to certain qualified bonds. The sequester reduction is applied to section 6431 amounts claimed by an issuer on any Form 8038-CP filed with the Service which results in a payment to such issuer on or after March 1, 2013. The current subsidy rate is 32.69%. This sequestration rate is expected through 2040.

BAB subsidy request form is Form 8038-CP. The District BAB reduction from Congress’ sequestration measures for 2017 was \$440,079. The original 2017 annual BAB subsidy was \$6,517,220, less actual BAB subsidy received of \$6,077,141. It is forecasted that the reduction in the 2018 BAB subsidy will be \$456,478.

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 12 – COMPONENTS OF NET POSITION

In accordance with GASB 34, net position is presented on the Statement of Net Position in three categories:

Net investment in capital assets
Restricted net position
Unrestricted net position

Capital assets consist of land, buildings, machinery and equipment, furniture and fixtures, art collections and construction in progress. The related debt is the debt issued to support acquisition and construction of capital assets, reduced for any unspent proceeds. *Restricted assets* are defined as assets that have been restricted by contractual agreement with external parties (e.g., debt covenants) or by law through enabling legislation. Restricted assets are reduced by related liabilities to determine restricted net position. *Unrestricted assets* include assets that have no restrictions placed on them, as well as assets that have been internally restricted (e.g., imposed by the District's Board of Directors).

The following provides detail of the components of net position as of December 31, 2017 and 2016:

Category	Assets	Related Liability	Net Position
Capital assets, net of accumulated depreciation	\$ 726,085,081		
Less Bonds Payable		(442,145,840)	
Plus unspent proceeds reflected as restricted below		19,665,388	
Net position invested in capital assets			303,604,628
Restricted assets			
Restricted for debt service under bond covenants	34,802,795	(19,665,388)	
Interest payable to be paid from restricted assets		(9,231,129)	
Retainage payable to be paid from restricted assets		(538,048)	5,368,230
Restricted for capital improvements	-	-	-
Restricted for operating reserve	9,625,974		9,625,974
Restricted net position			14,994,204
Unrestricted			108,461,898
Total Net Position			\$ 427,060,730

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

Category	Assets	Related Liability	Net Position
Capital assets, net of accumulated depreciation	\$ 524,825,961		
Less Bonds Payable		(286,450,000)	
Plus unspent proceeds reflected as restricted below		19,606,568	
Net position invested in capital assets			\$ 257,982,529
Restricted assets			
Restricted for debt service under bond covenants	34,068,339	(19,606,568)	
Interest payable to be paid from restricted assets		(9,389,242)	
Retainage payable to be paid from restricted assets		(28,536)	5,043,993
Restricted for capital improvements	-	-	-
Restricted for operating reserve	9,350,405		9,350,405
Restricted net position			14,394,398
Unrestricted			102,464,138
Total Net Position			\$ 374,841,065

NOTE 13 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through April 3, 2018, the date which the financial statements were available to be issued.

NOTE 14 – ARBITRAGE

The 2010B Bonds are not “qualified tax-exempt obligations” due to the Build America Bonds subsidy, which the District receives to offset interest expense. The proceeds of this bond issue must be expended within 36 months to avoid arbitrage requirements. However, interests earned on funds not spent within the 36-month period are significantly under the original bond rates.

The remaining Project Fund Deposit for building improvements of \$21,435,000 was expensed by the end of July 2015. BLX Group LLC prepared an arbitrage analysis and rebate calculation for the District. BLX Group LLC concluded that no payment to the Internal Revenue Service was necessary nor was filing of the Form 8038-T needed.

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APPENDIX D

FORM OF MASTER AGREEMENT AND SERIES AGREEMENTS

(See Attached)

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MASTER TRUST AGREEMENT

between

**WASHINGTON STATE CONVENTION CENTER
PUBLIC FACILITIES DISTRICT**

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated as of August 1, 2018

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MASTER TRUST AGREEMENT

THIS MASTER TRUST AGREEMENT (this “Master Agreement” or “Agreement”), made and dated as of August 1, 2018, by and between the WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, a municipal corporation of the state of Washington (the “District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as Trustee (the “Trustee”);

WITNESSETH:

WHEREAS, in 1982, with the support of the Washington State Legislature, a nonprofit corporation was established to design, construct, promote and operate the Washington State Convention Center (“WSCC”); and

WHEREAS, in 2010, the State Legislature adopted Substitute Senate Bill 6889 (the “Convention Center Act”), authorizing King County (the “County”) to create a public facilities district to acquire, own and operate a trade and convention center transferred from a public nonprofit corporation; and

WHEREAS, pursuant to County Ordinance 16883 adopted on July 19, 2010, the County formed the Washington State Convention Center Public Facilities District (the “District”) for the specific purpose of acquiring, owning and operating the WSCC; and

WHEREAS, to finance the costs of acquiring, expanding, constructing, developing, improving, renovating, expanding and equipping the WSCC, the District is authorized by chapters 36.100 and 39.46 of the Revised Code of Washington (“RCW”) to issue bonds payable from tax receipts of the District; and

WHEREAS, pursuant to Resolution No. 2010-12, adopted by the Board of Directors of the District on November 12, 2010 (the “2010 Bond Resolution”) and the Trust Agreement dated as of November 1, 2010 between the District and the Trustee (the “2010 Series Agreement”), the District issued its Lodging Tax Bonds, 2010A and its Lodging Tax Bonds, 2010B (Build America Bonds – Direct Payment); and

WHEREAS, the 2010 Bond Resolution and the 2010 Series Agreement provided for the issuance of Additional First Priority Bonds and Subordinate Priority WSCC Obligations secured by Lodging Tax Revenue and the Trust Estate (each as defined herein) so long as certain requirements are satisfied; and

WHEREAS, the District now desires to enter into this Master Agreement in order to provide for the issuance from time to time of Additional First Priority Bonds and Subordinate Priority WSCC Obligations and for the receipt of Lodging Tax Revenues and their disbursement to secure the repayment of First Priority Bonds and Subordinate Priority WSCC Obligations as provided herein;

NOW, THEREFORE, THIS MASTER TRUST AGREEMENT

WITNESSETH:

GRANTING CLAUSES

The District, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the First Priority Bonds and the Subordinate Priority WSCC Obligations by the Owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, to secure the payment of the principal of and interest on the First Priority Bonds and the Subordinate Priority WSCC Obligations according to their tenor and effect and the performance and observance by the District of all the covenants expressed or implied herein and in the First Priority Bonds and the Subordinate Priority WSCC Obligations, does hereby bargain, sell, convey, mortgage, assign, pledge and grant, without recourse, the Trust Estate in trust to the Trustee and its successors and assigns forever all of the following (collectively, the "Trust Estate"):

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, to the Trustee and its respective successors and assigns in trust until discharged in accordance with this Master Agreement:

I.

All right, title and interest of the District in the Interlocal Agreement, including but not limited to all right, title and interest of the District in and to the Lodging Tax Revenues;

II.

All funds and accounts established and/or maintained under this Master Agreement and the investments thereof, if any, and money, securities and obligations therein, including all federal subsidy payments received for the 2010B Bonds issued as Build America Bonds and all other pledged federal subsidies (subject to disbursements from any such fund or account upon the conditions set forth in this Master Agreement); and

III.

To the extent not covered hereinabove, all proceeds of all of the foregoing;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of First Priority Bonds issued under and secured by this Master Agreement without privilege, priority or distinction as to the priority or otherwise of any of the First Priority Bonds over any of the other First Priority Bonds and, on a subordinate basis, for the equal and proportionate benefit, security and protection of all present and future Owners of Subordinate Priority WSCC Obligations issued under and secured by this Master Agreement without privilege, priority or distinction as to

the priority or otherwise of any of the Subordinate Priority WSCC Obligations over any of the other Subordinate Priority WSCC Obligations;

PROVIDED, HOWEVER, that if the District, its successors or its assigns shall pay, or cause to be paid, the principal of and interest on all Outstanding First Priority Bonds and all Outstanding Subordinate Priority WSCC Obligations due or to become due thereon, at the times and in the manner mentioned in the First Priority Bonds or the Subordinate Priority WSCC Obligations, respectively, or shall provide, as permitted hereby, for the payment thereof in accordance with this Master Agreement and/or the documents authorizing the issuance of such First Priority Bonds or Subordinate Priority WSCC Obligations, as applicable, and keep, perform and observe all the covenants and conditions pursuant to the terms of this Master Agreement to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as provided in this Master Agreement and/or the documents authorizing the issuance of such First Priority Bonds or Subordinate Priority WSCC Obligations, as applicable, this Master Agreement and the rights hereby granted shall cease, terminate and be void, and the Trustee shall thereupon cancel and discharge this Master Agreement and execute and deliver to the District such instruments in writing as shall be requisite to evidence the discharge hereof.

THIS MASTER AGREEMENT FURTHER WITNESSETH that the District does hereby covenant to and agree with the Trustee, for the benefit of the Owners from time to time of the First Priority Bonds and the Subordinate Priority WSCC Obligations, as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION; BOND TERMS

SECTION 1.01. Definitions and Interpretation.

(a) *Definitions.* The following words, terms and phrases shall have the following meanings, unless the context or use indicates another meaning or intent:

Accreted Value means (1) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the initial principal amount of such First Priority Bonds or Subordinate Priority WSCC Obligations, as applicable, plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such First Priority Bonds or Subordinate Priority WSCC Obligations, as applicable, plus the amount of discounted principal which has accreted since the date of issue. In each case the Accreted Value shall be determined in accordance with the provisions of the Series Agreement authorizing the issuance of such First Priority Bonds or Subordinate Priority WSCC Obligations, respectively.

Additional First Priority Bonds means any obligations incurred pursuant to Section 3.02 of this Master Agreement and, so long as the 2010B Bonds remain Outstanding, Section 15 of the 2010 Bond Resolution.

Additional Subordinate Priority WSCC Obligations means any obligations incurred pursuant to Section 3.03 of this Master Agreement.

Additional Lodging Tax means the excise tax on the sale of or charge made for the furnishing of lodging imposed by the District pursuant to RCW 36.100.040(5) at the rate of 2% within the portion of the District that corresponds to the boundaries of the City of Seattle.

Additional Lodging Tax Revenues mean the revenues generated by the Additional Lodging Tax that the District is entitled to collect.

Amendment Effective Date means the date that the Registered Owners of a majority in aggregate principal amount or Accreted Value of the First Priority Bonds then Outstanding consent to the amendment to the 2010 Bond Resolution and the 2010 Series Agreement as set forth in Section 8.07 of this Master Agreement.

Annual Debt Service means (a) for First Priority Bonds, the total amount of Debt Service for Outstanding First Priority Bonds in any Fiscal Year or Base Period, and (b) for Subordinate Priority WSCC Obligations, the total amount of Subordinate Priority Debt Service for Outstanding Subordinate Priority WSCC Obligations in any Fiscal Year or Base Period.

Authorized Investments means Permitted Investment Instruments listed in Section 6 of the District's Investment Policy prepared November, 2016, as may be amended from time to time. The District shall provide the District's Investment Policy to the Trustee upon request of the Trustee.

Available Balance(s) means the dollar amount, if any, remaining on hand in the Lodging Tax Account after confirmation by the Trustee that the Required Monthly Deposit for that month has been made.

Balloon Maturity Bonds means any First Priority Bonds or Subordinate Priority WSCC Obligations that are so designated as "Balloon Maturity Bonds" in the Series Agreement pursuant to which such First Priority Bonds or Subordinate Priority WSCC Obligations, respectively, are issued. Commercial paper (obligations with a maturity of not more than 270 days from their Date of Issue) shall be deemed to be Balloon Maturity Bonds.

Base Period means (a) with respect to the issuance of a series of Additional First Priority Bonds, any consecutive 12 month period selected by the Designated District Representative out of the 24 month period next preceding the date of issuance of such Additional First Priority Bonds, and (b) with respect to the issuance of a series of Additional Subordinate Priority WSCC Obligations, any consecutive 12 month period selected by the Designated District Representative out of the 24 month period next preceding the date of issuance of such Additional Subordinate Priority WSCC Obligations.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Underwritten Bonds (including persons holding Underwritten Bonds through nominees, depositories or other intermediaries).

Board means the Board of Directors of the District, the general legislative body of the District, as constituted from time to time.

Bond Fund means the "Washington State Convention Center Public Facilities District Lodging Tax Bond Fund" maintained with the Trustee.

Bond Counsel means Pacifica Law Group LLP or an attorney at law or a firm of attorneys, selected by the District, of nationally recognized standing in matters pertaining to the tax exempt nature of interest on bonds issued by states and their political subdivisions.

Bond Register means the registration books maintained by the Trustee for the purpose of identifying ownership of each series of First Priority Bonds and Subordinate Priority WSCC Obligations.

Build America Bonds means bonds issued under authority of Section 54AA of the Code, enacted by the American Recovery and Reinvestment Act of 2009.

Capital Appreciation Bonds means First Priority Bonds or Subordinate Priority WSCC Obligations all or a portion of the interest on which is compounded, accumulated and payable only upon redemption, conversion or on the maturity date of such First Priority Bonds or Subordinate Priority WSCC Obligations, respectively. If so provided in the resolution or Series Agreement authorizing their issuance, First Priority Bonds and Subordinate Priority WSCC Obligations may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which First Priority Bonds or Subordinate Priority WSCC Obligations, as applicable, no longer are Capital Appreciation Bonds, such First Priority Bonds or Subordinate Priority WSCC Obligations shall be deemed Outstanding in a principal amount equal to their Accreted Value.

Chair means the Chair of the Board.

Code means the Internal Revenue Code of 1986 as in effect on the date of issuance of a series of Tax-Exempt Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of such series of Tax-Exempt Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

Common Reserve Fund means the "Washington State Convention Center Public Facilities District Lodging Tax Bond Common Reserve Fund" maintained with the Trustee.

Common Reserve Requirement – First Priority means maximum Annual Debt Service with respect to Outstanding Covered Bonds. The Common Reserve Requirement – First Priority shall be determined and calculated as of the date of issuance of each series of Covered Bonds

(and recalculated upon the issuance of a subsequent series of Covered Bonds and also, at the District's option, upon the payment of principal of Covered Bonds).

Common Reserve Requirement – Subordinate Priority means maximum Annual Debt Service with respect to Outstanding Subordinate Priority Covered Bonds. The Common Reserve Requirement – Subordinate Priority shall be determined and calculated as of the date of issuance of each series of Subordinate Priority Covered Bonds (and recalculated upon the issuance of a subsequent series of Subordinate Priority Covered Bonds and also, at the District's option, upon the payment of principal of Subordinate Priority Covered Bonds).

Continuing Disclosure Certificate means the written undertaking for the benefit of the owners and Beneficial Owners of each series of First Priority Bonds and Subordinate Priority WSCC Obligations if and to the extent required by the Rule.

Convention Center Act means chapter 15, Washington Laws of 2010 (SSB 6889), codified at chapter 36.100 RCW, as amended.

County means King County, Washington.

Covered Bonds means the 2010B Bonds and those Additional First Priority Bonds, if any, designated in a Series Agreement as Covered Bonds secured by the Common Reserve Fund.

A **Credit Event** occurs when (a) a Qualified Letter of Credit terminates, (b) the issuer of Qualified Insurance or a Qualified Letter of Credit shall become insolvent or no longer be in existence, or (c) the issuer of a Qualified Letter of Credit is no longer rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies or the issuer of the Qualified Insurance is no longer rated in one of the two highest Rating Categories by one or more of the Rating Agencies for unsecured debt or insurance underwriting or claims paying ability.

Credit Facility means a policy of municipal bond insurance, a letter of credit, surety bond, guarantee or other financial instrument or any combination of the foregoing, which obligates a third party to make payment or provide funds for the payment of financial obligations of the District, including but not limited to payment of the scheduled principal of and interest on First Priority Bonds or Subordinate Priority WSCC Obligations, as applicable.

Credit Facility Issuer means the issuer of any Credit Facility.

Date of Issue means the date on which any First Priority Bonds or Subordinate Priority WSCC Obligations are executed and delivered to the original purchaser(s) thereof.

Debt Service means, with respect to First Priority Bonds, for any period of time and for the purpose of determining compliance with the conditions for issuance of Additional First Priority Bonds and for the purpose of calculating the applicable Reserve Requirement and unless otherwise provided,

(a) with respect to any Outstanding Original Issue Discount Bonds or Capital Appreciation Bonds that are not designated as Balloon Maturity Bonds in the resolution or Series Agreement authorizing their issuance, the principal amount equal to the Accreted Value thereof maturing or scheduled for redemption in such period, including the interest payable during such period and unless otherwise provided in Section 20 of the 2010 Bond Resolution or Section 3.05 of this Master Agreement with respect to Derivative Products;

(b) with respect to any Outstanding Fixed Rate Bonds, an amount equal to (1) the principal amount of such First Priority Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (2) the amount of any payments required to be made during such period into any sinking fund established for the payment of the principal of any such First Priority Bonds, plus (3) all interest payable during such period on any such First Priority Bonds Outstanding and, with respect to First Priority Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such First Priority Bonds on the date specified in the resolution or Series Agreement authorizing such First Priority Bonds; and

(c) with respect to all other series of First Priority Bonds Outstanding, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and First Priority Bonds bearing variable rates of interest, an amount for any period equal to the amount which would be payable (1) as principal on such First Priority Bonds during such period (computed on the assumption that the amount of First Priority Bonds Outstanding as of the date of such computation would be amortized in accordance with the mandatory redemption provisions, if any, set forth in the Series Agreement authorizing the issuance of such First Priority Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance to provide for essentially level annual debt service during such period) plus (2) interest at an interest rate equal to (A) the 10-year average of the SIFMA Municipal Swap Index, plus (B) 1.5%.

With respect to any First Priority Bonds payable in other than U.S. Dollars, Debt Service shall be calculated as provided in the resolution or Series Agreement authorizing the issuance of such First Priority Bonds.

Debt Service also shall be net of any principal and/or interest (not including any amount deposited in any reserve account for payment of principal and/or interest) funded from proceeds of any First Priority Bonds or from earnings thereon. For the purpose of determining compliance with the conditions for issuance of Additional First Priority Bonds and for the purpose of calculating the applicable Reserve Requirement, Debt Service also shall be net of First Priority Debt Service Offsets unless otherwise provided in the applicable resolution or Series Agreement.

Debt Service shall include reimbursement obligations (and interest accruing thereon) then owing to any Credit Facility Issuer or Liquidity Facility Issuer to the extent authorized in the Series Agreement or resolution.

Debt Service Payment Date means an Interest Payment Date or a Principal Payment Date.

Default has the meaning provided in Section 4.01 of this Master Agreement and, so long as the 2010B Bonds remain Outstanding, Section 23 of the 2010 Bond Resolution.

Derivative Facility means a letter of credit, an insurance policy, a surety bond or other credit enhancement device, given, issued or posted as security for the District's obligations under one or more Derivative Products.

Derivative Payment Date means any date specified in the Derivative Product on which a District Payment is due and payable under the Derivative Product.

Derivative Product means a written contract or agreement between the District and a Reciprocal Payor that has (or whose obligations are unconditionally guaranteed by a party that has) (as of the date of the Derivative Product) at least an investment grade rating from a Rating Agency (provided, however, that if the District's First Priority Bonds or Subordinate Priority WSCC Obligations, as applicable, are rated by a Rating Agency, then the Reciprocal Payor shall have a rating by that Rating Agency at least as high as that of the District) which provides that the District's obligations thereunder will be conditioned on the performance by the Reciprocal Payor of its obligations under the agreement, and

(a) under which the District is obligated to pay, on one or more scheduled and specified Derivative Payment Dates, the District Payments in exchange for the Reciprocal Payor's obligation to pay or to cause to be paid to the District, on scheduled and specified Derivative Payment Dates, the Reciprocal Payments;

(b) for which the District's obligations to make District Payments are secured by a pledge and assignment of the Lodging Tax Revenues and the Trust Estate on an equal and ratable basis with the Outstanding First Priority Bonds or the Subordinate Priority WSCC Obligations, as applicable;

(c) under which Reciprocal Payments are to be made directly into the Bond Fund;

(d) for which the District Payments are either specified to be one or more fixed amounts or are determined as provided by the Derivative Product; and

(e) for which the Reciprocal Payments are either specified to be one or more fixed amounts or are determined as set forth in the Derivative Product.

Designated District Representative means the Chair of the Board, the Vice-Chair of the Board, the President and/or the District Treasurer, or their written designee, or the successors to such offices. The signature of one Designated District Representative shall be sufficient to bind the District.

Direct Purchase Bonds means any series of First Priority Bonds or Subordinate Priority WSCC Obligations sold to a Direct Purchaser for its own account pursuant to this Master Agreement and a Series Agreement.

Direct Purchaser means any bank or other financial institution selected to purchase one or more Direct Purchase Bonds.

District means the Washington State Convention Center public facilities district, a political subdivision duly organized and existing by virtue of the Constitution and laws of the State. The District may do business as the Washington State Convention Center.

District Payment means any regularly scheduled payment (designated as such by a supplemental resolution) required to be made by or on behalf of the District under a Derivative Product and which is in an amount set forth, or determined according to a formula set forth, in the Derivative Product.

District Treasurer or **Treasurer** means the Director of Finance of the District, or any other public officer as may hereafter be designated pursuant to law to have the custody of District funds.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for a series of Underwritten Bonds pursuant to this Master Agreement.

Extended Lodging Tax means the excise tax on the sale of or charge made for the furnishing of lodging authorized by Section Chapter 245, Laws of 2018 and imposed by the District on any premises having fewer than 60 units subject to tax under chapter 82.08 RCW at the rate of 7% within the portion of the District that corresponds to the boundaries of the City of Seattle and 2.8% in the remainder of the District, excluding the portion of the tax required by RCW 36.100.040(14) and (15) to be paid to the City of Seattle and the County.

Extended Lodging Tax Revenues mean the revenues generated by the Extended Lodging Tax that the District is entitled to collect.

Fair Market Value means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm's-length transaction, except for specified investments as described in Treasury Regulation § 1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the term "investment" will include a hedge.

Federal Tax Certificate means the certificate executed by a Designated District Representative setting forth the requirements of the Code for maintaining the tax exemption of interest on any series of Tax-Exempt Bonds, and attachments thereto.

First Priority Bonds means the 2010B Bonds and any Additional First Priority Bonds issued from time to time pursuant to this Master Agreement and a Series Agreement. The term **First Priority Bonds** may include reimbursement obligations of the District to the issuer of a Credit Facility that provides for the payment of the scheduled principal of and interest on First Priority Bonds.

First Priority Debt Service Offsets means receipts of the District from the federal government that are legally available and pledged by the District to pay debt service on First Priority Bonds. For purposes of the 2010B Bonds, the subsidy payments received and to be received for Build America Bonds and identified on Exhibit A to the 2010 Series Agreement are First Priority Debt Service Offsets.

Fiscal Year means the fiscal year used by the District at any time. As of the date of this Master Agreement, the Fiscal Year for the District is the 12-month period ending on December 31.

Fitch means Fitch, Inc., organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody's) designated by the Designated District Representative.

Fixed Rate Bonds means those First Priority Bonds or Subordinate Priority WSCC Obligations, other than Capital Appreciation Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds, in which the rate of interest on such First Priority Bonds or Subordinate Priority WSCC Obligations, as applicable, is fixed and determinable through their final maturity or for a specified period of time. If so provided in the resolution or Series Agreement authorizing their issuance, First Priority Bonds and/or Subordinate Priority WSCC Obligations may be deemed to be Fixed Rate Bonds for only a portion of their term. Fixed Rate Bonds also shall include two or more series of First Priority Bonds simultaneously issued and which, collectively, bear interest at a fixed and determinable rate for a specified period of time. Fixed Rate Bonds also shall include two or more series of Subordinate Priority WSCC Obligations simultaneously issued and which, collectively, bear interest at a fixed and determinable rate for a specified period of time.

Government Obligations means direct obligations of the United States and obligations unconditionally guaranteed by the United States.

Interest Account means the account of such name authorized to be created and maintained in the Bond Fund.

Interest Payment Date means each date on which a payment of interest on a series of First Priority Bonds and/or Subordinate Priority WSCC Obligations, as applicable, is due and payable.

Interlocal Agreement means the Interlocal Agreement dated November 19, 2010, as it may be amended from time to time, between and among the District, the State Treasurer and the State of Washington Department of Revenue.

Irrevocable Deposit means the irrevocable deposit of money or Government Obligations in order to provide for the payment of all or a portion of the principal of, premium, if any, and interest on any First Priority Bonds or Subordinate Priority WSCC Obligations in accordance with their terms.

Letter of Representations means the blanket issuer letter of representations from the District to DTC.

Liquidity Facility means a line of credit, standby purchase agreement or other financial instrument or any combination of the foregoing, which obligates a third party to make payment or to provide funds for the payment of the purchase price of First Priority Bonds and/or Subordinate Priority WSCC Obligations, as applicable.

Liquidity Facility Issuer means the issuer of any Liquidity Facility.

Lodging Tax Account means the "Washington State Convention Center Public Facilities District – Lodging Tax Account" maintained in the office of the Trustee for the purpose of receiving all Lodging Tax Revenues.

Lodging Tax Revenues means the Regular Lodging Tax Revenues, Extended Lodging Tax Revenues and Additional Lodging Tax Revenues.

Moody's means Moody's Investors Service Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term Moody's shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or S&P) selected by the Designated District Representative.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions.

Note means the promissory note from the District to the County evidencing the District's payment obligations in connection with the acquisition of property under a Purchase and Sale Agreement dated July 25, 2017.

Operating Reserve Account means the account of such name created under the 2010 Bond Resolution and held by the District.

Original Issue Discount Bonds means First Priority Bonds or Subordinate Priority WSCC Obligations, as applicable, which are sold at an initial public offering price of less than

95% of their respective face value and which are specifically designated as Original Issue Discount Bonds in the Series Agreement or resolution authorizing their issuance.

Outstanding, means, depending on the context:

(a) When used as of any particular time with reference to 2010B Bonds, means all 2010B Bonds executed by the District and authenticated and delivered by the Trustee under the 2010 Series Agreement which have not been paid or cancelled by the Trustee or surrendered to the Trustee for cancellation, the payment of which has not been fully provided for pursuant to Section 12 of the 2010 Bond Resolution;

(b) With respect to Additional First Priority Bonds, means all Additional First Priority Bonds of a series theretofore executed by the District and authenticated and delivered by the Trustee under a Series Agreement which have not been paid or cancelled by the Trustee or surrendered to the Trustee for cancellation, the payment of which has not been fully provided for pursuant to Article VII of this Master Agreement; and

(c) With respect to Subordinate Priority WSCC Obligations, means all Subordinate Priority WSCC Obligations of a series theretofore executed by the District and authenticated and delivered by the Trustee under a Series Agreement which have not been paid or cancelled by the Trustee or surrendered to the Trustee for cancellation, the payment of which has not been fully provided for pursuant to Article VII of this Master Agreement.

Owner or Bond Owner, whenever used herein with respect to a First Priority Bond, means the person in whose name such First Priority Bond is registered on the Bond Register and whenever used herein with respect to a Subordinate Priority WSCC Obligation, means the person in whose name such Subordinate Priority WSCC Obligation is registered on the Bond Register.

President means the President/Chief Executive Officer of the WSCC or the successor in function to the President/Chief Executive Officer.

Principal Account means the account of such name authorized to be created and maintained in the Bond Fund.

Principal Payment Date means each date on which a payment of principal of a series of First Priority Bonds and/or Subordinate Priority WSCC Obligations is due and payable, as applicable, whether at maturity or upon a mandatory redemption date.

Project Fund means the project or construction fund, if any, authorized to be created under the terms of a Series Agreement or resolution relating to the issuance of First Priority Bonds and/or Subordinate Priority WSCC Obligations.

Qualified Insurance means any non-cancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) (i) which insurance company or companies as of the time of issuance of

such insurance are rated in one of the two highest Rating Categories by one or more of the Rating Agencies for unsecured debt or insurance underwriting or claims paying ability or (ii) if as a result of the issuance of its policies or surety bond as of the date of issuance of the policy or surety bond, the obligations insured thereby to be rated in one of the two highest Rating Categories by one or more of the Rating Agencies.

Qualified Letter of Credit means any irrevocable letter of credit issued by a financial institution, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies.

Rating Agency means Fitch, Moody's or S&P.

Rating Category means the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

Reciprocal Payment means any payment designated as such by a supplemental resolution) to be made to, or for the benefit of, the District under a Derivative Product by the Reciprocal Payor.

Reciprocal Payor means a party (other than the District) to a Derivative Product that is obligated to make one or more Reciprocal Payments thereunder.

Record Date means the close of business for the Trustee that is 15 days preceding any Debt Service Payment Date or redemption date.

Registered Owner means the person named as the registered owner of a First Priority Bond or Subordinate Priority WSCC Obligation in the Bond Register.

Registrar means, at the option of the Designated District Representative, either (i) the Trustee or (ii) the fiscal agent of the State, for the purposes of registering and authenticating, maintaining the Bond Register, effecting the transfer of ownership, and paying interest on and principal of a series of First Priority Bonds or Subordinate Priority WSCC Obligations, or any Registrar hereafter appointed by the District Treasurer.

Regular Lodging Tax means the excise tax on the sale of or charge made for the furnishing of lodging imposed by the District pursuant to RCW 36.100.040(4) on any premises having 60 or more units that is subject to tax under chapter 82.08 RCW at the rate of 7% within the portion of the District that corresponds to the boundaries of the City of Seattle and 2.8% in the remainder of the District.

Regular Lodging Tax Revenues mean the revenues generated by the Regular Lodging Tax that the District is entitled to collect at the rates in effect as of the Date of Issue of the 2010B Bonds pursuant to RCW 36.100.040(4).

Required Monthly Deposit means:

(a) With respect to First Priority Bonds with annual Principal Payment Dates and semi-annual Interest Payment Dates:

(1) With respect to the Interest Account, an amount equal to one-sixth of the interest on First Priority Bonds coming due on the upcoming Interest Payment Date, net of First Priority Debt Service Offsets; except that in connection with the Interest Payment Date coming due on January 1, 2019, such amount shall equal one-fourth of the interest on First Priority Bonds coming due on that Interest Payment Date, net of First Priority Debt Service Offsets;

(2) With respect to the Principal Account and commencing 12 months prior to the first scheduled Principal Payment Date, an amount equal to one-twelfth of the principal of First Priority Bonds coming due and payable on the upcoming Principal Payment Date;

(3) With respect to the Common Reserve Fund, the dollar amount required to establish or maintain the Common Reserve Requirement - First Priority at the times and amounts required in accordance with the terms of this Master Agreement; and

(4) With respect to any other reserve fund created for one or more series of First Priority Bonds, the dollar amount required to establish or maintain the Reserve Requirement at the times and amounts required in accordance with the terms of the applicable Series Agreement.

(b) With respect to Subordinate Priority WSCC Obligations with annual Principal Payment Dates and semi-annual Interest Payment Dates:

(1) With respect to the Subordinate Priority Interest Account, an amount equal to one-sixth of the interest on Subordinate Priority WSCC Obligations coming due on the upcoming Interest Payment Date, net of Subordinate Priority Debt Service Offsets; except that in connection with the Interest Payment Date coming due on January 1, 2019, such amount shall equal one-fourth of the interest on Subordinate Priority WSCC Obligations coming due on that Interest Payment Date, net of Subordinate Priority Debt Service Offsets;

(2) With respect to the Subordinate Priority Principal Account and commencing 12 months prior to the first scheduled Principal Payment Date, an amount equal to one-twelfth of the principal of Subordinate Priority WSCC Obligations coming due and payable on the upcoming Principal Payment Date;

(3) With respect to the Subordinate Priority Common Reserve Fund, the dollar amount required to establish or maintain the Common Reserve Requirement - Subordinate Priority at the times and amounts required in accordance with the terms of this Master Agreement; and

(4) With respect to any other reserve fund created for one or more series of Subordinate Priority WSCC Obligations, the dollar amount required to establish or maintain the

Reserve Requirement at the times and amounts required in accordance with the terms of the applicable Series Agreement.

(c) With respect to all other First Priority Bonds and Subordinate Priority WSCC Obligations, the Required Monthly Deposits shall be as set forth in the applicable Series Agreement.

Required Supplemental Deposit means:

(a) With respect to First Priority Bonds, (1) the amount, if required, to pay the Required Monthly Deposits if the Trustee has not received a disbursement from the State Treasurer or other sources on or prior to the 24th day of any month sufficient to make the Required Monthly Deposits and (2) the amount, if required, to pay the principal of and/or interest on the First Priority Bonds coming due on an upcoming Debt Service Payment Date if and to the extent that the Trustee does not have on deposit in the Interest Account an amount sufficient to pay interest on First Priority Bonds coming due on the upcoming Interest Payment Date or does not have on deposit in the Principal Account an amount sufficient to pay principal of the First Priority Bonds maturing or coming due on the upcoming Principal Payment Date as of the 24th day of the month immediately prior to the Debt Service Payment Date; and

(b) With respect to Subordinate Priority WSCC Obligations, (1) the amount, if required, to pay the Required Monthly Deposits if the Trustee has not received a disbursement from the State Treasurer or other sources on or prior to the 24th day of any month sufficient to make the Required Monthly Deposits and (2) the amount, if required, to pay the principal of and/or interest on the Subordinate Priority WSCC Obligations coming due on an upcoming Debt Service Payment Date if and to the extent that the Trustee does not have on deposit in the Subordinate Priority Interest Account an amount sufficient to pay interest on Subordinate Priority WSCC Obligations coming due on the upcoming Interest Payment Date or does not have on deposit in the Subordinate Priority Principal Account an amount sufficient to pay principal of the Subordinate Priority WSCC Obligations maturing or coming due on the upcoming Principal Payment Date as of the 24th day of the month immediately prior to the Debt Service Payment Date.

Reserve Requirement means:

(a) With respect to Covered Bonds, the Common Reserve Requirement - First Priority;

(b) With respect to Uncovered Bonds, the amount, if any, specified in the applicable Series Agreement, which may be zero;

(c) With respect to Subordinate Priority Covered Bonds, the Common Reserve Requirement - Subordinate Priority; and

(d) With respect to Subordinate Priority WSCC Obligations not secured by the Subordinate Priority Common Reserve Fund, the amount, if any, specified in the applicable Series Agreement, which may be zero.

Rule means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as amended from time to time.

S&P means S&P Global Ratings, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term S&P shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's or Fitch) selected by the Designated District Representative.

SEC means the Securities and Exchange Commission.

Series Agreement means the indenture or trust agreement between the District and the Trustee relating to and/or providing for the issuance of a series of First Priority Bonds or Subordinate Priority WSCC Obligations, which shall provide for the name of, the principal and interest payment dates and amounts for, the redemption/prepayment rights, and any other terms applicable to a series of First Priority Bonds or Subordinate Priority WSCC Obligations as determined to be necessary by the District.

SIFMA Municipal Swap Index means the Securities Industry and Financial Markets Association Municipal Swap Index as of the most recent date for which such index was published or such other weekly, high grade index comprised of seven day, tax exempt variable rate demand notes produced by Municipal Market Data, Inc., or its successor, or as otherwise designated by the Securities Industry and Financial Markets Association; provided, however, that, if such index is no longer produced by Municipal Market Data, Inc. or its successor, then SIFMA Municipal Swap Index shall mean such other reasonably comparable index selected by the Designated District Representative.

State means the State of Washington.

State Treasurer means the office of the state treasurer of the State.

Subordinate Priority Bond Fund means the "Washington State Convention Center Public Facilities District Lodging Tax Subordinate Priority Bond Fund" maintained with the Trustee.

Subordinate Priority Common Reserve Fund means the "Washington State Convention Center Public Facilities District Lodging Tax Subordinate Priority Common Reserve Fund" maintained with the Trustee.

Subordinate Priority Covered Bonds means those Subordinate Priority WSCC Obligations, if any, designated in a Series Agreement as Subordinate Priority Covered Bond secured by the Subordinate Priority Common Reserve Fund.

Subordinate Priority Debt Service means, with respect to Subordinate Priority WSCC Obligations, for any period of time and for the purpose of determining compliance with the conditions for issuance of Additional Subordinate Priority WSCC Obligations and for the purpose of calculating the applicable Reserve Requirement and unless otherwise provided,

(a) with respect to any Outstanding Original Issue Discount Bonds or Capital Appreciation Bonds that are not designated as Balloon Maturity Bonds in the Series Agreement authorizing their issuance, the principal amount equal to the Accreted Value thereof maturing or scheduled for redemption in such period, including the interest payable during such period and unless otherwise provided in Section 3.05 of this Master Agreement with respect to Derivative Products;

(b) with respect to any Outstanding Fixed Rate Bonds, an amount equal to (1) the principal amount of such Subordinate Priority WSCC Obligations due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (2) the amount of any payments required to be made during such period into any sinking fund established for the payment of the principal of any such Subordinate Priority WSCC Obligations, plus (3) all interest payable during such period on any such Subordinate Priority WSCC Obligations Outstanding and, with respect to Subordinate Priority WSCC Obligations with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such Subordinate Priority WSCC Obligations on the date specified in the Series Agreement authorizing such Subordinate Priority WSCC Obligations; and

(c) with respect to all other series of Subordinate Priority WSCC Obligations Outstanding, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and Subordinate Priority WSCC Obligations bearing variable rates of interest, an amount for any period equal to the amount which would be payable (1) as principal on such Subordinate Priority WSCC Obligations during such period (computed on the assumption that the amount of Subordinate Priority WSCC Obligations Outstanding as of the date of such computation would be amortized in accordance with the mandatory redemption provisions, if any, set forth in the Series Agreement authorizing the issuance of such Subordinate Priority WSCC Obligations, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance to provide for essentially level annual debt service during such period) plus (2) interest at an interest rate equal to (A) the 10-year average of the SIFMA Municipal Swap Index, plus (B) 1.5%.

With respect to any Subordinate Priority WSCC Obligations payable in other than U.S. Dollars, Debt Service shall be calculated as provided in the Series Agreement authorizing the issuance of such Subordinate Priority WSCC Obligations.

Debt Service also shall be net of any principal and/or interest (not including any amount deposited in any reserve account for payment of principal and/or interest) funded from proceeds of any Subordinate Priority WSCC Obligations or from earnings thereon. For the purpose of

determining compliance with the conditions for issuance of Additional Subordinate Priority WSCC Obligations and calculating the applicable Reserve Requirement, Debt Service also shall be net of Subordinate Priority Debt Service Offsets unless otherwise provided in the applicable Series Agreement.

Debt Service shall include reimbursement obligations (and interest accruing thereon) then owing to any Credit Facility Issuer or Liquidity Facility Issuer to the extent authorized in the Series Agreement or Supplemental Series Agreement.

Subordinate Priority Debt Service Offsets means receipts of the District from the federal government that are legally available and pledged by the District to pay debt service on Subordinate Priority WSCC Obligations.

Subordinate Priority Interest Account means the account of such name authorized to be created and maintained in the Subordinate Priority Bond Fund.

Subordinate Priority Principal Account means the account of such name authorized to be created and maintained in the Subordinate Priority Bond Fund.

Subordinate Priority WSCC Obligations mean any obligations of the District issued from time to time pursuant to this Master Agreement and a Series Agreement and secured by Lodging Tax Revenue and the Trust Estate and having a claim thereon subordinate to the claim of the First Priority Bonds, including Additional Subordinate Priority WSCC Obligations. The term **Subordinate Priority WSCC Obligations** may include reimbursement obligations of the District to the issuer of a Credit Facility that provides for the payment of the scheduled principal of and interest on Subordinate Priority WSCC Obligations.

Supplemental Master Agreement means an indenture or trust agreement between the District and the Trustee supplementing or amending this Master Agreement.

Supplemental Series Agreement means an indenture or trust agreement between the District and the Trustee supplementing or amending a Series Agreement.

Tax-Exempt Bonds mean any series of First Priority Bonds or Subordinate Priority WSCC Obligations determined to be issued on a tax-exempt or tax advantaged basis under the Code.

Term Bonds mean any First Priority Bonds or Subordinate Priority WSCC Obligations identified as Term Bonds in the applicable Series Agreement.

Transfer Agreement means the Transfer Agreement dated November 30, 2010, as it may be amended from time to time, between the State Treasurer and the District pursuant to Section 8 of the Convention Center Act.

Trust Estate means the funds, accounts and rights identified in the granting clauses of this Master Agreement and, so long as the 2010B Bonds remain Outstanding, in the granting clauses of the 2010 Series Agreement.

Trustee means U.S. Bank National Association and shall include any successor as provided in this Master Agreement.

Uncovered Bonds means any Additional First Priority Bonds that will not be secured by the Common Reserve Fund.

Underwriters mean any underwriter, in the case of a negotiated sale, or initial purchaser, in the case of a competitive sale, for any series of Underwritten Bonds issued pursuant to this Master Agreement and a Series Agreement.

Underwritten Bonds means any series of First Priority Bonds or Subordinate Priority WSCC Obligations sold pursuant to a negotiated or competitive sale by the District pursuant to this Master Agreement.

WSCC means the Washington State Convention Center.

2010 Bond Resolution means Resolution No. 2010-12, adopted by the Board on November 12, 2010 relating to the issuance of the 2010B Bonds, as amended and as it may be further amended from time to time.

2010B Bonds mean the District's Lodging Tax Bonds, 2010B (Taxable Build America Bonds – Direct Payment) issued in the original principal amount of \$300,550,000 on November 30, 2010.

2010 Series Agreement means the Trust Agreement dated as of November 1, 2010 between the District and the Trustee relating to the issuance of the 2010B Bonds, as it may be amended from time to time pursuant to a Supplemental Series Agreement. The 2010 Series Agreement is a Series Agreement.

(b) **Rules of Construction.** Unless the context otherwise requires:

(1) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Master Agreement, as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before the date of this Master Agreement.

(2) Words of any gender shall mean and include correlative words of any other gender and words importing the singular number shall mean and include the plural number and vice versa.

(3) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(4) Any headings preceding the text of the several articles and Sections of the this Master Agreement and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Master Agreement, nor shall they affect its meaning, construction or effect.

(5) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses thereof.

(6) Whenever any consent or direction is required to be given by the District, such consent or direction shall be in writing and be deemed given when given by the Designated District Representative or his or her designee, respectively, and all references herein to the Designated District Representative shall be deemed to include references to his or her designee, as the case may be.

SECTION 1.02. Issuance of First Priority Bonds and Subordinate Priority WSCC Obligations.

(a) *General.* For the purpose of financing, refinancing, and/or reimbursing the District for the costs of acquiring, constructing, improving, developing, expanding, and equipping the WSCC, funding or purchasing Qualified Insurance or Qualified Letter of Credit for one or more reserve funds, and paying related costs of issuance, the District may issue Additional First Priority Bonds and Subordinate Priority WSCC Obligations from time to time under the terms of this Master Agreement. All Additional First Priority Bonds and Subordinate Priority WSCC Obligations shall be authorized by resolution of the Board and a Series Agreement, and shall be payable from Lodging Tax Revenues and further secured by a pledge and assignment of the Trust Estate as provided herein.

All Additional First Priority Bonds shall be general obligations of the District and shall be designated “Washington State Convention Center Public Facilities District Lodging Tax Bonds” with series or other such designation as set forth in the applicable Series Agreement. The First Priority Bonds of a series shall be dated as of their Date of Issue, shall be fully registered as to both principal and interest, and shall be sold from time to time as either Direct Purchase Bonds or Underwritten Bonds, as provided for in the applicable Series Agreement. Notwithstanding the forgoing, the issuance of any Additional First Priority Bonds shall be subject to the terms set forth in Section 3.02 of this Master Agreement and, so long as the 2010B Bonds remain Outstanding, Section 15 of the 2010 Bond Resolution.

All Subordinate Priority WSCC Obligations shall be general obligations of the District and shall be designated “Washington State Convention Center Public Facilities District Subordinate Lodging Tax Bonds” with series or other such designation as set forth in the applicable Series Agreement. The Subordinate Priority WSCC Obligations of a series shall be dated as of their Date of Issue, shall be fully registered as to both principal and interest, and shall

be sold from time to time as either Direct Purchase Bonds or Underwritten Bonds, as provided for in the applicable Series Agreement. Notwithstanding the forgoing, the issuance of any Additional Subordinate Priority WSCC Obligations shall be subject to the terms set forth in Section 3.03 of this Master Agreement.

(b) *Underwritten Bonds.* Any series of Additional First Priority Bonds or Subordinate Priority WSCC Obligations may be sold as Underwritten Bonds. Underwritten Bonds shall be issued in denominations as set forth in the applicable Series Agreement; shall be numbered separately in such manner and with any additional designation as the Trustee deems necessary for purposes of identification; shall bear interest payable on the dates set forth in the applicable Series Agreement; and shall be subject to optional and/or mandatory redemption and mature on the dates and in the principal amounts set forth in the applicable Series Agreement.

(c) *Direct Purchase Bonds.* Any series of Additional First Priority Bonds or Subordinate Priority WSCC Obligations may be sold as Direct Purchase Bonds. Direct Purchase Bonds shall be dated as of the date of delivery to the Direct Purchaser, shall be fully registered as to both principal and interest and shall mature on the date set forth in the applicable Series Agreement. Direct Purchase Bonds shall bear interest from the dated date or the most recent date to which interest has been paid at the interest rate set forth in the applicable Series Agreement. Principal of and interest on Direct Purchase Bonds shall be payable at the times and in the amounts as set forth in the payment schedule attached to the Direct Purchase Bond.

(d) *Conditions of Issuance.* Prior to the authentication and delivery of any Additional First Priority Bonds or Subordinate Priority WSCC Obligations by the Trustee, there shall have been filed with the Trustee each of the following:

- (1) This Master Agreement, duly executed;
- (2) The applicable Series Agreement, duly executed;
- (3) A certified and conformed copy of the applicable authorizing resolution of the Board;
- (4) A conformed copy of the executed Interlocal Agreement;
- (5) For any Tax-Exempt Bonds, the applicable Federal Tax Certificate, duly executed;
- (6) For any Additional First Priority Bonds or Subordinate Priority WSCC Obligations subject to the Rule, the applicable Continuing Disclosure Certificate, duly executed; and
- (7) The final approving opinion(s) of Bond Counsel addressed to the District and the Trustee, duly executed.

The Trustee shall be authorized to rely upon the fact of such delivery in authenticating and delivering the Additional First Priority Bonds and Subordinate Priority WSCC Obligations but shall not be required to make any independent investigation of the contents or underlying facts of any such agreements, policies, opinions or other documents.

SECTION 1.03. Redemption and Purchase.

(a) *Optional Redemption.* All Additional First Priority Bonds and Subordinate Priority WSCC Obligations shall be subject to optional redemption and/or extraordinary optional redemption on the dates, at the prices and under the terms and to the extent, if any, set forth in the applicable Series Agreement.

(b) *Mandatory Redemption.* All Additional First Priority Bonds and Subordinate Priority WSCC Obligations shall be subject to mandatory redemption and/or extraordinary mandatory redemption to the extent, if any, set forth in the applicable Series Agreement.

(c) *Selection for Redemption.* If the Underwritten Bonds of a series are held in book entry only form, the selection of particular Underwritten Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Underwritten Bonds of a series are no longer held by a depository, the selection of such Underwritten Bonds of such series to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c), except as otherwise provided in the applicable Series Agreement. If the District redeems at any one time fewer than all of the Underwritten Bonds of a series having the same maturity date, the particular Underwritten Bonds or portions of Underwritten Bonds of such series and maturity to be redeemed shall be selected by lot (or in such manner determined by the Trustee) in increments of \$5,000. In the case of an Underwritten Bond of a denomination greater than \$5,000, the District and the Trustee shall treat each Underwritten Bond as representing such number of separate Underwritten Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Underwritten Bond by \$5,000. In the event that only a portion of the principal sum of an Underwritten Bond is redeemed, upon surrender of such Underwritten Bond at the designated office of the Trustee there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, an Underwritten Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized.

(d) *Notice of Redemption.*

(1) Official Notice. Notice of any redemption of Direct Purchase Bonds shall be provided by the District to the Direct Purchaser as provided in the applicable Series Agreement.

For so long as the Underwritten Bonds of a series are held by a depository, notice of redemption shall be provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations, and no additional published or other notice shall be provided by the District. The notice of optional redemption may be conditional. Unless waived by any Owner of Underwritten Bonds to be redeemed, official notice of any such redemption (which

redemption may be conditioned by the Trustee on the receipt of sufficient funds for redemption or otherwise) shall be given by the District to the Trustee who shall give notice to DTC at least 20 days and not more than 60 days prior to the date fixed for redemption. The foregoing notice provisions of this Section, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

On or prior to any redemption date, unless such notice has been rescinded or revoked, the District shall deposit with the Trustee an amount of money sufficient to pay the redemption price of all the Underwritten Bonds or portions of Underwritten Bonds which are to be redeemed on that date. The District retains the right to rescind any redemption notice and the related optional redemption of Underwritten Bonds giving notice of rescission to DTC at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Underwritten Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

(2) Effect of Redemption. Unless the District has revoked a notice of optional redemption (or unless the District provided a conditional notice and the conditions for redemption set forth therein are not satisfied), the District shall transfer to the Trustee amounts that, in addition to other money, if any, held by the Trustee, will be sufficient to redeem, on the redemption date, all the First Priority Bonds or Subordinate Priority WSCC Obligations to be redeemed. If and to the extent that funds have been provided to the Trustee for the redemption of First Priority Bonds or Subordinate Priority WSCC Obligations then from and after the date fixed for redemption for such Bond or Obligation, interest on each such Bond or Obligation shall cease to accrue, and such Bonds or Obligations or portions thereof shall cease to be Outstanding and to be entitled to any benefit, protection or security of this Master Agreement. The Registered Owners of such First Priority Bonds or Subordinate Priority WSCC Obligations or portions thereof shall thereafter have no rights in respect thereof except to receive payment of the redemption price upon delivery of such Bonds or Obligations to the Trustee.

Any notice mailed as described above will be conclusively presumed to have been given, whether or not actually received by any Owner of a First Priority Bond or Subordinate Priority WSCC Obligation, as applicable. The failure to mail notice with respect to any First Priority Bond or Subordinate Priority WSCC Obligation will not affect the validity of the proceedings for the redemption of any other Bond or Obligation with respect to which notice was so mailed.

(e) *Amendment of Redemption Provisions.* The foregoing notice provisions of this Section, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Furthermore, notwithstanding anything herein to the contrary, the District may provide for revised or supplemental selection and notice of redemption provisions for a series of First Priority Bonds or Subordinate Priority WSCC Obligations in the applicable Series Agreement which shall be deemed to apply to such First Priority Bonds or Subordinate Priority WSCC Obligations.

(f) *Purchase of Bonds.* The District may acquire First Priority Bonds and/or Subordinate Priority WSCC Obligations by purchase of such First Priority Bonds or Subordinate Priority WSCC Obligations offered to the District at any time at such purchase price as the District deems appropriate, or by gift at any time on terms as the District deems appropriate. First Priority Bonds or Subordinate Priority WSCC Obligations so acquired need not be surrendered to the Trustee for cancellation. Any First Priority Bonds or Subordinate Priority WSCC Obligations so acquired and owned by the District shall be disregarded for purposes of any Registered Owner consent, approval or direction hereunder. The District has reserved the right to use at any time any Lodging Tax Revenues available after providing for the payments required by paragraph First through Eighth of Section 2.02(b) of this Master Agreement to purchase any of the First Priority Bonds or Subordinate Priority WSCC Obligations.

SECTION 1.04. Place and Medium of Payment. The principal of, premium, if any, and interest on all First Priority Bonds and Subordinate Priority WSCC Obligations shall be payable in lawful money of the United States of America.

Interest on any Underwritten Bonds shall be calculated on the basis of a 360-day year (twelve 30-day months), or as otherwise provided in the applicable Series Agreement. For so long as all Underwritten Bonds are in fully immobilized form, such payments of principal and interest thereon shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations.

In the event that the Underwritten Bonds are no longer in fully immobilized form, interest on the Underwritten Bonds shall be paid by check or draft mailed (or by wire transfer, without transfer fee, to a Registered Owner of such Underwritten Bonds in aggregate principal amount of \$1,000,000 or more who so requests) to the Registered Owners of the Underwritten Bonds at the addresses for such Registered Owners appearing on the Bond Register on the Record Date. Principal and premium, if any, of the Underwritten Bonds shall be payable upon presentation and surrender of such Underwritten Bonds by the Registered Owners at the principal office of the Trustee.

Interest on the principal amount of any Direct Purchase Bonds shall be calculated on the basis of a 360-day year (twelve 30-day months), or as otherwise provided in the applicable Series Agreement. Interest, principal, and premium, if any, shall be payable to the Registered Owner of any Direct Purchase Bonds as provided in the applicable Series Agreement.

SECTION 1.05. Registration.

(a) *Trustee/Bond Register.* So long as any First Priority Bonds or Subordinate Priority WSCC Obligations remain Outstanding, the Trustee shall create and maintain the Bond Register and make all necessary provisions to permit the exchange and registration of transfer of all First Priority Bonds and Subordinate Priority WSCC Obligations at its principal corporate trust office. The Trustee is authorized, on behalf of the District, to authenticate and deliver First Priority Bonds and Subordinate Priority WSCC Obligations transferred or exchanged in accordance with the provisions of such Bonds or Obligations, the applicable Series Agreement, and this Master Agreement and to carry out all of the Trustee's powers and duties under this Master Agreement and applicable Series Agreement. The Trustee shall be responsible for its representations

contained in the Certificate of Authentication on the First Priority Bonds and Subordinate Priority WSCC Obligations.

(b) *Underwritten Bonds.*

(1) *Registered Ownership.* The District and the Trustee each may deem and treat the Registered Owner of each Underwritten Bond as the absolute owner thereof for all purposes (except as provided in any Continuing Disclosure Certificate), and neither the District nor the Trustee shall be affected by any notice to the contrary. Payment of any such Underwritten Bond shall be made only as described in Section 1.04 hereof, but such Underwritten Bond may be transferred as herein provided. All such payments made as described in Section 1.04 shall be valid and shall satisfy and discharge the liability of the District upon such Underwritten Bond to the extent of the amount or amounts so paid.

(2) *DTC Acceptance/Letter of Representations.* In order to make Underwritten Bonds eligible for deposit at DTC, the District has executed and delivered to DTC the Letter of Representations.

Neither the District nor the Trustee will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Underwritten Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Underwritten Bonds, any notice which is permitted or required to be given to Registered Owners under this Master Agreement (except such notices as shall be required to be given by the District to the Trustee or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Underwritten Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Underwritten Bonds.

If any Underwritten Bond shall be duly presented for payment and funds have not been duly provided by the District on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Underwritten Bond until such Underwritten Bond is paid.

(3) *Use of Depository.*

(A) The Underwritten Bonds shall be registered initially in the name of “Cede & Co.”, as nominee of DTC, with one Underwritten Bond of each series maturing on each of the maturity dates for the Underwritten Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Underwritten Bonds, or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository appointed by the District pursuant to subsection (B) below or such substitute depository’s successor; or (iii) to any person as provided in subsection (D) below.

(B) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the District to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the District may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(C) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Trustee shall, upon receipt of all Outstanding Underwritten Bonds, together with a written request on behalf of the District, issue a single new Underwritten Bond for each series and maturity of the Underwritten Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the District.

(D) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the District determines that it is in the best interest of the Beneficial Owners of the Underwritten Bonds that such owners be able to obtain such bonds in the form of bond certificates, the ownership of such Underwritten Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The District shall deliver a written request to the Trustee, together with a supply of definitive Underwritten Bonds, to issue Underwritten Bonds as herein provided in any authorized denomination. Upon receipt by the Trustee of all then Outstanding Underwritten Bonds together with a written request on behalf of the District to the Trustee, new Underwritten Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(4) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Underwritten Bond may be registered and Underwritten Bonds may be exchanged, but no transfer of any such Underwritten Bond shall be valid unless such Underwritten Bond is surrendered to the Trustee with the assignment form appearing on such Underwritten Bond duly executed by the Registered Owner or such Registered Owner’s duly authorized agent in a manner satisfactory to the Trustee. Upon such surrender, the Trustee shall cancel the surrendered Underwritten Bond and shall authenticate and deliver, without

charge to the Registered Owner or transferee therefore, a new Underwritten Bond (or Underwritten Bonds at the option of the new Registered Owner) of the same date, series, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Underwritten Bond, in exchange for such surrendered and canceled Underwritten Bond. Any Underwritten Bond may be surrendered to the Trustee and exchanged, without charge, for an equal aggregate principal amount of Underwritten Bonds of the same date, series, maturity and interest rate, in any authorized denomination or denominations. The Trustee shall not be obligated to register the transfer or to exchange any Underwritten Bond during the 15 days preceding the date any such Underwritten Bond is to be redeemed.

(c) *Direct Purchase Bonds.*

(1) *Registrar/Bond Registrar.* The Trustee may act as Registrar for any Direct Purchase Bonds. The Registrar is authorized, on behalf of the District, to authenticate and deliver the Direct Purchase Bonds if transferred or exchanged in accordance with the provisions of the Direct Purchase Bonds and this Master Agreement and to carry out all of the Registrar’s powers and duties under this Master Agreement with respect to Direct Purchase Bonds.

(2) *Registered Ownership.* The District, the Trustee and the Registrar may deem and treat the Registered Owner of any Direct Purchase Bond as the absolute owner for all purposes, and neither the District nor the Trustee or Registrar shall be affected by any notice to the contrary.

(3) *Transfer or Exchange of Registered Ownership.* Direct Purchase Bonds shall not be transferrable without the consent of the District unless the requirements, if any, set forth in the applicable Series Agreement are satisfied.

(d) *Trustee’s Ownership of Bonds.* The Trustee may become the Registered Owner of any First Priority Bonds or Subordinate Priority WSCC Obligations with the same rights it would have if it were not the Trustee, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of First Priority Bonds or Subordinate Priority WSCC Obligations.

ARTICLE II

SECURITY AND SOURCES OF PAYMENT

SECTION 2.01. Establishment of Funds and Accounts.

(a) *Lodging Tax Account.* The Trustee has established and shall maintain the following accounts for the benefit of the Owners of all First Priority Bonds and, on a subordinate basis, all Subordinate Priority WSCC Obligations:

- (1) the Lodging Tax Account.

(b) *First Priority Bonds – Bond Fund.* The Trustee has established and shall maintain the following fund and accounts for the benefit of the Owners of all First Priority Bonds:

(1) the Bond Fund, which shall include therein;

- (A) the Interest Account; and
- (B) the Principal Account.

(c) *First Priority Bonds Reserve Funds:*

(1) The Trustee has established and shall maintain the Common Reserve Fund for the benefit of the Owners of all Covered Bonds.

(2) At the direction of the District, the Trustee shall establish additional reserve funds or accounts for a series of Uncovered Bonds, which shall be funded at the applicable Reserve Requirement. The terms related to such reserve fund shall be set forth in the applicable Series Agreement.

The Trustee may establish additional funds, accounts and subaccounts as deemed necessary or desirable.

(d) *Subordinate Priority Bond Fund.* The Trustee shall establish and maintain the following fund and accounts for the benefit of the Owners of all Subordinate Priority WSCC Obligations:

(1) the Subordinate Priority Bond Fund, which shall include therein;

- (A) the Subordinate Priority Interest Account; and
- (B) the Subordinate Priority Principal Account.

(e) *Subordinate Priority Reserve Funds:*

(1) The Trustee shall establish and maintain the Subordinate Priority Common Reserve Fund for the benefit of the Owners of all Subordinate Priority Covered Bonds.

(2) At the direction of the District, the Trustee shall establish additional reserve funds or accounts for a series of Subordinate Priority WSCC Obligations that is not secured by the Subordinate Priority Common Reserve Fund, which shall be funded at the applicable Reserve Requirement. The terms related to such reserve fund shall be set forth in the applicable Series Agreement.

The Trustee may establish additional funds, accounts and subaccounts as deemed necessary or desirable.

SECTION 2.02. Lodging Tax Account; Priority of Funds; Pledge. The Lodging Tax Account shall be maintained by the Trustee. For so long as any First Priority Bonds and Subordinate Priority WSCC Obligations remain Outstanding, all Lodging Tax Revenues shall be transferred to and deposited into the Lodging Tax Account upon their transfer from the State Treasurer.

(a) *Deposits into Lodging Tax Account.* The Trustee shall deposit the following sums into the Lodging Tax Account:

(1) On the date of receipt thereof pursuant to Section 4 of the Interlocal Agreement, Lodging Tax Revenues received from the State Treasurer;

(2) As received, all interest earnings on the Lodging Tax Account, the Interest Account, the Principal Account, the Subordinate Priority Interest Account, and the Subordinate Priority Principal Account;

(3) Amounts received by the Trustee pursuant to Section 2.03(d) if not required to be deposited into the Interest Account and pursuant to Section 2.05(d) if not required to be deposited into the Subordinate Priority Interest Account;

(4) Upon the conditions set forth in Section 2.04(b) or Section 2.06(b) of this Master Agreement, the Trustee shall transfer money from the Common Reserve Fund in excess of the Common Reserve Requirement – First Priority and from the Subordinate Priority Common Reserve Fund in excess of the Common Reserve Requirement – Subordinate Priority, respectively; and

(5) All other money delivered to the Trustee with written direction from the District that such money shall be deposited into the Lodging Tax Account.

If the Trustee has not received a disbursement from the State Treasurer under the Interlocal Agreement or from other sources during any month that is sufficient, together with any additional amounts in excess of the Required Monthly Deposits since the prior Interest Payment Date that the District has directed be deposited to or maintained in the Lodging Tax Account pursuant to subsection 2.02(c), to make the Required Monthly Deposits, the Trustee shall notify the District Treasurer promptly but in no event later than the 24th day of the month, and the District shall remit a Required Supplemental Deposit to the Trustee no later than the second business day thereafter.

If the Trustee does not have on deposit in the Interest Account or the Subordinate Priority Interest Account an amount sufficient to pay interest on First Priority Bonds or Subordinate Priority WSCC Obligations, respectively, coming due on the upcoming Interest Payment Date or does not have on deposit in the Principal Account or Subordinate Priority Principal Account an amount sufficient to pay principal of the First Priority Bonds or Subordinate Priority WSCC Obligations, respectively, maturing or coming due on the upcoming Principal Payment Date as of the 24th day of the month immediately preceding a Debt Service Payment Date, the Trustee shall notify the District Treasurer immediately, and the District shall remit a Required

Supplemental Deposit to the Trustee no later than the second business day thereafter for deposit as described in Section 2.03.

(b) *Priority of Payments.* Lodging Tax Revenues shall be disbursed to make the following payments in the following order of priority, at the times set forth in subsection (c):

First, to make the Required Monthly Deposits and Required Supplemental Deposits into the Interest Account for the payment of upcoming interest on First Priority Bonds;

Second, to make the Required Monthly Deposits and Required Supplemental Deposits into the Principal Account for the payment of principal of First Priority Bonds maturing or being redeemed by sinking fund redemption prior to scheduled maturity;

Third, to make all payments required to be made into the Common Reserve Fund to maintain the Common Reserve Requirement – First Priority for Covered Bonds and into any other reserve fund established for Additional First Priority Bonds that are Uncovered Bonds to maintain the applicable Reserve Requirement, if any, including payments to reimburse the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto as provided in Section 2.04(b) hereof;

Fourth, to make all payments required on a monthly basis or otherwise to be made into the Subordinate Priority Interest Account for the payment of upcoming interest on Subordinate Priority WSCC Obligations; and then to make all payments required on a monthly basis or otherwise to be made into the Subordinate Priority Principal Account for the payment of principal of Subordinate Priority WSCC Obligations maturing or being redeemed by sinking fund redemption prior to scheduled maturity;

Fifth, to make all payments required to be made into the Subordinate Priority Common Reserve Fund to maintain the Common Reserve Requirement – Subordinate Priority for Subordinate Priority Covered Bonds and into any other reserve fund established for Subordinate Priority WSCC Obligations that are not Subordinate Priority Covered Bonds to maintain the applicable Reserve Requirement, if any, including payments to reimburse the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto as provided in Section 2.06(b) hereof;

Sixth, to make the annual payment amount and any loan repayment amounts owed to the State as required by Section 5(6)(a) of the Convention Center Act and Section 2.3.3 of the Transfer Agreement;

Seventh, to make all payments required to be made to pay the Note evidencing the District's obligations under the Purchase and Sale Agreement as and when due;

Eighth, to pay operating expenses of the WSCC and to make payments into the Operating Reserve Account in order to maintain the required operating reserve balance therein as required by the policies established by the District pursuant to Section 2.11 of this Master Agreement;

Ninth, to pay the principal of or interest on, to retire by redemption or to purchase any outstanding bonds or other obligations of the District as authorized in the various resolutions of the Board authorizing their issuance; and

Tenth, to make necessary additions, betterments, improvements and repairs to or extension and replacements of the WSCC or for any other lawful District purposes.

The District hereby covenants that it will exercise due regard for the anticipated financial requirements to be satisfied as priorities First through Ninth of this subsection (b) in each Fiscal Year prior to authorizing or making any disbursement of Lodging Tax Revenues for the purposes identified as the Tenth priority. Any Lodging Tax Revenues remitted to the District shall be invested by or at the direction of the District Treasurer in any legal investment for District funds, and interest earnings shall accrue and be credited to the account or accounts specified by the District.

(c) *Disbursement Instructions from the Lodging Tax Account.* The Trustee shall disburse Lodging Tax Revenues and other money in the Lodging Tax Account on the following dates and in the following amounts:

(1) Upon receipt thereof, all funds received from the State Treasurer pursuant to (a)(1) and/or from the District pursuant to (a)(5) shall be disbursed immediately, together with any amount retained for this purpose under subsection (2), to make the Required Monthly Deposits;

(2) On a monthly basis, upon making the Required Monthly Deposits for any month (or upon confirmation by the Trustee that the Required Monthly Deposits have been made or the amount on deposit in the applicable fund or account is sufficient to satisfy the Required Monthly Deposits accruing since the prior Interest Payment Date), the Trustee shall disburse any Available Balance on hand in the Lodging Tax Account during that month to the District to be applied by the District to make any Required Supplemental Deposit and for the purposes, and in the order of priority, set forth in Sixth through Tenth in the Priority of Payment in Section 2.02(b); provided, the District may, at its option, instruct the Trustee to retain all or a portion of the Available Balance in the Lodging Tax Account and to disburse such funds to satisfy all or a portion of any Required Monthly Deposit;

(3) Prior to any Interest Payment Date and/or Principal Payment Date, upon confirmation by the Trustee:

(i) that the balance on hand in the Interest Account is sufficient to pay interest on First Priority Bonds coming due on the upcoming Interest Payment Date,

(ii) that the balance on hand in the Principal Account is sufficient to pay principal of First Priority Bonds maturing or subject to redemption on the upcoming Principal Payment Date, and

(iii) that the balance on hand in the Subordinate Priority Interest Account is sufficient to pay interest on Subordinate Priority WSCC Obligations coming due on the upcoming Interest Payment Date, and

(iv) that the balance on hand in the Subordinate Priority Principal Account is sufficient to pay principal of Subordinate Priority WSCC Obligations maturing or subject to redemption on the upcoming Principal Payment Date, and

(v) that all Required Monthly Deposits and Required Supplemental Deposits then required to be made have been made,

Then, the Trustee shall disburse any Available Balance on hand in the Lodging Tax Account to the District to be applied by the District to make any Required Supplemental Deposit and for the purposes, and in the order of priority, set forth in Sixth through Tenth in the Priority of Payment in Section 2.02(b); and

(4) upon the defeasance or redemption of all Outstanding First Priority Bonds and Subordinate Priority WSCC Obligations, to the District the balance therein.

A schedule of Required Monthly Deposits with respect to any Additional First Priority Bonds or Subordinate Priority WSCC Obligations shall be attached as an exhibit to the applicable Series Agreement.

(d) *Pledge of Lodging Taxes and Credit.*

(1) *Covenants.* The District hereby irrevocably covenants and agrees for as long as any of the First Priority Bonds and/or Subordinate Priority WSCC Obligations are Outstanding that each year it will continue to impose and collect the Regular Lodging Tax pursuant to RCW 36.100.040(4), the Extended Lodging Tax and, for so long as statutorily permitted, the Additional Lodging Tax pursuant to RCW 36.100.040(5), as the same may be amended from time to time or any successor statute and to apply the Lodging Tax Revenues as provided in this Master Agreement and any resolution or Series Agreement relating to the issuance of First Priority Bonds or Subordinate Priority WSCC Obligations.

The First Priority Bonds and Subordinate Priority WSCC Obligations and the pledge created and established under this Master Agreement and any resolution or Series Agreement shall be payable solely from and secured solely by Lodging Tax Revenues and the Trust Estate in the order of priority set forth herein; provided, however, that any series of First Priority Bonds or Subordinate Priority WSCC Obligations also may be payable from and secured by a credit facility pledged specifically to or provided for such series.

The District covenants that it will not pledge or otherwise permit any use of Lodging Tax Revenue for any purpose other than as provided by this Master Agreement.

(2) *First Priority Bonds.* From and after the time of issuance and delivery of each series of First Priority Bonds and so long thereafter as any of the same remain Outstanding,

the District hereby irrevocably obligates and binds itself to set aside and pay into the special funds created for the payment of each series of First Priority Bonds out of Lodging Tax Revenues on or prior to the date on which the interest on or principal of and interest on the First Priority Bonds shall become due, the amount necessary to pay such interest or principal and interest coming due on the First Priority Bonds of such series. The foregoing sentence shall constitute a pledge of Lodging Tax Revenues and the Trust Estate to the payment of First Priority Bonds.

Said amounts so pledged to be paid into the Bond Fund and the Principal and Interest Accounts contained therein are hereby declared to be a prior pledge of the Lodging Tax Revenues superior to all other pledges of any kind or nature whatsoever except for the pledge equal in rank that may be made thereon to pay and secure the payment of the principal of and interest on Additional First Priority Bonds.

(3) *Subordinate Priority WSCC Obligations.* From and after the time of issuance and delivery of each series of Subordinate Priority WSCC Obligations and so long thereafter as any of the same remain Outstanding, the District hereby irrevocably obligates and binds itself to set aside and pay into the special funds created for the payment of each series of Subordinate Priority WSCC Obligations out of Lodging Tax Revenues on or prior to the date on which the interest on or principal of and interest on the Subordinate Priority WSCC Obligations shall become due, the amount necessary to pay such interest or principal and interest coming due on the Subordinate Priority WSCC Obligations of such series. The foregoing sentence shall constitute a pledge of Lodging Tax Revenues and the Trust Estate to the payment of Subordinate Priority WSCC Obligations.

Said amounts so pledged to be paid into the Subordinate Priority Bond Fund and the Subordinate Priority Principal and Interest Accounts contained therein are hereby declared to be a prior pledge of the Lodging Tax Revenues superior to all other pledges of any kind or nature whatsoever except for charges equal in rank that may be made thereon to pay and secure the payment of the principal of and interest on other Subordinate Priority WSCC Obligations and subject only to the prior pledge of the Lodging Tax Revenues in connection with all obligations related to the First Priority Bonds.

(4) *Additional Obligations.* The amounts pledged under the Note to pay the District's obligations under the Purchase and Sale Agreement have the priority with respect to Lodging Tax Revenues set forth in 2.02(b)(Seventh) as described in the Purchase and Sale Agreement. Any other amounts pledged to be paid into a debt service fund and or reserve account created to pay and secure the payment of bonds or other obligations having a pledge of Lodging Tax Revenues subordinate to the pledge of such Lodging Tax Revenues to the payment of First Priority Bonds and Subordinate Priority WSCC Obligations shall, subject to the provisions of Section 2.02 of this Master Agreement, have the priority with respect to Lodging Tax Revenues set forth in the Series Agreement authorizing their issuance.

(5) *Limited Obligations.* The First Priority Bonds shall not in any manner or to any extent constitute general obligations of the County or of the State, or of any political subdivision of the State other than the District. The Subordinate Priority WSCC Obligations shall

not in any manner or to any extent constitute general obligations of the County or of the State, or of any political subdivision of the State.

SECTION 2.03. Bond Fund. The Bond Fund shall be maintained by the Trustee and shall be drawn upon to pay the principal of and interest on the First Priority Bonds as the same shall become due and payable.

(a) *Deposits into Interest Account.* The Trustee shall deposit the following sums into the Interest Account:

(1) On the date of receipt in the Lodging Tax Account, the amount required to be deposited into the Interest Account as a Required Monthly Deposit;

(2) Amounts received by the Trustee pursuant to Section 2.03(d) of this Section;

(3) A Required Supplemental Deposit from the District (A) if and to the extent that the Trustee has not received a disbursement from the State Treasurer under the Interlocal Agreement or from other sources during a month that is sufficient to make the Required Monthly Deposits as of the 24th day of the month and/or (B) if and to the extent that the Trustee does not have on deposit in the Interest Account an amount sufficient to pay interest on First Priority Bonds coming due on the upcoming Interest Payment Date as of the 24th day of the month immediately preceding an Interest Payment Date;

(4) On the business day prior to each day that a payment of interest is due with respect to First Priority Bonds that are Covered Bonds or secured by a reserve fund (whether by redemption or maturity), to the extent that the balance on hand in the Bond Fund is not sufficient to make such payment, the Trustee shall transfer money from the Common Reserve Fund or reserve fund, as applicable, to the Interest Account to be used for such purpose; and

(5) All other money delivered to the Trustee with written direction from District that such money shall be deposited into the Interest Account.

(b) *Deposits into Principal Account.* The Trustee shall deposit the following sums into the Principal Account:

(1) On the date of receipt in the Lodging Tax Account, the amount required to be deposited into the Principal Account as a Required Monthly Deposit;

(2) A Required Supplemental Deposit from the District (A) if and to the extent that the Trustee has not received a disbursement from the State Treasurer under the Interlocal Agreement or from other sources during a month that is sufficient to make the Required Monthly Deposits as of the 24th day of the month and/or (B) if and to the extent the Trustee does not have on deposit in the Principal Account an amount sufficient to pay principal

of the First Priority Bonds maturing or coming due on the upcoming Principal Payment Date as of the 24th day of the month immediately preceding a Principal Payment Date;

(3) On the business day prior to each day that a payment of principal and premium is due with respect to First Priority Bonds that are Covered Bonds or secured by a reserve fund (whether by redemption or maturity), to the extent that the balance on hand in the Bond Fund is not sufficient to make such payment, the Trustee shall transfer money from the Common Reserve Fund or reserve fund, as applicable, to the Principal Account to be used for such purpose; and

(4) All other money delivered to the Trustee with written direction from District shall be deposited into the Principal Account.

(c) *Disbursements from Principal and Interest Accounts in the Bond Fund.* The Trustee shall disburse money in the Principal and Interest Accounts in the Bond Fund on the following dates and in the following amounts:

(1) To the Registered Owners thereof at such time required to pay on each date on which a payment of interest on First Priority Bonds comes due, an amount equal to the interest on all of the First Priority Bonds then Outstanding coming due on such date;

(2) To the Registered Owners thereof at such time required to pay on each date on which principal of the First Priority Bonds matures or is subject to redemption for as long as any of the First Priority Bonds are Outstanding and unpaid, an amount equal to the principal (including mandatory redemption amounts) of the First Priority Bonds maturing or subject to redemption on such date;

(3) To the Registered Owners thereof at such time required to pay on each date on which the First Priority Bonds are subject to redemption prior to maturity, whether by optional, mandatory or extraordinary redemption prior to maturity, the redemption price of the First Priority Bonds to be redeemed; and

(4) To the District, the balance therein upon the defeasance or redemption of all Outstanding First Priority Bonds.

(d) *Direct-Pay Subsidy Bonds.* The procedures with respect to any First Priority Bonds issued as Build America Bonds or other direct-pay subsidy bonds shall be as set forth in the applicable Series Agreement.

SECTION 2.04. Common Reserve Fund. The Common Reserve Fund shall be maintained by the Trustee for the purpose of securing the payment of the principal of, premium, if any, and interest on all First Priority Bonds that are Covered Bonds. The District hereby covenants for so long as any Covered Bonds remain Outstanding to maintain a balance in the Common Reserve Fund in an amount at least equal to the Common Reserve Requirement – First Priority. On the date of issuance of each series of First Priority Bonds that are designated as Covered Bonds in the resolution or Series Agreement authorizing their issuance and on each date

of recalculation, the District shall certify the amount of the Common Reserve Requirement - First Priority to the Trustee.

(a) *Deposits into the Common Reserve Fund.* The Trustee shall deposit the following amounts on the following dates into the Common Reserve Fund:

(1) On the date of issuance of each series of Covered Bonds, the District will assure that the amount on hand in the Common Reserve Fund shall be sufficient to meet the Common Reserve Requirement - First Priority;

(2) If there shall be a deficiency in the Common Reserve Fund, the Trustee shall deposit Lodging Tax Revenues in the Lodging Tax Account as a Required Monthly Deposit pursuant to the following provisions of this Section 2.04; and

(3) Money received by the Trustee from the District with written direction that such money be deposited into the Common Reserve Fund.

(b) *Disbursements from the Common Reserve Fund.* The Trustee shall maintain and disburse the balances on hand in the Common Reserve Fund in accordance with the following provisions.

The calculation of the Common Reserve Requirement – First Priority shall remain in effect until the earlier of (i) at the District's option, a payment of principal of Additional First Priority Bonds (designated as Covered Bonds) or (ii) the issuance of a subsequent series of Additional First Priority Bonds designated as Covered Bonds (when the Common Reserve Requirement - First Priority shall be re-calculated).

The Common Reserve Requirement - First Priority shall be maintained by deposits of cash and/or qualified investments, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. The Designated District Representative may decide to utilize Qualified Insurance or Qualified Letter(s) of Credit to satisfy all or a portion of the Common Reserve Requirement - First Priority. Upon such election, the Designated District Representative is hereby authorized to execute and deliver one or more agreements with issuers of Qualified Insurance or Qualified Letters of Credit to effect the delivery of the appropriate instrument. To the extent that the District obtains a Qualified Letter of Credit or Qualified Insurance in substitution for cash or securities in the Common Reserve Fund, all or a portion of the money on hand in the Common Reserve Fund shall be transferred to the Project Fund and/or the Lodging Tax Account, as directed by the District. In computing the amount on hand in the Common Reserve Fund, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the lower of the face amount thereof and the amount available to be drawn thereunder, and all other obligations purchased as an investment of moneys therein shall be valued by the Trustee on a marked to market basis, at least once annually; provided that U.S. Treasury obligations, U.S. agency obligations and municipal debt obligations shall be valued at face value. As used herein, the term "cash" shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits and a certified or cashier's check; and the deposit to the Common Reserve Fund may be satisfied by the transfer of investments to such account. If a deficiency in the Common

Reserve Requirement - First Priority shall exist as a result of the foregoing valuation, such deficiency shall be made up within one year after the valuation date thereof.

If the balance on hand in the Common Reserve Fund is sufficient to satisfy the Common Reserve Requirement - First Priority, amounts in excess of such Common Reserve Requirement - First Priority shall be applied as provided in the following sentences. Whenever there is a sufficient amount in the Bond Fund and the Common Reserve Fund to pay the principal of, premium, if any, and interest on all Covered Bonds, the money in the Common Reserve Fund may be used to pay such principal and interest. If the balance on deposit in the Common Reserve Fund is at least equal to the Common Reserve Requirement - First Priority, money in the Common Reserve Fund in excess of the Common Reserve Requirement - First Priority may be transferred to the Lodging Tax Account.

If a deficiency in the Bond Fund with respect to Covered Bonds shall occur, such deficiency shall be made up from the Common Reserve Fund by the withdrawal of cash therefrom for that purpose and by the sale or redemption of investments held in the Common Reserve Fund, in such amounts as will provide cash in the Common Reserve Fund sufficient to make up any such deficiency with respect to the Covered Bonds, and if a deficiency still exists immediately prior to an Interest Payment Date and after the transfer of cash from the Common Reserve Fund to the Bond Fund, the District shall then draw from any Qualified Letter of Credit or Qualified Insurance then credited to the Common Reserve Fund for the Covered Bonds in sufficient amount to make up the deficiency. If more than one Qualified Letter of Credit or Qualified Insurance is then credited to the Common Reserve Fund (or if there is both a Qualified Letter of Credit and Qualified Insurance then credited to the Common Reserve Fund) for the Covered Bonds, the District shall draw on all such Qualified Letters of Credit and Qualified Insurance on a pro rata basis in an aggregate sufficient amount to make up the deficiency. Any draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. Reimbursement may be made to the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto, and after making necessary provision for the payments required to be made in paragraphs First and Second of Section 2.02(b) of this Master Agreement. In providing for the payments required to be made in Paragraph Third of Section 2.02(b), the reimbursement agreement with any issuer of a Qualified Letter of Credit or Qualified Insurance may require reimbursement for draws on such Qualified Insurance or Qualified Letter prior to replenishment of cash in the Common Reserve Fund. If more than one Qualified Letter of Credit or Qualified Insurance is then credited to the Common Reserve Fund (or if there is both a Qualified Letter of Credit and Qualified Insurance then credited to the Common Reserve Fund) for the Covered Bonds, reimbursement for amounts drawn shall be made on a pro rata basis to issuers of such Qualified Letters of Credit and Qualified Insurance from payments available under Paragraph Third. If the District shall have failed to make any payment required to be made under such reimbursement agreement for Covered Bonds, the issuer shall be entitled to exercise all remedies available at law or under the applicable authorizing resolution or Series Agreement; provided, however, that no acceleration of Covered Bonds shall be permitted, and no remedies that adversely affect Registered Owners of Covered Bonds shall be permitted. Any deficiency created in the Common Reserve Fund by reason of any such withdrawal shall be made up within one year after the withdrawal from Qualified Insurance or a Qualified Letter of Credit or out of

Lodging Tax Revenues (or out of any other moneys on hand legally available for such purpose), in 12 equal monthly installments, after first making timely provision for all payments required to be made into the Bond Fund within such year.

To the extent that the District has obtained Qualified Insurance or a Qualified Letter of Credit to satisfy its obligations under this Section 2.04, amounts then available to be drawn under such Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Common Reserve Fund by this Section 2.04(b) to the extent that such payments and credits are insured by the issuer of such Qualified Insurance, or are to be made or guaranteed by a Qualified Letter of Credit.

If a Credit Event occurs, the Common Reserve Requirement - First Priority shall be satisfied, at the option of the District, either (A) within one year after the occurrence of such Credit Event with other Qualified Insurance or another Qualified Letter of Credit, or (B) within three years (in three equal annual installments) after the occurrence of such Credit Event described in (c) of the definition thereof, out of Lodging Tax Revenues (or out of other money on hand and legally available for such purpose) after first making necessary provisions for all payments required to be made into the Bond Fund.

SECTION 2.05. Subordinate Priority Bond Fund. The Subordinate Priority Bond Fund shall be maintained by the Trustee and shall be drawn upon to pay the principal of and interest on the Subordinate Priority WSCC Obligations as the same shall become due and payable.

(a) *Deposits into Subordinate Priority Interest Account.* The Trustee shall deposit the following sums into the Subordinate Priority Interest Account:

(1) On the date of receipt in the Lodging Tax Account, the amount required to be deposited into the Subordinate Priority Interest Account as a Required Monthly Deposit;

(2) Amounts received by the Trustee pursuant to Section 2.05(d) of this Section;

(3) A Required Supplemental Deposit from the District (A) if and to the extent that the Trustee has not received a disbursement from the State Treasurer under the Interlocal Agreement or from other sources, during a month that is sufficient to make the Required Monthly Deposits as of the 24th day of the month and/or (B) if and to the extent that the Trustee does not have on deposit in the Subordinate Priority Interest Account an amount sufficient to pay interest on Subordinate Priority WSCC Obligations coming due on the upcoming Interest Payment Date as of the 24th day of the month immediately preceding an Interest Payment Date;

(4) On the business day prior to each day that a payment of interest is due with respect to Subordinate Priority WSCC Obligations that are secured by the Subordinate Priority Common Reserve Fund or other reserve fund, to the extent that the balance on hand in the Subordinate Priority Bond Fund is not sufficient to make such payment, the Trustee shall

transfer money from the Subordinate Priority Common Reserve Fund or other reserve fund, as applicable, to the Subordinate Priority Interest Account to be used for such purpose; and

(5) All other money delivered to the Trustee with written direction from District that such money shall be deposited into the Subordinate Priority Interest Account.

(b) *Deposits into Subordinate Priority Principal Account.* The Trustee shall deposit the following sums into the Subordinate Priority Principal Account:

(1) On the date of receipt in the Lodging Tax Account, the amount required to be deposited into the Subordinate Priority Principal Account as a Required Monthly Deposit;

(2) A Required Supplemental Deposit from the District (A) if and to the extent that the Trustee has not received a disbursement from the State Treasurer under the Interlocal Agreement or from other sources during a month that is sufficient to make the Required Monthly Deposits as of the 24th day of the month and/or (B) if and to the extent the Trustee does not have on deposit in the Subordinate Priority Principal Account an amount sufficient to pay principal of the Subordinate Priority WSCC Obligations maturing or coming due on the upcoming Principal Payment Date as of the 24th day of the month immediately preceding a Principal Payment Date;

(3) On the business day prior to each day that a payment of principal and premium is due with respect to Subordinate Priority WSCC Obligations that are secured by the Subordinate Priority Common Reserve Fund (whether by redemption or maturity), to the extent that the balance on hand in the Subordinate Priority Bond Fund is not sufficient to make such payment, the Trustee shall transfer money from the Subordinate Priority Common Reserve Fund to the Subordinate Priority Principal Account to be used for such purpose; and

(4) All other money delivered to the Trustee with written direction from District shall be deposited into the Subordinate Priority Principal Account.

(c) *Disbursements from Accounts in the Subordinate Priority Bond Fund.* The Trustee shall disburse money in the Subordinate Priority Principal and Interest Accounts in the Subordinate Priority Bond Fund on the following dates and in the following amounts:

(1) To the Registered Owners at such time required to pay on each date on which a payment of interest on Subordinate Priority WSCC Obligations comes due, an amount equal to the interest on all of the Subordinate Priority WSCC Obligations then Outstanding coming due on such date;

(2) To the Registered Owners at such time required to pay on each date on which principal of the Subordinate Priority WSCC Obligations matures or is subject to redemption for as long as any of the Subordinate Priority WSCC Obligations are Outstanding and unpaid, an amount equal to the principal (including mandatory redemption amounts) of the Subordinate Priority WSCC Obligations maturing or subject to redemption on such date;

(3) To the Registered Owners at such time required to pay on each date on which the Subordinate Priority WSCC Obligations are subject to redemption prior to maturity, whether by optional, mandatory or extraordinary redemption prior to maturity, the redemption price of the Subordinate Priority WSCC Obligations to be redeemed; and

(4) To the District, the balance therein upon the defeasance or redemption of all Outstanding Subordinate Priority WSCC Obligations.

(d) *Direct-Pay Subsidy Obligations.* The procedures with respect to any Subordinate Priority WSCC Obligations issued as Build America Bonds or other direct-pay subsidy bonds shall be as set forth in the applicable Series Agreement.

SECTION 2.06. Subordinate Priority Common Reserve Fund. The Subordinate Priority Common Reserve Fund shall be maintained by the Trustee for the purpose of securing the payment of the principal of, premium, if any, and interest on all Subordinate Priority WSCC Obligations that are Subordinate Priority Covered Bonds. The District hereby covenants for so long as any Subordinate Priority Covered Bonds remain Outstanding to maintain a balance in the Subordinate Priority Common Reserve Fund in an amount at least equal to the Common Reserve Requirement – Subordinate Priority. On the date of issuance of each series of Subordinate Priority WSCC Obligations that are designated as Subordinate Priority Covered Bonds in the resolution or Series Agreement authorizing their issuance and on each date of recalculation, the District shall certify the amount of the Common Reserve Requirement - Subordinate Priority to the Trustee.

(a) *Deposits into the Subordinate Priority Common Reserve Fund.* The Trustee shall deposit the following amounts on the following dates into the Subordinate Priority Common Reserve Fund:

(1) On the date of issuance of each series of Subordinate Priority Covered Bonds, the District will assure that the amount on hand in the Subordinate Priority Common Reserve Fund shall be sufficient to meet the Common Reserve Requirement - Subordinate Priority;

(2) If there shall be a deficiency in the Subordinate Priority Common Reserve Fund, the Trustee shall deposit Lodging Tax Revenues in the Lodging Tax Account as a Required Monthly Deposit pursuant to the following provisions of this Section 2.06; and

(3) Money received by the Trustee from the District with written direction that such money be deposited into the Subordinate Priority Common Reserve Fund.

(b) *Disbursements from the Subordinate Priority Common Reserve Fund.* The Trustee shall maintain and disburse the balances on hand in the Subordinate Priority Common Reserve Fund in accordance with the following provisions.

The calculation of the Common Reserve Requirement – Subordinate Priority shall remain in effect until the earlier of (i) at the District's option, a payment of principal of Additional

Subordinate Priority WSCC Obligations (designated as Subordinate Priority Covered Bonds) or (ii) the issuance of a subsequent series of Additional Subordinate Priority WSCC Obligations designated as Subordinate Priority Covered Bonds (when the Common Reserve Requirement - Subordinate Priority shall be recalculated).

The Common Reserve Requirement - Subordinate Priority shall be maintained by deposits of cash and/or qualified investments, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. The Designated District Representative may decide to utilize Qualified Insurance or Qualified Letter(s) of Credit to satisfy all or a portion of the Common Reserve Requirement - Subordinate Priority. Upon such election, the Designated District Representative is hereby authorized to execute and deliver one or more agreements with issuers of Qualified Insurance or Qualified Letters of Credit to effect the delivery of the appropriate instrument. To the extent that the District obtains a Qualified Letter of Credit or Qualified Insurance in substitution for cash or securities in the Subordinate Priority Common Reserve Fund, all or a portion of the money on hand in the Subordinate Priority Common Reserve Fund shall be transferred to the Project Fund and/or the Lodging Tax Account, as directed by the District. In computing the amount on hand in the Subordinate Priority Common Reserve Fund, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the lower of the face amount thereof and the amount available to be drawn thereunder, and all other obligations purchased as an investment of moneys therein shall be valued by the Trustee on a marked to market basis, at least once annually; provided that U.S. Treasury obligations, U.S. agency obligations and municipal debt obligations shall be valued at face value. As used herein, the term "cash" shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits, certified or cashier's check; and the deposit to the Subordinate Priority Common Reserve Fund may be satisfied by the transfer of investments to such account. If a deficiency in the Common Reserve Requirement - Subordinate Priority shall exist as a result of the foregoing valuation, such deficiency shall be made up within one year after the valuation date thereof.

If the balance on hand in the Subordinate Priority Common Reserve Fund is sufficient to satisfy the Common Reserve Requirement - Subordinate Priority, amounts in excess of such Common Reserve Requirement - Subordinate Priority shall be applied as provided in the following sentences. Whenever there is a sufficient amount in the Subordinate Priority Bond Fund and the Subordinate Priority Common Reserve Fund to pay the principal of, premium, if any, and interest on all Subordinate Priority Covered Bonds, the money in the Subordinate Priority Common Reserve Fund may be used to pay such principal and interest. If the balance on deposit in the Common Subordinate Priority Common Reserve Fund is at least equal to the Common Reserve Requirement - Subordinate Priority, money in the Subordinate Priority Common Reserve Fund in excess of the Common Reserve Requirement - Subordinate Priority may be transferred to the Lodging Tax Account.

If a deficiency in the Subordinate Priority Bond Fund with respect to Subordinate Priority Covered Bonds shall occur, such deficiency shall be made up from the Subordinate Priority Common Reserve Fund by the withdrawal of cash therefrom for that purpose and by the sale or redemption of investments held in the Subordinate Priority Common Reserve Fund, in such amounts as will provide cash in the Subordinate Priority Common Reserve Fund sufficient to make up any such deficiency with respect to the Subordinate Priority Covered Bonds, and if a

deficiency still exists immediately prior to an Interest Payment Date and after the transfer of cash from the Subordinate Priority Common Reserve Fund to the Subordinate Priority Bond Fund, the District shall then draw from any Qualified Letter of Credit or Qualified Insurance then credited to the Subordinate Priority Common Reserve Fund for the Subordinate Priority Covered Bonds in sufficient amount to make up the deficiency. If more than one Qualified Letter of Credit or Qualified Insurance is then credited to the Subordinate Priority Common Reserve Fund (or if there is both a Qualified Letter of Credit and Qualified Insurance then credited to the Subordinate Priority Common Reserve Fund) for the Subordinate Priority Covered Bonds, the District shall draw on all such Qualified Letters of Credit and Qualified Insurance on a pro rata basis in an aggregate sufficient amount to make up the deficiency. Any draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. Reimbursement may be made to the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto, and after making necessary provision for the payments required to be made in paragraphs First, Second, Third and Fourth of Section 2.02(b) of this Master Agreement. In providing for the payments required to be made in Paragraph Fifth of Section 2.02(b), the reimbursement agreement with any issuer of a Qualified Letter of Credit or Qualified Insurance may require reimbursement for draws on such Qualified Insurance or Qualified Letter prior to replenishment of cash in the Subordinate Priority Common Reserve Fund. If more than one Qualified Letter of Credit or Qualified Insurance is then credited to the Subordinate Priority Common Reserve Fund (or if there is both a Qualified Letter of Credit and Qualified Insurance then credited to the Subordinate Priority Common Reserve Fund) for the Subordinate Priority Covered Bonds, reimbursement for amounts drawn shall be made on a pro rata basis to issuers of such Qualified Letters of Credit and Qualified Insurance from payments available under Paragraph Fifth. If the District shall have failed to make any payment required to be made under such reimbursement agreement for Subordinate Priority Covered Bonds, the issuer shall be entitled to exercise all remedies available at law or under the applicable resolution or Series Agreement; provided, however, that no acceleration of Subordinate Priority Covered Bonds shall be permitted, and no remedies that adversely affect Registered Owners of Subordinate Priority Covered Bonds shall be permitted. Any deficiency created in the Subordinate Priority Common Reserve Fund by reason of any such withdrawal shall be made up within one year after the withdrawal from Qualified Insurance or a Qualified Letter of Credit or out of Lodging Tax Revenues (or out of any other moneys on hand legally available for such purpose), in 12 equal monthly installments, after first making timely provision for all payments required to be made into the Bond Fund, the Common Reserve Fund and the Subordinate Priority Bond Fund within such year.

To the extent that the District has obtained Qualified Insurance or a Qualified Letter of Credit to satisfy its obligations under this Section 2.06, amounts then available to be drawn under such Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Subordinate Priority Common Reserve Fund by this Section 2.06(b) to the extent that such payments and credits are insured by the issuer of such Qualified Insurance, or are to be made or guaranteed by a Qualified Letter of Credit.

If a Credit Event occurs, the Common Reserve Requirement - Subordinate Priority shall be satisfied, at the option of the District, either (A) within one year after the occurrence of such

Credit Event with other Qualified Insurance or another Qualified Letter of Credit, or (B) within three years (in three equal annual installments) after the occurrence of such Credit Event described in (c) of the definition thereof, out of Lodging Tax Revenues (or out of other money on hand and legally available for such purpose) after first making necessary provisions for all payments required to be made into the Subordinate Priority Bond Fund.

SECTION 2.07. Money Held in Trust. All money required to be deposited with or paid to the Trustee for deposit into any fund held pursuant to this Article or account under any provisions hereof, and all money held by the Trustee hereunder, shall be held by the Trustee in trust, and such money shall, while so held, constitute part of the Trust Estate and be subject to the terms hereof.

SECTION 2.08. Payment to District. Any money remaining in the fund or account held by the Trustee after the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the District under this Master Agreement shall have ceased, terminated and become void and shall have been satisfied and discharged, shall be paid to the District.

SECTION 2.09. Investment of Money. All money held in any fund held pursuant to this Article II and all accounts therein shall be invested by the Trustee at the written direction of the District Treasurer, or upon oral direction promptly confirmed in writing as described in this sentence, solely in any Authorized Investment that shall mature not later than the date when the amounts will foreseeably be needed for purposes set forth in this Master Agreement, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value. The Trustee shall have no obligation to approve or disapprove of any such direction and shall suffer no liability whatsoever in following such direction. In the event that the Trustee shall not have received written direction as to the investment of such funds, the Trustee shall invest such funds in a qualified investment agreed to by the District Treasurer and established on or before the delivery date of a series of First Priority Bonds or Subordinate Priority WSCC Obligations as a short term investment until additional investment direction is received by the Trustee.

Investments in any and all funds and accounts may be commingled for purposes of making, holding, and disposing of investments, notwithstanding provisions herein for transfer to or holding in particular funds and accounts amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Master Agreement. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell or present for redemption any securities so purchased whenever it shall be necessary to provide money to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such security is credited. The Trustee may make any and all such investments through its own trust or investment department, or through any of its affiliates or subsidiaries. District acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the right to receive brokerage confirmations of security transactions, District waives receipt of such confirmations. The Trustee shall furnish to District periodic statements of account which include detail of all investment transactions made by the Trustee.

SECTION 2.10. Deposit of Proceeds of First Priority Bonds and Subordinate Priority WSCC Obligations. Proceeds of any First Priority Bonds and Subordinate Priority WSCC Obligations shall be applied and disbursed pursuant to the terms of this Master Agreement and the applicable Series Agreement or resolution.

SECTION 2.11. Operating Reserve Account. A special fund of the District known as the "Operating Reserve Account" (the "Operating Reserve Account") has been created in the office of the District Treasurer. The Operating Reserve Account shall be held and maintained by the District and shall not be part of the Trust Estate. The Board shall establish policies from time to time with respect to operating reserves, including the required balance of the Operating Reserve Account, and shall establish procedures with respect to the management of its operating funds to maintain fund balances as set forth in the then effective Board policy. Such policy shall provide that the required balance in the Operating Reserve Account shall be not less than 100 days of budgeted operating expenditures. Funds may be withdrawn from the Operating Reserve Account to pay operating and other expenses of the WSCC, even if as a result of such withdrawal, the balance on hand is less than the required minimum balance, and the District thereafter, with available funds re-establishes the balance in the Operating Reserve Account.

ARTICLE III

COVENANTS AND AGREEMENTS

SECTION 3.01. General Covenants. The District hereby makes the following covenants and agreements with the Owners and holders of each of the First Priority Bonds and Subordinate Priority WSCC Obligations for as long as any of the same remain Outstanding.

(a) *Maintenance of the WSCC.* The District shall at all times keep and maintain or cause to be maintained the WSCC in good repair, working order and condition, and shall at all times operate the same and the business or businesses in connection therewith in an efficient manner and at a reasonable cost.

(b) *Property and Liability Insurance.* The District shall keep all operating facilities insured, if such insurance is obtainable at reasonable rates and upon reasonable conditions, against such risks, in such amounts, and with such deductibles as the Board or the Designated District Representative shall deem necessary for the protection of the District.

(c) *Books and Records.* The District shall keep and maintain proper books of account and accurate records of all of its revenue, including tax receipts and Lodging Tax Revenues, received from any source whatsoever, and of all costs of administration and maintenance and operation of all of its business that are in accordance with generally accepted accounting principles as in effect from time to time. Additional Lodging Tax Revenues shall be deposited and accounted for separately from other amounts received by the District. On or before 120 days after the end of each fiscal year, the District will prepare or cause to be prepared an operating statement (which is not required to be audited) of all of the business of the District for such preceding fiscal year. Each such annual statement shall contain a statement in detail of the

Lodging Tax Revenues collected, received and applied for such fiscal year and shall contain a statement as of the end of such year showing the status of all funds and accounts of the District pertaining to the operation of the WSCC and the status of all of the funds and accounts created by various resolutions of the Board authorizing the issuance of outstanding bonds and other obligations payable from the Lodging Tax Revenues. Copies of such statements shall be placed on file in the main office of the District, and shall be open to inspection at any reasonable time by the Owners of First Priority Bonds and/or Subordinate Priority WSCC Obligations.

(d) *Interlocal Agreement.* The District shall observe and enforce the provisions of the Interlocal Agreement. The District agrees to not make any amendments to the Interlocal Agreement that shall have a material adverse effect on the security of the First Priority Bonds and Subordinate Priority WSCC Obligations. The Trustee and the Registered Owners of First Priority Bonds and Subordinate Priority WSCC Obligations shall be third party beneficiaries of the Interlocal Agreement to the extent permitted by law.

(e) *Tax Covenants.* The District covenants to undertake all actions required to maintain the tax-exempt status of interest on any Tax-Exempt Bonds under Section 103 of the Code as set forth in the Tax Certificate delivered at the time of issuance of such Tax-Exempt Bonds and will comply with its additional representations and covenants set forth in the resolution, Series Agreement and Tax Certificate with respect to such Tax-Exempt Bonds.

SECTION 3.02. Covenants Related to Additional First Priority Bonds.

(a) *Conditions upon the Issuance of Additional First Priority Bonds.* As long as any First Priority Bonds remain Outstanding, the District hereby further covenants and agrees that it will not issue any Additional First Priority Bonds except in accordance with the conditions of this Section 3.02 and, so long as the 2010B Bonds remain Outstanding, Section 15 of the 2010 Bond Resolution. The District hereby reserves the right to issue additional obligations that will be payable from Lodging Tax Revenues and the Trust Estate as provided in this Section. The issuance of Additional First Priority Bonds shall be authorized by a resolution of the Board, which resolution shall (1) designate the Additional First Priority Bonds as Covered Bonds or Uncovered Bonds, and applicable Reserve Requirement, if any; (2) include (or incorporate by reference) the covenants set forth in Section 3.01 of this Master Agreement; and (3) authorize the execution and delivery of a Series Agreement relating to the issuance of such Additional First Priority Bonds. If the Additional First Priority Bonds are Covered Bonds, the Common Reserve Requirement – First Priority shall be fully funded no later than the date of issuance of the Additional First Priority Bonds. The resolution authorizing Additional First Priority Bonds may provide for the appointment of a trustee or may provide for a Supplemental Master Agreement as permitted under this Master Agreement.

The District hereby further covenants and agrees with the Owners and holders of each of the First Priority Bonds for as long as any of the same remain Outstanding that it will not issue any First Priority Bonds that constitute a charge upon the Lodging Tax Revenues and the Trust Estate equal to the priority thereon of Outstanding First Priority Bonds, unless at the time of the issuance of such First Priority Bonds:

(A) the District is not in default under this Master Agreement or any resolution or Series Agreement authorizing the issuance of First Priority Bonds then Outstanding, and

(B) unless the District meets the conditions set forth in subsection (b) below, there shall have been delivered prior to or on the date of the issuance of the First Priority Bonds, a certificate prepared as provided below and executed by the Designated District Representative stating that Regular Lodging Tax Revenues plus Extended Lodging Tax Revenues during the Base Period were (i) at least equal to 175% of Annual Debt Service in each year following the issuance of the proposed Additional First Priority Bonds with respect to all First Priority Bonds then Outstanding and then proposed to be issued, and (ii) at least equal to 115% of Annual Debt Service in each year following the issuance of the proposed Additional First Priority Bonds with respect to all First Priority Bonds and all Subordinate Priority WSCC Obligations then Outstanding and then proposed to be issued.

The Designated District Representative's certificate shall be based upon the financial statements of the District for the Base Period, corroborated by the certified statements of the Division of Municipal Corporations of the State Auditor's office of the State, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period. In the event that the tax rate for Regular Lodging Tax Revenues has been increased and such increase is pledged (and the definition of Regular Lodging Tax Revenues has been amended to take such increase into account) to the repayment of First Priority Bonds, then such increase may be reflected as if it had been fully collected during the Base Period. In the event that the tax rate for the Extended Lodging Taxes has been increased and such increase is pledged (and the definition of Extended Lodging Tax Revenues has been amended to take such increase into account) to the repayment of First Priority Bonds, then such increase may be reflected as if it had been fully collected during the Base Period.

Compliance with the coverage requirements of this Section 3.02(a) shall be demonstrated conclusively by a certificate delivered in accordance with this subsection (a).

(b) *No Certificate Required.* A certificate shall not be required as a condition to the issuance of Additional First Priority Bonds if the Additional First Priority Bonds are being issued for refunding purposes upon compliance with the provisions of subsection (c)(1)(A) or (B) or (c)(2) of this Section.

(c) *Additional First Priority Bonds For Refunding Purposes.* The District may issue Additional First Priority Bonds for refunding purposes, as follows:

(1) Additional First Priority Bonds may be issued at any time for the purpose of refunding (including by purchase) First Priority Bonds including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date fixed for redemption (or purchase), any deposits to a reserve account or to purchase a Qualified Letter of Credit or Qualified Insurance, and the expenses of issuing the Additional First Priority Bonds and of effecting such refunding upon delivery of a certificate as provided in subsection (a) above. Such refunding Additional First Priority Bonds also may be issued without a certificate if:

(A) the latest maturity of the Additional First Priority Bonds to be issued is not later than the latest maturity of the First Priority Bonds to be refunded (were such refunding not to occur), and the increase in Annual Debt Service as a result of such refunding in any year is less than the greater of (i) \$25,000 or (ii) 5% of such Annual Debt Service on the First Priority Bonds to be refunded; or

(B) the latest maturity of the Additional First Priority Bonds to be issued is later than the latest maturity of the First Priority Bonds to be refunded (were such refunding not to occur), and the maximum Annual Debt Service on all First Priority Bonds to be Outstanding after the issuance of the refunding First Priority Bonds shall not be greater than maximum Annual Debt Service were such refunding not to occur.

(2) Additional First Priority Bonds may be issued without the requirement of a certificate pursuant to this Section for the purpose of refunding (including by purchase) any First Priority Bonds at any time within one year prior to their maturity or mandatory redemption date if sufficient Lodging Tax Revenues or other moneys are not expected to be available for payment at maturity or mandatory redemption.

SECTION 3.03. Covenants Related to Additional Subordinate Priority WSCC Obligations.

(a) *Conditions upon the Issuance of Additional Subordinate Priority WSCC Obligations.* For so long as any Subordinate Priority WSCC Obligations remain Outstanding, the District hereby further covenants and agrees that it will not issue any Additional Subordinate Priority WSCC Obligations except in accordance with the conditions of this Section 3.03. The District hereby reserves the right to issue additional obligations that will be payable from Lodging Tax Revenues and the Trust Estate as provided in this Section. The issuance of Additional Subordinate Priority WSCC Obligations shall be authorized by a resolution of the Board, which resolution shall (1) designate whether the Additional Subordinate Priority WSCC Obligations are Subordinate Priority Covered Bonds, and if not, the applicable Reserve Requirement, if any; (2) include (or incorporate by reference) the covenants set forth in Section 3.01 of this Master Agreement; and (3) authorize the execution and delivery of a Series Agreement relating to the issuance of such Additional Subordinate Priority WSCC Obligations. If the Additional Subordinate Priority WSCC Obligations are Subordinate Priority Covered Bonds, the Common Reserve Requirement – Subordinate Priority shall be fully funded no later than the date of issuance of the Additional Subordinate Priority WSCC Obligations. The resolution authorizing Additional Subordinate Priority WSCC Obligations may provide for the appointment of a trustee or may provide for a Supplemental Master Agreement as permitted under this Master Agreement.

The District hereby further covenants and agrees with the Owners and holders of each of the Subordinate Priority WSCC Obligations for as long as any of the same remain Outstanding that it will not issue any Subordinate Priority WSCC Obligations that constitute a charge upon the Lodging Tax Revenues and the Trust Estate equal to the priority thereon of Outstanding Subordinate Priority WSCC Obligations, unless at the time of the issuance of such Subordinate Priority WSCC Obligations:

(A) the District is not in default under this Master Agreement or any resolution or Series Agreement authorizing the issuance of Subordinate Priority WSCC Obligations then Outstanding, and

(B) unless the District meets the conditions set forth in subsection (b) below, there shall have been delivered prior to or on the date of the issuance of the Subordinate Priority WSCC Obligations, a certificate prepared and executed by the Designated District Representative stating that Regular Lodging Tax Revenues plus Extended Lodging Tax Revenues during the Base Period were at least equal to 115% of Annual Debt Service in each year following the issuance of the proposed Additional Subordinate Priority WSCC Obligations with respect to all First Priority Bonds and all Subordinate Priority WSCC Obligations then Outstanding and all Subordinate Priority WSCC Obligations then proposed to be issued. The Designated District Representative's certificate shall be based upon the financial statements of the District for the Base Period, corroborated by the certified statements of the State Auditor's office of the State, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period. In the event that the tax rate for Regular Lodging Tax Revenues has been increased and such increase is pledged (and the definition of Regular Lodging Tax Revenues has been amended to take such increase into account) to the repayment of Subordinate Priority WSCC Obligations, then such increase may be reflected as if it had been fully collected during the Base Period. In the event that the tax rate for the Extended Lodging Tax has been increased and such increase is pledged (and the definition of Extended Lodging Tax has been amended to take such increase into account) to the repayment of Subordinate Priority WSCC Obligations, then such increase may be reflected as if it had been fully collected during the Base Period. Compliance with the coverage requirements of this Section 3.03(a) shall be demonstrated conclusively by a certificate delivered in accordance with this subsection (1).

(b) *No Certificate Required.* A certificate shall not be required as a condition to the issuance of Additional Subordinate Priority WSCC Obligations if the Additional Subordinate Priority WSCC Obligations are being issued for refunding purposes upon compliance with the provisions of subsection (c)(1)(A) or (B) or (c)(2) of this Section.

(c) *Additional Subordinate Priority WSCC Obligations For Refunding Purposes.* The District may issue Additional Subordinate Priority WSCC Obligations for refunding purposes, as follows:

(1) Additional Subordinate Priority WSCC Obligations may be issued at any time for the purpose of refunding (including by purchase) Subordinate Priority WSCC Obligations including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date fixed for redemption (or purchase), any deposits to a reserve account or to purchase a Qualified Letter of Credit or Qualified Insurance, and the expenses of issuing the Additional Subordinate Priority WSCC Obligations and of effecting such refunding upon delivery of a certificate as provided in subsection (a) above. Such refunding Additional Subordinate Priority WSCC Obligations also may be issued without a certificate if:

(A) the latest maturity of the Additional Subordinate Priority WSCC Obligations to be issued is not later than the latest maturity of the Subordinate Priority WSCC Obligations to be refunded (were such refunding not to occur), and the increase in Annual Debt Service as a result of such refunding in any year is less than the greater of (i) \$25,000 or (ii) 5% of such Annual Debt Service on the Subordinate Priority WSCC Obligations to be refunded; or

(B) the latest maturity of the Additional Subordinate Priority WSCC Obligations to be issued is later than the latest maturity of the Subordinate Priority WSCC Obligations to be refunded (were such refunding not to occur), and the maximum Annual Debt Service on all Subordinate Priority WSCC Obligations to be Outstanding after the issuance of the refunding Subordinate Priority WSCC Obligations shall not be greater than maximum Annual Debt Service were such refunding not to occur.

(2) Additional Subordinate Priority WSCC Obligations may be issued without the requirement of a certificate pursuant to this Section for the purpose of refunding (including by purchase) any Subordinate Priority WSCC Obligations at any time within one year prior to their maturity or mandatory redemption date if sufficient Lodging Tax Revenues or other moneys are not expected to be available for payment at maturity or mandatory redemption.

SECTION 3.04. Priorities Subordinate to First Priority Bonds and Subordinate Priority WSCC Obligations. Nothing herein contained shall prevent the District from issuing revenue bonds or other obligations and pledging the Lodging Tax Revenues junior or inferior to the payments required by this Master Agreement or the applicable provisions of any resolution of Series Agreement to be made out of such Lodging Tax Revenues to pay and secure the payment of any First Priority Bonds and any Subordinate Priority WSCC Obligations. Such junior or inferior obligations shall not be subject to acceleration. This prohibition against acceleration shall not be deemed to prohibit mandatory tender or other tender provisions with respect to variable rate obligations or to prohibit the payment of a termination amount with respect to a Derivative Product.

SECTION 3.05. Derivative Products.

(a) *General – First Priority Bonds.* To the extent permitted by State law, the District may enter into Derivative Products under which District Payments are secured and payable on a parity with the Outstanding First Priority Bonds, subject to the conditions provided in this Section. For purposes of this Master Agreement the following terms have the following meanings:

(1) *Conditions.* The following shall be conditions precedent to the use of any Derivative Product on a parity with any First Priority Bonds:

(i) *Derivatives Policy.* Prior to entering into a Derivative Product, the District shall obtain the approval of its Board and shall adopt a formal derivatives policy.

(ii) *General Parity Tests.* The Derivative Product must satisfy the requirements for Additional First Priority Bonds described in Section 3.02 of this Master

Agreement taking into consideration regularly scheduled District Payments and regularly scheduled Reciprocal Payments under the Derivative Product (in each case without regard to any termination payments and taking into consideration any basis risk). District Payments shall be added to interest payments on the related First Priority Bonds and the Reciprocal Payments shall be subtracted therefrom for the purposes of taking into consideration Derivative Products in calculating Debt Service for the related First Priority Bonds. Termination payments and any other payments or financial requirements that are not regularly scheduled District Payments shall be payable under Tenth of the Priority of Payment in Section 2.02(b).

(iii) *Opinion of Bond Counsel.* The District shall obtain an opinion of Bond Counsel on the due authorization and execution of such Derivative Product, the validity and enforceability thereof and opining that the action proposed to be taken is authorized or permitted by this Master Agreement or the applicable provisions of any resolution or Series Agreement and will not adversely affect the tax-exemption of the interest on or the tax-advantaged status of any Outstanding First Priority Bonds.

(iv) *Payments.* Each Derivative Product shall set forth the manner in which the District Payments and Reciprocal Payments are to be calculated and a schedule of Derivative Payment Dates.

(v) *Supplemental Resolutions to Govern Derivative Products.* Prior to entering into a Derivative Product, the District shall adopt a resolution, within the limitations set forth in this Section, which shall:

(A) establish general provisions for the rights of providers of Derivative Products or Derivative Facilities; and

(B) set forth such other matters as the District deems necessary or desirable in connection with the management of Derivative Products as are not clearly inconsistent with the provisions of this Master Agreement.

(b) *General – Subordinate Priority WSCC Obligations.* To the extent permitted by State law, the District may enter into Derivative Products under which District Payments are secured and payable on a parity with the Outstanding Subordinate Priority WSCC Obligations, subject to the conditions provided in this Section. For purposes of this Master Agreement the following terms have the following meanings:

(1) *Conditions.* The following shall be conditions precedent to the use of any Derivative Product on a parity with any Subordinate Priority WSCC Obligations:

(i) *Derivatives Policy.* Prior to entering into a Derivative Product, the District shall obtain the approval of its Board and shall adopt a formal derivatives policy.

(ii) *General Parity Tests.* The Derivative Product must satisfy the requirements for Additional Subordinate Priority WSCC Obligations described in Section 3.03 of this Master Agreement taking into consideration regularly scheduled District Payments and

regularly scheduled Reciprocal Payments under the Derivative Product (in each case without regard to any termination payments and taking into consideration any basis risk). District Payments shall be added to interest payments on the related Subordinate Priority WSCC Obligations and the Reciprocal Payments shall be subtracted therefrom for the purposes of taking into consideration Derivative Products in calculating Subordinate Priority Debt Service for the related Subordinate Priority WSCC Obligations. Termination payments and any other payments or financial requirements that are not regularly scheduled District Payments shall be payable under Tenth of the Priority of Payment in Section 2.02(b).

(iii) *Opinion of Bond Counsel.* The District shall obtain an opinion of Bond Counsel on the due authorization and execution of such Derivative Product, the validity and enforceability thereof and opining that the action proposed to be taken is authorized or permitted by this Master Agreement or the applicable provisions of any resolution or Series Agreement and will not adversely affect the tax-exemption of the interest on or the tax-advantaged status of any Outstanding Subordinate Priority WSCC Obligations.

(iv) *Payments.* Each Derivative Product shall set forth the manner in which the District Payments and Reciprocal Payments are to be calculated and a schedule of Derivative Payment Dates.

(v) *Supplemental Resolutions to Govern Derivative Products.* Prior to entering into a Derivative Product, the District shall adopt a resolution, within the limitations set forth in this Section, which shall:

(A) establish general provisions for the rights of providers of Derivative Products or Derivative Facilities; and

(B) set forth such other matters as the District deems necessary or desirable in connection with the management of Derivative Products as are not clearly inconsistent with the provisions of this Master Agreement.

ARTICLE IV

DEFAULTS AND REMEDIES

SECTION 4.01. Defaults and Remedies. Upon the occurrence and continuance of a Default, then and in every such case the Trustee may exercise all rights and remedies provided in this Master Agreement or the Series Agreement authorizing a series of First Priority Bonds or Subordinate Priority WSCC Obligations, subject to the further limitations set forth in this Article.

(a) *Events of Default.* The District hereby finds and determines that the deposit and disbursement of Lodging Tax Revenues are essential to the payment and security of the First Priority Bonds and the Subordinate Priority WSCC Obligations and the failure or refusal of the District or any of its officers to perform the covenants and obligations of this Master Agreement and related documents will endanger the application of Lodging Tax Revenues and such other

moneys, funds and securities to the purposes herein set forth. Accordingly, the provisions of this Section are specified and adopted for the additional protection of the Owners from time to time of each series of First Priority Bonds and Subordinate Priority WSCC Obligations. Any one or more of the following events shall constitute a "Default" under this Master Agreement (but only with respect to the particular series of First Priority Bonds or Subordinate Priority WSCC Obligations):

(1) The District shall fail to make payment of the principal of such series of First Priority Bonds or Subordinate Priority WSCC Obligations when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity;

(2) The District shall fail to make payments of any installment of interest on such series of First Priority Bonds or Subordinate Priority WSCC Obligations when the same shall become due and payable; or

(3) The District shall default in the observance or performance of any other covenants, conditions, or agreements on the part of the District contained in this Master Agreement or the resolution or Series Agreement relating to the issuance of such series of First Priority Bonds or Subordinate Priority WSCC Obligations, and such default shall have continued for a period of 90 days; provided, however, that such non-payment default shall not constitute a "Default" hereunder or under the resolution or Series Agreement relating to the issuance of such series of First Priority Bonds or Subordinate Priority WSCC Obligations unless the Owners of at least a majority of the principal amount of such series of First Priority Bonds, or if no First Priority Bonds are then Outstanding at least a majority of the principal amount of such series of Subordinate Priority WSCC Obligations then Outstanding, then Outstanding have requested the Trustee to declare such default as a Default.

(b) *Remedies.* The Trustee may, upon the happening of a Default and during the continuance thereof, take such steps and institute such suits, actions or other proceedings in its own name, or as trustee, all as it may deem appropriate for the protection and enforcement of the rights of Owners of First Priority Bonds or Subordinate Priority WSCC Obligations to collect any amounts due and owing the District, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this Master Agreement or the resolution or Series Agreement relating to the issuance of such series of First Priority Bonds or Subordinate Priority WSCC Obligations, and exercise all rights and remedies provided in this Master Agreement.

(c) *Application of Lodging Tax Revenues and Other Funds After Default.* If a Default shall occur and be continuing, all Lodging Tax Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Master Agreement shall be applied by the Trustee as follows and in the following order:

(1) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of First Priority Bonds and Subordinate Priority WSCC Obligations and payment of reasonable fees and charges and expenses of the Trustee (including

reasonable fees and disbursements of its counsel and agents) incurred in and in connection with the performance of its powers and duties under this Master Agreement;

(2) To the payment of the principal of and interest then due on First Priority Bonds and Subordinate Priority WSCC Obligations and any amounts due as a reimbursement on any Credit Facility, and for payment of issuers of Qualified Letters of Credit or Qualified Insurance, subject to the provisions of this Master Agreement, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due on First Priority Bonds in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any First Priority Bonds which shall have become due, whether at maturity or by call for redemption, with interest on any overdue principal at the rate borne by the respective First Priority Bonds, and, if the amount available shall not be sufficient to pay in full all the First Priority Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

Third: To the payment, *pro rata*, of any amounts due a Credit Facility Issuer related to a Credit Facility for the First Priority Bonds that are not otherwise paid in First and Second above; and

Fourth: To the payment, *pro rata*, of any amounts due as a reimbursement on any Qualified Letter of Credit or Qualified Insurance related to the First Priority Bonds; and

Fifth: To the payment to the persons entitled thereto of all installments of interest then due on Subordinate Priority WSCC Obligations in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Sixth: To the payment to the persons entitled thereto of the unpaid principal of any Subordinate Priority WSCC Obligations which shall have become due, whether at maturity or by call for redemption, with interest on any overdue principal at the rate borne by the respective Subordinate Priority WSCC Obligations, and, if the amount available shall not be sufficient to pay in full all the Subordinate Priority WSCC Obligations, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference;

Seventh: To the payment, *pro rata*, of any amounts due a Credit Facility Issuer related to a Credit Facility for the Subordinate Priority WSCC Obligations that are not otherwise paid in Fifth and Sixth above; and

Eighth: To the payment, *pro rata*, of any amounts due as a reimbursement on any Qualified Letter of Credit or Qualified Insurance related to the Subordinate Priority WSCC Obligations; and

(3) All other amounts due to any other person legally entitled thereto as provided in this Master Agreement.

(c) *Limitations; Remedies Not Exclusive.* Nothing herein contained shall be deemed to authorize or empower the Trustee to consent to accept or adopt, on behalf of any Owner of said series of First Priority Bonds or Subordinate Priority WSCC Obligations or appurtenant coupons, any plan of reorganization or adjustment affecting the said series of First Priority Bonds or Subordinate Priority WSCC Obligations or any right of any Owner thereof, or to authorize or empower the Trustee to vote the claims of the Owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the District shall be a party.

Nothing in this Master Agreement, in an authorizing resolution or Series Agreement, or in a series of First Priority Bonds or Subordinate Priority WSCC Obligations shall affect or impair the obligation of the District, which is absolute and unconditional, to impose and collect Regular Lodging Taxes, Extended Lodging Taxes and Additional Lodging Taxes and to pay from Lodging Tax Revenues and the Trust Estate the principal of and interest on said First Priority Bonds or Subordinate Priority WSCC Obligations to the respective Owners thereof at the respective due dates therein specified, or affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payments.

The remedies herein conferred upon or reserved to the Owners of the First Priority Bonds or Subordinate Priority WSCC Obligations and to the Trustee are not intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. The privileges herein granted shall be exercised from time to time and continued so long as and as often as the occasion therefor may arise and no waiver of any default hereunder, whether by the Trustee or by the Owners of First Priority Bonds or Subordinate Priority WSCC Obligations, shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon. No delay or omission of the Owners of First Priority Bonds or Subordinate Priority WSCC Obligations or of the Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein.

SECTION 4.02 Trustee to Represent Registered Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of a series of First Priority Bonds or Subordinate Priority WSCC Obligations, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-

fact of the Owners of such series of First Priority Bonds or Subordinate Priority WSCC Obligations for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of such series of First Priority Bonds or Subordinate Priority WSCC Obligations, the applicable resolution, the applicable Series Agreement, this Master Agreement, the Interlocal Agreement and applicable provisions of any other law. Upon the occurrence and continuance of a Default or other occasion giving rise to a right in the Trustee to represent the Owners of a series of First Priority Bonds or Subordinate Priority WSCC Obligations, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of such series of a series of First Priority Bonds, or if no First Priority Bonds are then Outstanding a majority in aggregate principal amount of such series of a series of Subordinate Priority WSCC Obligations then Outstanding, then Outstanding, and upon being indemnified against anticipated expenses and liabilities to its satisfaction therefore (which indemnity is a condition precedent to its duties hereunder, except that Trustee may not seek indemnification as a condition precedent to making payments on First Priority Bonds or Subordinate Priority WSCC Obligations when due to the extent of funds available therefore), shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under this Master Agreement, the applicable resolution, the applicable Series Agreement, the Interlocal Agreement or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Trust Estate, pending such proceedings. All rights of action under this Master Agreement or a series of First Priority Bonds or Subordinate Priority WSCC Obligations or otherwise may be prosecuted and enforced by the Trustee without the possession of any First Priority Bonds or Subordinate Priority WSCC Obligations or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such First Priority Bonds or Subordinate Priority WSCC Obligations, subject to the provisions of this Master Agreement.

SECTION 4.03. Registered Owners' Direction of Proceedings. Owners of a majority in aggregate principal amount of a series of First Priority Bonds or Subordinate Priority WSCC Obligations then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, upon indemnification satisfactory to the Trustee, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Master Agreement and the applicable resolution and Series Agreement, and that the Trustee shall have the right to decline to follow any such direction that in the sole discretion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

SECTION 4.04. Limitation on Owners' Right to Sue. No Owner of any First Priority Bond or Subordinate Priority WSCC Obligation shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Master Agreement, the applicable resolution, the applicable Series Agreement, the Interlocal Agreement or any other applicable law with respect to such First Priority Bonds or Subordinate Priority WSCC Obligations, unless (a) such Owner shall have given to the Trustee

written notice of the occurrence of a Default relating to such series of First Priority Bonds or Subordinate Priority WSCC Obligations; (b) the Owners of a majority in aggregate principal amount of such series of First Priority Bonds or Subordinate Priority WSCC Obligations then Outstanding, as applicable shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of First Priority Bonds or Subordinate Priority WSCC Obligations of any remedy hereunder or under law; it being understood and intended that no one or more Owners of First Priority Bonds or Subordinate Priority WSCC Obligations shall have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the security of this Master Agreement or the rights of any other Owners of First Priority Bonds or Subordinate Priority WSCC Obligations, as applicable, or to enforce any right under this Master Agreement, the applicable authorizing resolution, the applicable Series Agreement, the Interlocal Agreement or other applicable law with respect to such series of First Priority Bonds or Subordinate Priority WSCC Obligations, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of such series of First Priority Bonds or Subordinate Priority WSCC Obligations then outstanding, subject to the provisions of this Master Agreement, the applicable resolution and the applicable Series Agreement.

SECTION 4.05. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners of First Priority Bonds or Subordinate Priority WSCC Obligations of a series on account of any Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners, then in every such case the District, the Registrar, the Trustee and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the District, the Trustee and the Owners shall continue as though no such proceedings had been taken.

SECTION 4.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of First Priority Bonds or Subordinate Priority WSCC Obligations is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

SECTION 4.07. No Waiver of Default. No delay or omission of the Trustee or of any Owners of First Priority Bonds or Subordinate Priority WSCC Obligations to exercise any right or power arising upon the occurrence of any Default shall impair any such right or power or shall be construed to be a waiver of any such Default or an acquiescence therein, and every

power and remedy given by this Master Agreement to the Trustee or to the Owners of such First Priority Bonds or Subordinate Priority WSCC Obligations may be exercised from time to time and as often as may be deemed expedient.

SECTION 4.08 Rights of Credit Facility Issuer.

(a) Notwithstanding anything contained in this Master Agreement to the contrary, but subject to the provisions of any applicable Series Agreement or Credit Facility, any Credit Facility Issuer shall be treated as the Owner of First Priority Bonds or Subordinate Priority WSCC Obligations upon which such Credit Facility Issuer is obligated pursuant to a Credit Facility, as applicable, for the purpose of calculating whether or not the Owners of the requisite percentage of First Priority Bonds or Subordinate Priority WSCC Obligations then Outstanding have consented to any request, consent, directive, waiver or other action permitted to be taken by the Owners of the First Priority Bonds or Subordinate Priority WSCC Obligations pursuant to this Article; provided, however, that such Credit Facility Issuer shall cease to be so regarded as Owner of such First Priority Bonds or Subordinate Priority WSCC Obligations in the event such Credit Facility Issuer is then in default of its obligations under the applicable Credit Facility.

(b) Notwithstanding anything contained in this Master Agreement to the contrary, but subject to the provisions of any applicable Series Agreement or Credit Facility, until the District has reimbursed a Credit Facility Issuer for amounts paid under a Credit Facility to pay the interest on or the principal of any First Priority Bonds or Subordinate Priority WSCC Obligations on any Interest Payment Date or Principal Payment Date or to the extent any Credit Facility Issuer has exercised its rights as subrogee for the particular First Priority Bonds or Subordinate Priority WSCC Obligations it has provided for payments of, (a) such First Priority Bonds or Subordinate Priority WSCC Obligations shall be deemed to be Outstanding and such Credit Facility Issuer shall succeed to the rights and interests of the Owners to the extent of the amounts paid under the Credit Facility or as specified in respect of the applicable Credit Facility until such amount has been reimbursed and (b) upon presentation to the Bond Registrar, such First Priority Bonds or Subordinate Priority WSCC Obligations shall be registered in the name of the Credit Facility Issuer or its nominee, as appropriate.

ARTICLE V

THE TRUSTEE

SECTION 5.01. Duties, Immunities and Liabilities of Trustee. The Trustee hereby accepts the trusts imposed upon it by this Master Agreement, represents and covenants that it is fully empowered to accept said trusts, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Master Agreement against the Trustee:

(a) The Trustee shall, prior to a Default, and after the curing or waiver of all Defaults that may have occurred, perform such duties and only such duties as are specifically imposed upon it as set forth in this Master Agreement. The Trustee shall, during the existence of any Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Master Agreement and the resolution and Series Agreement relating to a series of First Priority Bonds or Subordinate Priority WSCC Obligations, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs; provided that, except as to disbursement of funds, making payments upon First Priority Bonds and Subordinate Priority WSCC Obligations when due, if in the reasonable opinion of the Trustee any such action may tend to invoke expense or liability to the Trustee, it shall not be obligated to take such action unless it is first furnished with funds for payment of such expense or with indemnity therefore satisfactory to it.

(b) Upon 30 days' advance written notice to the Trustee, the District may remove the Trustee at any time unless a Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of First Priority Bonds or Subordinate Priority WSCC Obligations of each series then Outstanding (or their attorneys duly authorized in writing) or, without the necessity of advance written notice, if at any time the Trustee shall cease to be eligible in accordance with subsection (c) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon the District shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the District and by giving the Owners notice of such resignation by mail at the addresses shown on the Bond Register. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any

Owner of First Priority Bonds or Subordinate Priority WSCC Obligations (on behalf of himself and all other Owners of First Priority Bonds or Subordinate Priority WSCC Obligations) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Master Agreement shall signify its acceptance of such appointment by executing and delivering to the District and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the money, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the request of the District or the request of the successor Trustee, such predecessor Trustee shall, at the expense of the District and upon prior payment or indemnification therefore, execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the rights, title and interest of such predecessor Trustee in and to any property held by it under this Master Agreement and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the District shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such money, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, such successor Trustee shall direct the Registrar to mail a notice of the succession of such Trustee to the trusts hereunder, to the Rating Agency then maintaining rating(s) on any First Priority Bonds or Subordinate Priority WSCC Obligations then Outstanding and to the Owners of such First Priority Bonds or Subordinate Priority WSCC Obligations at the addresses shown on the Bond Register.

(e) It is the intention that there shall at all times be a trustee under this Master Agreement qualified under the Trust Indenture Act, whom shall at all times be a bank or corporation organized and doing business under the laws of the United States or of any state or of the District of Columbia or a corporation or other person permitted to act as trustee by the SEC (herein and in the Trust Indenture Act referred to as the "institutional trustee"), which (A) is authorized under such laws to exercise corporate trust powers, and (B) is subject to supervision or examination by federal, state or District of Columbia authorities. Any Trustee appointed under the provisions of this Section in succession to U.S. Bank National Association as the initial Trustee, shall be a trust company or bank having the powers of a trust company qualified under the Trust Indenture Act to act as trustee, having a combined capital, surplus and undivided profits of at least \$100,000,000, subject to supervision or examination by federal, state, or District of Columbia authorities, and rated A3/P2 (or the equivalent) or higher by the Rating Agency, if any, then maintaining a rating for any First Priority Bonds or Subordinate Priority WSCC Obligations then Outstanding or each Rating Agency then maintaining a rating for any First Priority Bonds or Subordinate Priority WSCC Obligations then Outstanding provides written notice that the rating on such Bonds or Obligations will not be reduced or withdrawn upon such appointment. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most

recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(f) Notwithstanding anything to the contrary herein, the Trustee shall not be responsible for the preliminary or final official statement or any other offering materials relating to the issuance of any First Priority Bonds or Subordinate Priority WSCC Obligations then Outstanding (except such statements provided by the Trustee for use in any such offering materials), or for the validity of the execution by District of this Master Agreement, or for the validity of the execution of the Interlocal Agreement, any authorizing resolution, any Series Agreement, or under any instrument or any supplemental instrument by the District or for the sufficiency of the security for First Priority Bonds or Subordinate Priority WSCC Obligations issued hereunder or intended to be secured hereby or otherwise as to the maintenance of the security hereof; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenant, condition or agreement on the part of the District, except as set forth herein, but the Trustee may require of the District full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee shall not be accountable for the use of any First Priority Bonds or Subordinate Priority WSCC Obligations authenticated or delivered by the Registrar.

(g) The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of fees and expenses shall survive its resignation or removal and the final payment or defeasance of First Priority Bonds or Subordinate Priority WSCC Obligations or the discharge of this Master Agreement.

SECTION 5.02. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of Section 5.01, shall be the successor to such Trustee without the executing or filing of any paper or any further act, anything herein to the contrary notwithstanding. Notice of such merger or consolidation shall be given to the District and the Registrar.

SECTION 5.03. Liability of Trustee.

(a) The recitals of facts herein and in any First Priority Bonds or Subordinate Priority WSCC Obligations shall be taken as statements of the District, and the Trustee shall have no responsibility for the correctness of the same or for the validity or sufficiency of this Master Agreement, or any representations therein. The Trustee shall incur no responsibility in respect of any such documents, other than in connection with the duties or obligations herein. The Trustee shall not be liable for following any instruction that it is directed to follow hereunder, and shall not be liable otherwise in connection with the performance of its duties or exercise of discretion hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of First Priority Bonds or Subordinate Priority WSCC Obligations with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for

and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of First Priority Bonds or Subordinate Priority WSCC Obligations, whether or not such committee shall represent the Owners of a majority in principal amount of a series of First Priority Bonds or Subordinate Priority WSCC Obligations then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of a series of First Priority Bonds or Subordinate Priority WSCC Obligations at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under this Master Agreement.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Master Agreement.

(e) The Trustee shall not be deemed to have knowledge of any Default hereunder unless and until its administrative corporate trust officers at the corporate trust office shall have actual knowledge thereof or shall have received written notice thereof, at its corporate trust office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with a series of First Priority Bonds or Subordinate Priority WSCC Obligations, or as to the existence of a default or event of default (however defined) thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

(f) No provision of this Master Agreement, an authorizing resolution or a Series Agreement shall require the Trustee to expend, advance or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers. Notwithstanding the above, the Trustee shall not seek indemnity before making payments to the Registrar when due to the extent funds are available therefore.

(g) On the Closing Date, the District shall prepare and execute and the Trustee shall file a central UCC Financing Statement with the Washington Department of Licensing. The Trustee also shall file continuation statements as described herein. Each financing statement, continuation statement or other filing shall state that it is being filed out of precaution and that no inference should be drawn from such filing as to the applicability of Article 9 of the UCC. The Trustee shall prepare, request that the District execute (if such execution is necessary for any such filing) and file in a timely manner (if received from the District in a timely manner if execution by the District is necessary) in such places as the initial filings were made a continuation statement with respect to each UCC Financing Statement filed under this section on

the Closing Date; provided that the Trustee shall not be responsible for the perfection of any security interests or the accuracy or sufficiency of any description of collateral in the initial filings or for filing any modifications or amendments to the initial filings required by amendments of the UCC; and provided further, that unless the Trustee shall have been notified by the District that any such initial filing or description of collateral was or has become defective, including without limitation because of any amendment of the UCC, the Trustee shall be fully protected in relying on such initial filing in filing continuation statement(s) pursuant to this Section.

(h) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through affiliates, attorneys, accountants and other experts, agents, servicers, receivers, officers or employees and shall be answerable for the conduct of the same in accordance with the standard of conduct specified in this Master Agreement. All reasonable costs incurred by the Trustee and all reasonable compensation to all such attorneys, accountants and other experts, agents and receivers as may reasonably be employed in connection with the trusts hereof shall be paid by the District.

(i) The Trustee shall not be required to enter into any supplement or amendment to this Master Agreement that in the sole discretion of the Trustee may tend to involve it in liability or expense, or enlarge its duties hereunder or under any other instrument or agreement to which the Trustee is a party.

SECTION 5.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, requisition, instruction, consent, order, certificate, direction, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. At the expense of the District, the Trustee may consult with counsel, who may be counsel of or to the District, and the advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith; provided, however, that with respect to legal questions concerning interpretation of this Master Agreement, the Trustee shall be entitled to rely only on the advice of Bond Counsel.

The Trustee shall not be bound to recognize any person as the Owner of a First Priority Bonds or Subordinate Priority WSCC Obligations unless and until such First Priority Bond or Subordinate Priority WSCC Obligations, as applicable, is submitted for inspection, if required, and his, her or its title thereto is satisfactorily established, if disputed.

Whenever in the administration of the trusts imposed upon it by this Master Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the District, and such certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Master Agreement in reliance upon such certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

SECTION 5.05. Preservation and Inspection of Documents. All documents maintained by the Trustee under the provisions of this Master Agreement and any Series Agreement shall be retained in its possession and shall be subject at all reasonable times to the inspection of the District and its agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions upon reasonable prior notice.

SECTION 5.06. Compensation. The District shall pay the Trustee as compensation for its ordinary services hereunder the fees set forth in the written fee schedule of the Trustee in effect as of the Date of Issue based upon its proposal, or as of the date of appointment of any successor Trustee, and also all reasonable fees, expenses, charges, costs, claims, liabilities, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Master Agreement. In the event that it should become necessary that the Trustee perform extraordinary services, it shall be entitled to reasonable extra compensation by the District therefore, and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided, that if such extraordinary services are due to the willful misconduct or negligence of the Trustee it shall not be entitled to compensation or reimbursement therefore.

ARTICLE VI

MODIFICATION OF THIS MASTER AGREEMENT AND OTHER DOCUMENTS

SECTION 6.01. Limitations. This Master Agreement shall not be modified or amended, except as may be expressly provided herein and set forth below. The Trustee shall not be obligated to enter into or consent to any, Supplemental Master Agreement or any other alteration, amendment or supplement to this Master Agreement that affects the duties, liabilities and immunities of the Trustee hereunder or the rights of the Trustee under Article IV hereof.

SECTION 6.02. Without Consent of Owners. This Master Agreement and any authorizing resolution or Series Agreement relating to a series of First Priority Bonds and/or Subordinate Priority WSCC Obligations may be amended or supplemented from time to time, without the consent of the Registered Owners of such series by a Supplemental Master Agreement for one or more of the following purposes:

(a) to add additional covenants of the Board or to surrender any right or power herein or in an authorizing resolution or Series Agreement conferred upon the District; provided that such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the District contained in this Master Agreement or in an authorizing resolution or Series Agreement; or

(b) to confirm as further assurance any pledge or provision for payment of the First Priority Bonds or Subordinate Priority WSCC Obligations under and the subjection to any claim or pledge created or to be created by the provisions of this Master Agreement or in an authorizing resolution or Series Agreement of the Lodging Tax Revenues and the Trust Estate or of any other moneys, securities or funds; or

(c) to cure any ambiguity or to cure, correct or supplement any defective (whether because of any inconsistency with any other provision hereof or otherwise) provision of this Master Agreement, an authorizing resolution or a Series Agreement in such manner as shall not be inconsistent with such documents or to make any other provisions with respect to matters or questions arising under this Master Agreement, an authorizing resolution or Series Agreement, provided such action shall not impair the security hereof or thereof or materially and adversely affect the interests of the Registered Owners; or

(d) to prescribe further limitations and restrictions upon the issuance of First Priority Bonds and the incurring of indebtedness by the District payable from the Lodging Tax Revenues and the Trust Estate that are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; or

(e) to provide or modify procedures permitting Registered Owners to utilize a certificated system of registration for First Priority Bonds or Subordinate Priority WSCC Obligations, as applicable; or

(f) to modify, alter, amend, supplement or restate this Master Agreement or any authorizing resolution or Series Agreement in any and all respects necessary, desirable or appropriate or in connection with the delivery of a Credit Facility, Liquidity Facility or other security or liquidity arrangement; provided such action shall not impair the security hereof or thereof or materially and adversely affect the interests of the Registered Owners; or

(g) to modify, alter, amend, supplement or restate this Master Agreement or any authorizing resolution or Series Agreement in any and all respects necessary, desirable or appropriate in order to satisfy the requirements of any Rating Agency which may from time to time provide a rating on a series of First Priority Bonds or Subordinate Priority WSCC Obligations, as applicable, or in order to obtain or retain such rating on any First Priority Bonds or Subordinate Priority WSCC Obligations, as applicable, as is deemed necessary by the District; provided such action shall not impair the security hereof or materially and adversely affect the interests of the Registered Owners; or

(h) to qualify this Master Agreement or any authorizing resolution or Series Agreement under the Trust Indenture Act of 1939, as amended; provided such action shall not impair the security hereof or materially and adversely affect the interests of the Registered Owners; or

(i) for any purpose, if such amendment becomes effective only following a mandatory tender or redemption of all First Priority Bonds and Subordinate Priority WSCC Obligations then Outstanding for purchase; or

(j) to modify any of the provisions of this Master Agreement, any authorizing resolution or any Series Agreement in any other respects; provided that such modifications shall not materially and adversely affect the rights of any Owners of First Priority Bonds or Subordinate Priority WSCC Obligations then Outstanding or that such modifications shall not

take effect until all then Outstanding First Priority Bonds and Subordinate Priority WSCC Obligations, as applicable, are no longer Outstanding; or

(k) in connection with the issuance of Additional First Priority Bonds or the entering into of Derivative Products; provided such action shall not impair the security hereof or thereof or materially and adversely affect the interests of the Registered Owners; or

(l) to make any additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on any Tax-Exempt Bonds.

Notwithstanding anything in this Section 6.02 to the contrary,

(1) Without the specific consent of the Registered Owners of each First Priority Bond, no supplement, amendment or such resolution amending or supplementing the provisions hereof, of any Series Agreement or of any resolution shall reduce the percentage of First Priority Bonds, the Registered Owners of which are required to consent to any such resolution amending or supplementing the provisions hereof; or give to any First Priority Bond or First Priority Bonds any preference over any other First Priority Bond or First Priority Bonds secured hereby. No Supplemental Master Agreement or any other amendment or resolution amending or supplementing the provisions hereof or any resolution shall change the date of payment of the principal of any First Priority Bond, or reduce the principal amount or Accreted Value of any First Priority Bond, or change the rate or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption or prepayment thereof, or advance the date upon which any First Priority Bond may first be called for redemption prior to its fixed maturity date (except as provided in the resolution or Series Agreement authorizing the issuance of such First Priority Bond) without the specific consent of the Registered Owner of that First Priority Bond; and no such Supplemental Trust Agreement or other amendment shall change or modify any of the rights or obligations of any Trustee, paying agent or other agent for a series of First Priority Bonds without its written assent thereto, and

(2) Without the specific consent of the Registered Owners of each Subordinate Priority WSCC Obligation, no Supplemental Master Agreement or other supplement, amendment or such resolution amending or supplementing the provisions hereof, of any Series Agreement or of any resolution shall reduce the percentage of Subordinate Priority WSCC Obligations, the Registered Owners of which are required to consent to any such resolution amending or supplementing the provisions hereof; or give to any Subordinate Priority WSCC Obligation or Subordinate Priority WSCC Obligations any preference over any other Subordinate Priority WSCC Obligation or Subordinate Priority WSCC Obligations secured hereby. No Supplemental Master Agreement or any other amendment or resolution amending or supplementing the provisions hereof or any resolution shall change the date of payment of the principal of any Subordinate Priority WSCC Obligation, or reduce the principal amount or Accreted Value of any Subordinate Priority WSCC Obligation, or change the rate or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption or prepayment thereof, or advance the date upon which any Subordinate Priority WSCC Obligation may first be called for redemption prior to its fixed maturity date (except as provided in the

resolution or Series Agreement authorizing the issuance of such Subordinate Priority WSCC Obligation) without the specific consent of the Registered Owner of that Subordinate Priority WSCC Obligation; and no such amendment shall change or modify any of the rights or obligations of any Trustee, paying agent or other agent for a series of Subordinate Priority WSCC Obligations without its written assent thereto.

SECTION 6.03. Amendments with Consent.

(a) *Amendments with Consent of Owners of First Priority Bonds.* This Master Agreement and any authorizing resolution and/or Series Agreement relating to a series of First Priority Bonds may be amended from time to time by a supplemental resolution or Supplemental Master Agreement or Supplemental Series Agreement, as applicable, approved by the Registered Owners of a majority in aggregate principal amount or Accreted Value of the First Priority Bonds then Outstanding; provided, that

(1) no amendment shall be made which affects the rights of some but fewer than all of the Registered Owners of the Outstanding First Priority Bonds without the consent of the Registered Owners of a majority in aggregate principal amount or Accreted Value of the First Priority Bonds so affected, and

(2) except as expressly authorized hereunder, no amendment that alters the interest rates on any First Priority Bonds, the maturity date, interest payment dates, purchase upon tender or redemption provisions of any First Priority Bonds, this Section 6.03(a) without the consent of the Registered Owners of all Outstanding First Priority Bonds affected thereby.

For the purpose of consenting to amendments under this Section 6.03(a) except for amendments that alter the interest rate on any First Priority Bonds, the maturity date, interest payment dates, purchase upon tender or redemption of any Bonds, the Credit Facility Issuer shall be deemed to be the sole Registered Owner of the First Priority Bonds that are payable from or guaranteed by such Credit Facility and that are then Outstanding so long as the Credit Facility Issuer is not then in default under the Credit Facility. With the exception of supplemental resolutions, Supplemental Master Agreements or Supplemental Series Agreements that affect only the rights of Registered Owners of Outstanding First Priority Bonds (and do not affect the rights of Registered Owners of Outstanding Subordinate Priority WSCC Obligations), the approvals and consents required under this subsection (a) shall be in addition to the approvals and consents required under subsection (b).

(b) *Amendments with Consent of Owners of Subordinate Priority WSCC Obligations.* This Master Agreement and any authorizing resolution and/or Series Agreement relating to a series of Subordinate Priority WSCC Obligations may be amended from time to time by a supplemental resolution or Supplemental Master Agreement or Supplemental Series Agreement, as applicable, approved by the Registered Owners of a majority in aggregate principal amount or Accreted Value of the Subordinate Priority WSCC Obligations then Outstanding; provided, that

(1) no amendment shall be made which affects the rights of some but fewer than all of the Registered Owners of the Outstanding Subordinate Priority WSCC Obligations

without the consent of the Registered Owners of a majority in aggregate principal amount or Accreted Value of the Subordinate Priority WSCC Obligations so affected, and

(2) except as expressly authorized hereunder, no amendment that alters the interest rates on any Subordinate Priority WSCC Obligations, the maturity date, interest payment dates, purchase upon tender or redemption provisions of any Subordinate Priority WSCC Obligations, this Section 6.03(b) without the consent of the Registered Owners of all Outstanding Subordinate Priority WSCC Obligations affected thereby.

For the purpose of consenting to amendments under this Section 6.03(b) except for amendments that alter the interest rate on any Subordinate Priority WSCC Obligations, the maturity date, interest payment dates, purchase upon tender or redemption of any Bonds, the Credit Facility Issuer shall be deemed to be the sole Registered Owner of the Subordinate Priority WSCC Obligations that are payable from or guaranteed by such Credit Facility and that are then Outstanding so long as the Credit Facility Issuer is not then in default under the Credit Facility.

With the exception of supplemental resolutions, Supplemental Master Agreements or Supplemental Series Agreements that affect only the rights of Registered Owners of Outstanding Subordinate Priority WSCC Obligations (and do not affect the rights of Registered Owners of Outstanding First Priority Bonds), the approvals and consents required under this subsection (b) shall be in addition to the approvals and consents required under subsection (a).

SECTION 6.04. Effective Date of Modification. Upon the adoption of any supplemental resolution or Supplemental Master Agreement or Supplemental Series Agreement pursuant to the provisions of this Section, this Master Agreement, resolution or Series Agreement, as applicable, shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the District under this Master Agreement, resolution or Series Agreement, as applicable, shall thereafter be determined, exercised and enforced thereunder, subject in all respect to such modification and amendments, and all the terms and conditions of any such supplemental resolution or Supplemental Master Agreement or Supplemental Series Agreement shall be deemed to be part of the terms and conditions of this Master Agreement, resolution and/or Series Agreement, respectively, for any and all purposes. A copy of each supplemental resolution, Supplemental Master Agreement or Supplemental Series Agreement, as applicable, shall be provided to the Owners of the First Priority Bonds and/or Subordinate Priority WSCC Obligations so affected.

ARTICLE VII

DEFEASANCE

Any First Priority Bonds and Subordinate Priority WSCC Obligations of a series shall be deemed to have been paid and no longer Outstanding and shall cease to be entitled to any benefit or security of this Master Agreement and the related resolution and Series Agreement and any money and investments held hereunder, except the right to receive the money and the proceeds and income from Government Obligations set aside and pledged in the manner hereafter described, if:

(a) in the event that any or all First Priority Bonds or Subordinate Priority WSCC Obligations of a series are to be optionally redeemed, the District shall have given to the Trustee irrevocable instructions to give such notice of redemption of such First Priority Bonds or Subordinate Priority WSCC Obligations, respectively, as may be required by the provisions of this Master Agreement and the applicable authorizing resolution or Series Agreement; and

(b) there shall have been made an Irrevocable Deposit, in trust, with the Trustee or with another corporate escrow agent in escrow, of money in an amount that shall be sufficient and/or noncallable Government Obligations maturing in such amounts and at such time or times and bearing such interest to be earned thereon, without considering any earnings on the reinvestment thereof, as will provide a series of payments that shall be sufficient, together with any money initially deposited, to provide for the payment of the principal of and premium, if any, and the interest on the defeased First Priority Bonds or Subordinate Priority WSCC Obligations, as applicable, when due in accordance with their terms, or upon the earlier prepayment or redemption thereof in accordance with a refunding plan; and such money and the principal of and interest on such Government Obligations are set aside irrevocably and pledged in trust for the purpose of effecting such payment, redemption or prepayment.

Nothing contained in this Article VII shall be construed to prohibit the partial defeasance of the pledge of this Master Agreement and the related authorizing resolution and Series Agreement providing for the payment of one or more, but not all of the Outstanding First Priority Bonds or Subordinate Priority WSCC Obligations, as applicable. In the event of such partial defeasance, this Master Agreement and the authorizing resolution and Series Agreement shall be discharged only as to the First Priority Bonds or Subordinate Priority WSCC Obligations so defeased.

The District shall cause notice of defeasance of Bonds to be provided to Registered Owners of Bonds being defeased and to each party entitled to receive notice in accordance with any Continuing Disclosure Certificate executed in connection with the First Priority Bonds or Subordinate Priority WSCC Obligations so defeased.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Successor Is Deemed Included in All References to Predecessor. Whenever in this Master Agreement either the District or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Master Agreement contained by or on behalf of the District and the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 8.02. Limitation of Rights to Parties and Bond Owners. Nothing in this Master Agreement or in any First Priority Bonds or Subordinate Priority WSCC Obligations expressed or implied is intended or shall be construed to give to any person other than the

District, the Trustee, a Credit Facility Issuer, the issuer of any Qualified Letter of Credit or Qualified Insurance, and the Owners of such First Priority Bonds or Subordinate Priority WSCC Obligations, any legal or equitable right, remedy or claim under or in respect of this Master Agreement or any covenant, condition or provision therein or herein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the District, the Trustee, a Credit Facility Issuer, the issuer of any Qualified Letter of Credit or Qualified Insurance, and the Owners of First Priority Bonds and Subordinate Priority WSCC Obligations.

SECTION 8.03. Waiver of Notice. Except as otherwise provided herein, whenever in this Master Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 8.04. Severability of Invalid Provisions. If any one or more of the provisions contained in this Master Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Master Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Master Agreement, and this Master Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District hereby declares that it would have entered into this Master Agreement and each and every other section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Master Agreement may be held illegal, invalid or unenforceable.

SECTION 8.05. Notices. Any notice to or demand upon the following parties shall be given by first class mail, return receipt requested, as set forth below, or to such other addresses as may from time to time be furnished, effective upon the receipt of notice thereof given as provided for in this Section 7.05.

If to District:	Washington State Convention Center Public Facilities District 705 Pike Street Seattle, Washington 98101 Attention: President
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If to the Trustee:	U.S. Bank National Association 1420 5th Ave, PD-WA-T7CT 7th Floor Seattle, Washington 98101 Attention: Global Corporate Trust Services
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SECTION 8.06. Applicable Provisions of Law. This Master Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 8.07. Amendment to 2010 Bond Resolution and 2010 Series Agreement; Other Provisions. This Master Agreement is intended to supplement the 2010 Bond Resolution and 2010 Series Agreement by providing for the terms and conditions related to the issuance of and security for Additional First Priority Bonds and Subordinate Priority WSCC Obligations. Further, the following amendments, supplements, modifications and/or clarifications to the 2010 Bond Resolution and the 2010 Series Agreement are hereby authorized and shall become effective as of the Amendment Effective Date:

(a) The definitions of “Lodging Tax Revenues,” “Additional Lodging Tax” and “Additional Lodging Tax Revenues” as used herein shall replace, in their entirety, such definitions as provided for in the 2010 Bond Resolution and 2010 Series Agreement.

(b) The definitions, pledge, and provisions related to “Extended Lodging Tax” and “Extended Lodging Tax Revenues” as provided herein are hereby incorporated into the 2010 Bond Resolution and 2010 Series Agreement as if fully set forth therein.

(c) The definition of “Interlocal Agreement” is hereby amended to incorporate any amendments to such agreement.

(d) The definition of “Qualified Insurance” is hereby amended to clarify that the rating requirement applies at the time of issuance of any insurance or surety policy.

(e) Section 1.03(g) of the 2010 Series Agreement related to the “Purchase of Bonds” is hereby amended to provide that the District has reserved the right to use at any time any Lodging Tax Revenue available after providing for the payments required by paragraphs First through Eighth of the Priority of Payments set forth in Section 2.02(b).

(f) Section 2.02 of the 2010 Series Agreement related to deposits and disbursements from the Lodging Tax Account is hereby amended to permit the District, at its option, to direct the Trustee to retain all or a portion of any Available Balance to satisfy all or a portion of the Required Monthly Deposits.

(g) Section 9(c) of the 2010 Bond Resolution regarding the “Flow of Funds” is hereby amended and replaced, in its entirety, with Section 2.02(b) of this Master Agreement (“Priority of Payments”).

(h) Section 2.04(b) of the 2010 Series Agreement is hereby amended (1) to permit, in the event that the District obtains a Qualified Letter of Credit or Qualified Insurance in substitution for cash or securities in the Common Reserve Fund, all or a portion of the money on hand in the Common Reserve Fund to be transferred to the Lodging Tax Account and/or the Project Fund, as directed by the District, and (2) to provide that U.S. Treasury obligations, U.S. agency obligations and municipal debt obligations shall be valued at face value.

(i) Section 14(c) of the 2010 Bond Resolution related to “Books and Records” is hereby amended to clarify that certain operating statements prepared by the District are not required to be audited.

(j) Section 15 of the 2010 Bond Resolution relating to the issuance of Additional First Priority Bonds is hereby amended (1) to permit the District to take into account Regular Lodging Tax Revenues plus Extended Lodging Tax Revenues during the Base Period for purposes of satisfying the requirements for the issuance of Additional First Priority Bonds, (2) to provide an additional coverage test that must be satisfied in the event that Subordinate Priority WSCC Obligations are Outstanding; and (3) allow the District to make certain adjustments with respect to Extended Lodging Taxes during the Base Period for purposes of satisfying the test.

(k) Section 21(a) of the 2010 Bond Resolution is hereby amended to permit amendments, without the consent of Registered Owners, as may be necessary to preserve the exemption from federal income taxation of interest on any Tax-Exempt Bonds.

(l) The Common Reserve Requirement – First Priority is amended to mean maximum Annual Debt Service with respect to Outstanding Covered Bonds.

(m) Section 2.04 of the 2010 Series Agreement is amended in connection with the payments required to be made under Paragraph Third of the Priority of Payments, a reimbursement agreement with any issuer of a Qualified Letter of Credit or Qualified Insurance may require reimbursement for draws on such Qualified Insurance or Qualified Letter prior to replenishment of cash in the Common Reserve Fund as provided in Section 2.04(b) of this Master Agreement.

(n) Section 2.04 of the 2010 Series Agreement is amended to provide that draws on any Qualified Letter of Credit or Qualified Insurance, and reimbursement payments to any issuer of a Qualified Letter of Credit or Qualified Insurance, in the event that there is both a Qualified Letter of Credit and Qualified Insurance or if there is more than one Qualified Letter of Credit or Qualified Insurance shall be on a pro rata basis as provided in Section 2.04(b) of this Master Agreement.

(o) After Default, Lodging Tax Revenues shall be applied by the Trustee, as provided in Section 4.01(c) of this Master Agreement.

Except as otherwise amended, supplemented, modified and/or clarified by this Master Agreement, all other terms of the 2010 Bond Resolution and 2010 Series Agreement shall remain in full force and effect. To the extent that there are any conflicts between this Master Agreement and the 2010 Bond Resolution and/or the 2010 Series Agreement, as such terms relate to the 2010B Bonds and except as otherwise provided in this Section 8.07, the 2010 Bond Resolution and the 2010 Series Agreement shall control.

SECTION 8.08. Execution in Several Counterparts. This Master Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the District and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Washington State Convention Center Public Facilities District has caused this Master Agreement to be signed in its name by its President, and U.S. Bank National Association, in accepting the trusts created hereunder, has caused this Master Agreement to be signed in its corporate name by its officer thereunder duly authorized, all as of the day and year first above written.

WASHINGTON STATE CONVENTION
CENTER PUBLIC FACILITIES
DISTRICT

By _____
President/Chief Executive Officer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Vice President

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SERIES TRUST AGREEMENT
between
**WASHINGTON STATE CONVENTION CENTER
PUBLIC FACILITIES DISTRICT**
and
U.S. BANK NATIONAL ASSOCIATION

Dated as of August 1, 2018

Washington State Convention Center Public Facilities District
Lodging Tax Bonds, 2018

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SERIES TRUST AGREEMENT

THIS SERIES TRUST AGREEMENT (this “Agreement”), made and dated as of August 1, 2018, by and between the WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, a municipal corporation of the state of Washington (the “District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as Trustee (the “Trustee”);

WITNESSETH:

WHEREAS, in 1982, with the support of the Washington State Legislature, a nonprofit corporation was established to design, construct, promote and operate the Washington State Convention Center (“WSCC”); and

WHEREAS, in 2010, the State Legislature adopted Substitute Senate Bill 6889 (the “Convention Center Act”), authorizing King County (the “County”) to create a public facilities district to acquire, own and operate a trade and convention center transferred from a public nonprofit corporation; and

WHEREAS, pursuant to County Ordinance 16883 adopted on July 19, 2010, the County formed the Washington State Convention Center Public Facilities District (the “District”) for the specific purpose of acquiring, owning and operating the WSCC; and

WHEREAS, to finance the costs of acquiring, expanding, constructing, developing, improving, renovating, expanding and equipping the WSCC, the District is authorized by chapters 36.100 and 39.46 of the Revised Code of Washington (“RCW”) to issue bonds payable from tax receipts of the District; and

WHEREAS, pursuant to Resolution No. 2010-12, adopted by the Board of Directors of the District on November 12, 2010 (the “2010 Bond Resolution”) and the Trust Agreement dated as of November 1, 2010 between the District and the Trustee (the “2010 Series Agreement”), the District issued its Lodging Tax Bonds, 2010A and its Lodging Tax Bonds, 2010B (Build America Bonds – Direct Payment) (the “2010 Bonds”); and

WHEREAS, the 2010 Bond Resolution and the 2010 Series Agreement provided for the issuance of Additional First Priority Bonds and Subordinate Priority WSCC Obligations secured by Lodging Tax Revenue and the Trust Estate (each as defined in the hereinafter defined Master Agreement) so long as certain requirements are satisfied; and

WHEREAS, pursuant to the Master Trust Agreement between the District and the Trustee dated as of August 1, 2018 (the “Master Agreement”) the District has provided for the issuance, from time to time, of Additional First Priority Bonds and Subordinate Priority WSCC Obligations; and

WHEREAS, in accordance with the Master Agreement, the District wishes to authorize and approve the sale of the hereinafter defined 2018 First Priority Bonds and the final principal

maturity amount, interest rates, and redemption rights for the 2018 First Priority Bonds, all as set forth herein;

NOW, THEREFORE, the District does hereby covenant to and agree with the Trustee, for the benefit of the Owners from time to time of the 2018 First Priority Bonds authorized herein, as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION; 2018 FIRST PRIORITY BOND TERMS

SECTION 1.01. Definitions and Interpretation. Words and terms defined in the Master Agreement shall have the same meanings when used herein, unless the context or use clearly indicates another meaning or intent. In addition, the words and terms set forth in this Section 1.01 shall have the meanings set forth therein unless the context or use clearly indicates another meaning or intent. As used herein, the following terms shall have the following meanings:

Bond Purchase Contract means the Bond Purchase Contract between the District and the Underwriters relating to the purchase of the 2018 First Priority Bonds.

Closing Memorandum means the closing memorandum prepared in connection with the issuance of the 2018 First Priority Bonds and approved by a Designated District Representative.

Code means the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2018 First Priority Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the 2018 First Priority Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

Fair Market Value means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm's-length transaction, except for specified investments as described in Treasury Regulation §1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the term “investment” will include a hedge.

Master Agreement means the Master Trust Agreement between the District and the Trustee dated as of August 1, 2018, as it may be amended and supplemented from time to time in accordance with its terms.

Project Fund means the Project Fund established by the District pursuant to Article II of this Agreement.

Projects mean acquiring, expanding, constructing, developing, improving and equipping the WSCC, including without limitation the addition to the WSCC as approved by the Board.

Tax Certificate means the certificate executed by the Designated District Representative setting forth the requirements of the Code for maintaining the tax exemption of interest on the 2018 First Priority Bonds, and attachments thereto.

2010 Bond Resolution means Resolution No. 2010-12, adopted by the Board on November 12, 2010 relating to the issuance of the 2010B Bonds, as amended including by this Agreement and as it may be further amended from time to time.

2010 Series Agreement means the Trust Agreement dated as of November 1, 2010 between the District and the Trustee relating to the issuance of the 2010B Bonds, as amended by this Agreement and as further it may be amended from time to time pursuant to a Supplemental Series Agreement.

2018 Bond Resolution means Resolution No. 2018-06 adopted by the Board of Directors of the District on June 26, 2018, as it may be amended and supplemented from time to time in accordance with its terms.

2018 First Priority Bonds mean the “Washington State Convention Center Public Facilities District Lodging Tax Bonds, 2018” issued in the aggregate principal amount of \$598,790,000 pursuant to the terms of the Master Agreement, the 2018 Bond Resolution, and this Agreement.

2018 Reserve Insurer means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

2018 Reserve Policy means the Qualified Insurance issued by the 2018 Reserve Insurer to satisfy the Common Reserve Requirement – First Priority in connection with the 2018 First Priority Bonds and the 2010 Bonds.

Underwriters mean Citigroup Global Markets Inc., Goldman, Sachs & Co., J.P. Morgan, RBC Capital Markets, LLC, and Merrill Lynch, Pierce, Fenner & Smith Incorporated as the underwriters for the 2018 First Priority Bonds.

SECTION 1.02. Authorization of 2018 First Priority Bonds. For the purpose of financing and/or reimbursing the District for the costs of the Projects, purchasing the 2018 Reserve Policy to serve as Qualified Insurance to satisfy the Common Reserve Requirement – First Priority in connection with the 2018 First Priority Bonds and the 2010 Bonds, and paying related costs of issuance, the District hereby authorizes the issuance and sale of the 2018 First Priority Bonds as provided herein and in the Master Agreement.

SECTION 1.03. 2018 First Priority Bond Details.

(a) **2018 First Priority Bonds**. The 2018 First Priority Bonds shall be issued in the aggregate principal amount of \$598,790,000 and shall be designated the “Washington State Convention Center Public Facilities District Lodging Tax Bonds, 2018.” The 2018 First Priority Bonds shall be in the denomination of \$5,000 or any integral multiple thereof within a single maturity; shall be numbered separately, in the manner and with any additional designation as the Trustee deems necessary for purpose of identification; shall bear interest from their Date of Issue (computed on the basis of a 360 day year of twelve 30 day months), payable semiannually on each January 1 and July 1, commencing January 1, 2019, to the maturity or prior redemption of the 2018 First Priority Bonds. The 2018 First Priority Bonds shall mature on the following dates in the following years in the following amounts and bear interest at the following rates per annum:

Maturity Years (July 1)	Principal Amounts	Interest Rates
2020	\$ 305,000	5.00%
2021	325,000	5.00
2022	355,000	5.00
2023	385,000	5.00
2024	420,000	5.00
2025	455,000	5.00
2026	495,000	5.00
2027	535,000	5.00
2028	575,000	5.00
2029	620,000	5.00
2030	675,000	5.00
2031	720,000	5.00
2032	785,000	5.00
2033	840,000	5.00
2034	905,000	5.00
2035	970,000	5.00
2036	1,040,000	5.00
2037	1,125,000	5.00
2038	1,205,000	5.00
2043 ⁽¹⁾	68,870,000	5.00
2048 ⁽¹⁾	134,325,000	5.00
2058 ^{(1),(2)}	206,960,000	5.00
2058 ^{(1),(2)}	175,900,000	4.00

⁽¹⁾ Term Bond.

⁽²⁾ Bifurcated Maturity.

If any 2018 First Priority Bond is duly presented for payment upon maturity and is not paid, then interest thereon shall continue to accrue thereafter at the rate stated therein until such 2018 First Priority Bond is paid. The 2018 First Priority Bonds shall conform in all other respects to the terms and conditions set forth in the Master Agreement, except as expressly provided herein.

(b) *Conditions of Issuance.* At any time after the execution of this Agreement, the District may execute and, upon satisfaction of the conditions set forth in this Section, the Trustee shall authenticate and, upon request of the District, deliver the 2018 First Priority Bonds. Prior to the authentication and delivery of any 2018 First Priority Bonds by the Trustee, there shall have been filed with the Trustee the documents as set forth in Section 1.02(d) of the Master Agreement and a certificate satisfying the requirements regarding the issuance of Additional First Priority Bonds as set forth in Section 15 of the 2010 Bond Resolution.

SECTION 1.04. 2018 First Priority Bonds as First Priority Bonds; Pledge and Security and Sources of Payment.

(a) *First Priority Bonds.* The 2018 First Priority Bonds shall be issued as First Priority Bonds and shall be payable and secured as provided herein and in the Master Agreement.

(b) *Limited Obligations.* The 2018 First Priority Bonds shall not in any manner or to any extent constitute general obligations of the County or of the State, or of any political subdivision of the State.

(c) *Common Reserve Fund.* The 2018 First Priority Bonds shall be issued as Covered Bonds.

(d) *Provisions Relating to 2018 Reserve Policy.* The provisions relating to the 2018 Reserve Policy set forth in this subsection constitutes the "reimbursement agreement" contemplated by and referred to in Section 2.04 of the Master Agreement and shall govern, notwithstanding anything in the Master Agreement to the contrary.

(1) *Consent to Deposit of Credit Instrument.* The prior written consent of the 2018 Reserve Insurer shall be a condition precedent to the deposit of any Qualified Letter of Credit and Qualified Insurance (a "Credit Facility") credited to the Common Reserve Fund in lieu of a cash deposit into the Common Reserve Fund. Amounts drawn under the 2018 Reserve Policy shall be available only for the payment of scheduled principal and interest on the Covered Bonds when due.

(2) *Payments to 2018 Reserve Insurer.*

(A) The District shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the 2018 Reserve Insurer and shall pay interest thereon from the date of payment by the 2018 Reserve Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per

annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) the then applicable highest rate of interest on the Covered Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the 2018 Reserve Insurer shall specify. If the interest provisions of this subparagraph (A) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the 2018 Reserve Insurer, with the same force and effect as if the District had specifically designated such extra sums to be so applied and the 2018 Reserve Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

(B) Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

(C) Amounts in respect of Policy Costs paid to the 2018 Reserve Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the 2018 Reserve Insurer on account of principal due, the coverage under the 2018 Reserve Policy will be increased by a like amount, subject to the terms of the 2018 Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid pledge and assignment of the Trust Estate (subject only to the priority of payment provisions set forth under the Master Agreement).

(D) All cash and investments in the Common Reserve Fund shall be transferred to the Bond Fund for payment of debt service on Covered Bonds before any drawing may be made on the 2018 Reserve Policy or any other Credit Facility credited to the Common Reserve Fund in lieu of cash. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the 2018 Reserve Policy) on which there is available coverage shall be made on a *pro rata* basis (calculated by reference to the coverage then available thereunder)

after applying all available cash and investments in the Common Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a *pro rata* basis prior to replenishment of any cash drawn from the Common Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative Credit Facility without regard to the legal or financial ability or willingness of the provider of such facility to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(3) *Exercise of Remedies.* Upon a failure to pay Policy Costs when due or any other breach of the terms of this Section 1.04(d), the 2018 Reserve Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Master Agreement, other than remedies which would adversely affect owners of the Covered Bonds.

(4) *No Discharge of Master Agreement.* The Master Agreement shall not be discharged until all Policy Costs owing to the 2018 Reserve Insurer shall have been paid in full. The District's obligation to pay such amounts shall expressly survive payment in full of the 2018 First Priority Bonds.

(5) *Additional First Priority Bonds.* The District shall include any Policy Costs then due and owing the 2018 Reserve Insurer in the calculation of the Additional First Priority Bonds test in the Master Agreement.

(6) *Claims Upon 2018 Reserve Policy.* The Trustee shall ascertain the necessity for a claim upon the 2018 Reserve Policy in accordance with the provisions of subparagraph (2) hereof and provide notice to the 2018 Reserve Insurer in accordance with the terms of the 2018 Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Covered Bonds. Where deposits are required to be made by the District with the Trustee to the Bond Fund for the Covered Bonds more often than semi-annually, the Trustee shall give notice to the 2018 Reserve Insurer of any failure of the District to make timely payment in full of such deposits within two business days of the date due.

(7) *Costs and Expenses.* The District will pay or reimburse the 2018 Reserve Insurer any and all charges, fees, costs, losses, liabilities and expenses which the 2018 Reserve Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the 2018 Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Master Agreement or any document executed in connection with the Covered Bonds (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the District) relating to Master Agreement or any other Related Document, any party to the Master Agreement or any other Related Document or the transactions contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Master Agreement or any other Related Document, if any, or the pursuit of any remedies under the Master Agreement or

any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to the Master Agreement, the 2018 Reserve Policy or any other Related Document whether or not executed or completed, or (v) any action taken by the 2018 Reserve Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under the Master Agreement or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the 2018 Reserve Insurer spent in connection with the actions described in clauses (ii) through (v) above. The 2018 Reserve Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Master Agreement or any other Related Document. Amounts payable by the District hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the 2018 Reserve Insurer until the date the 2018 Reserve Insurer is paid in full.

(8) *Obligation of District.* The obligation of the District to pay all amounts due to the 2018 Reserve Insurer shall be an absolute and unconditional obligation of the District and will be paid or performed strictly in accordance with the provisions of this Section 1.04(d), irrespective of: (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Covered Bonds, the Master Agreement or any other Related Document; (ii) any amendment or other modification of, or waiver with respect to the 2018 Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Covered Bonds, the Master Agreement or any other Related Documents; (iv) whether or not such Covered Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the 2018 Reserve Policy, the Master Agreement or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the District may have at any time against the Trustee or any other person or entity other than the 2018 Reserve Insurer, whether in connection with the transactions contemplated herein or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the 2018 Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the 2018 Reserve Insurer under the 2018 Reserve Policy against presentation of a certificate or other document that does not strictly comply with the terms of the 2018 Reserve Policy.

(9) *Benefits of Master Agreement.* The District shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of the 2018 Reserve Insurer) of the Master Agreement applicable to it, each of the provisions thereof being expressly incorporated into this Section 1.04(d) by reference solely for the benefit of the 2018 Reserve Insurer as if set forth directly herein. No provision of the Master Agreement or any other Related Document shall be amended, supplemented, modified or waived, without the prior written consent of the 2018 Reserve Insurer, in any material respect or otherwise in a manner that could adversely affect the payment obligations of the District hereunder or the priority accorded to the reimbursement of

Policy Costs under the Master Agreement. The Insurer is hereby expressly made a third-party beneficiary of the Master Agreement and each other Related Document.

(10) *Information; Access.* The District covenants to provide to the 2018 Reserve Insurer, promptly upon request, any information regarding the Covered Bonds or the financial condition and operations of the District as reasonably requested by the 2018 Reserve Insurer. The District will permit the 2018 Reserve Insurer to discuss the affairs, finances and accounts of the District or any information the 2018 Reserve Insurer may reasonably request regarding the security for the Covered Bonds with appropriate officers of the District and will use commercially reasonable efforts to enable the 2018 Reserve Insurer to have access to the facilities, books and records of the District on any business day upon reasonable prior notice.

(11) *Notices.* Notices and other information to the 2018 Reserve Insurer shall be sent to the following address (or such other address as the 2018 Reserve Insurer may designate in writing): Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. 218966-S.

SECTION 1.05. Redemption.

(a) *Optional Redemption.* The 2018 First Priority Bonds maturing on or before July 1, 2028 are not subject to optional redemption prior to maturity. The 2018 First Priority Bonds maturing on or after July 1, 2029 are subject to redemption, at the option of the District, on any date on or after July 1, 2028 at a price of par plus accrued interest, if any, to the date of redemption.

(b) *Mandatory Sinking Fund Redemption.* The 2018 First Priority Bonds maturing on July 1 of the years 2043, 2048 and 2058 (“Term Bonds”) shall be redeemed prior to maturity (or paid at maturity), on July 1 in the years as shown below (to the extent such 2018 First Priority Bonds have not been previously redeemed (pursuant to optional redemption) or purchased) and in the principal amounts set forth below, at a redemption price of 100% of the principal amount thereof and without premium, together with the interest accrued to the date fixed for redemption:

2043 Term Bonds

Redemption Years (July 1)	Principal Amounts
2039	\$ 1,290,000
2040	1,380,000
2041	21,000,000
2042	22,050,000
2043*	23,150,000

* Maturity.

2048 Term Bonds

Redemption Years (July 1)	Principal Amounts
2044	\$ 24,310,000
2045	25,525,000
2046	26,800,000
2047	28,140,000
2048*	29,550,000

* Maturity.

2058 Term Bonds (5.00% coupon)[†]

Redemption Years (July 1)	Principal Amounts
2049	\$ 31,025,000
2050	15,955,000
2051	16,755,000
2052	17,590,000
2053	18,470,000
2054	19,395,000
2055	20,360,000
2056	21,385,000
2057	22,450,000
2058*	23,575,000

[†] Bifurcated Maturity.

* Final Maturity.

2058 Term Bonds (4.00% coupon)[†]

Redemption Years (July 1)	Principal Amounts
2050	\$ 16,620,000
2051	17,285,000
2052	17,980,000
2053	18,695,000
2054	19,445,000
2055	20,225,000
2056	21,030,000
2057	21,875,000
2058*	22,745,000

[†] Bifurcated Maturity.

* Final Maturity.

To the extent that the District shall have optionally redeemed or purchased any Term Bonds since the last scheduled mandatory redemption of such Term Bonds, the District may reduce the principal amount of the Term Bonds of the same maturity to be redeemed in like aggregate principal amount. Such reduction may be applied in the year specified by the District.

SECTION 1.06. Debt Service Schedule. The debt service schedule for the 2018 First Priority Bonds is attached hereto as Exhibit A, which is incorporated herein by this reference.

SECTION 1.07. Required Monthly Deposits. A schedule of Required Monthly Deposits with respect to the Interest Account and the Principal Account for the 2018 First Priority Bonds is attached hereto as Exhibit B, which is incorporated herein by this reference.

SECTION 1.08. Form of 2018 First Priority Bonds; Execution of 2018 First Priority Bonds.

(a) *Form of 2018 First Priority Bonds.* The 2018 First Priority Bonds shall be in substantially the form set forth in Exhibit C attached hereto, which is incorporated herein by this reference.

(b) *Execution of 2018 First Priority Bonds.* The 2018 First Priority Bonds shall be executed on behalf of the District with the manual or facsimile signatures of the Chair of the Board of Directors, attested by the Secretary of the Board, and the corporate seal of the District shall be impressed, imprinted or otherwise reproduced thereon.

In case either or both of the officers who shall have executed the 2018 First Priority Bonds shall cease to be an officer or officers of the District before the 2018 First Priority Bonds so signed shall have been authenticated or delivered by the Trustee, or issued by the District, such 2018 First Priority Bonds may nevertheless be authenticated, delivered and issued, and upon such authentication, delivery and issuance, shall be as binding upon the District as though those who signed the same had continued to be such officers of the District. Any 2018 First Priority Bond also may be signed and attested on behalf of the District by such persons as at the actual date of execution of such 2018 First Priority Bond shall be the proper officers of the District although at the original date of such 2018 First Priority Bond any such person shall not have been such officer of the District.

Only such 2018 First Priority Bonds as shall bear thereon a Certificate of Authentication in the form provided herein, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Agreement and the Master Agreement. Such Certificate of Authentication shall be conclusive evidence that the 2018 First Priority Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Agreement and the Master Agreement.

SECTION 1.09. Sale of 2018 First Priority Bonds. The 2018 First Priority Bonds shall be sold at negotiated sale to the Underwriters pursuant to the terms of the Bond Purchase Contract.

ARTICLE II

DISPOSITION OF PROCEEDS; PROJECT FUND

SECTION 2.01. Establishment of Funds. The proceeds of sale of the 2018 First Priority Bonds shall be disbursed as provided in the Closing Memorandum.

(a) *Common Reserve Fund.* A dollar amount equal to the purchase price of the 2018 Reserve Policy purchased to satisfy all the Common Reserve Requirement – First Priority in connection with the 2010 First Priority Bonds and the 2010 Bonds shall be remitted to the 2018 Reserve Insurer. The Trustee shall deposit the 2018 Reserve Policy to the credit of the Common Reserve Fund.

(b) *Project Costs.* There is hereby authorized to be created an account of the District known as the “WSCC 2018 Project Fund – First Priority” (the “Project Fund”), and subaccounts therein as necessary, which is to be drawn upon for the purpose of paying and/or reimbursing the District for costs of the Projects and for paying costs of issuance for the 2018 First Priority Bonds. Pursuant to the Series Trust Agreement, dated as of August 1, 2018, between the District and the Trustee, with respect to the Subordinate Lodging Tax Bonds, 2018 (the “2018 Subordinate Priority Bonds”), there also is authorized to be created a Project Fund to which is deposited the net proceeds of the 2018 Subordinate Priority Bonds. The Project Funds for the 2018 First Priority Bonds and the 2018 Subordinate Priority Bonds may be held as one account, to be drawn upon for the purpose of paying and/or reimbursing the District for costs of the Projects and for paying costs of issuance for the 2018 First Priority Bonds and 2018 Subordinate Priority Bonds.

Net proceeds of the 2018 First Priority Bonds shall be deposited in the Project Fund in the amounts specified in the Closing Memorandum and invested in Authorized Investments as specified in the Closing Memorandum or otherwise in writing by the District. Such proceeds shall be used to pay and/or reimburse the District for the costs of the Projects and to pay costs of issuance. If and to the extent that the amounts in the Project Fund are deposited with the Trustee, the Trustee shall make payments from the Project Fund as specified in the Closing Memorandum or upon receipt of a requisition from District in substantially the form attached hereto as Exhibit D. The District shall invest money in the Project Fund and the subaccounts contained therein in Authorized Investments and which will mature prior to the date on which such money shall be needed, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value. Upon completion of the Projects, 2018 First Priority Bond proceeds (including interest earnings thereon) may be used for other capital projects of the District or shall be transferred to the Bond Fund after consultation with Bond Counsel. All payments made from the Project Fund pursuant to instructions in the Closing Memorandum or pursuant to a requisition in proper form shall be presumed to be made properly and the Trustee shall not be required to see to the application of any such payments or to make any investigation or inquiry into the purposes for which withdrawals are being made from the Project Fund. The Trustee shall be fully protected in relying upon any such instructions or requisitions.

ARTICLE III

COVENANTS AND AGREEMENTS

SECTION 3.01. General Covenants. For so long as the 2018 First Priority Bonds remain Outstanding, the District covenants and agrees for the benefit of the Owners of the 2018 First Priority Bonds to comply with the covenants set forth in the Master Agreement and to execute, deliver and comply with the Continuing Disclosure Certificate dated as of the date hereof in connection with the 2018 First Priority Bonds.

SECTION 3.02. Tax Covenants.

(a) *Tax Status.* The 2018 First Priority Bonds shall be issued as Tax-Exempt Bonds under the terms of the Master Agreement.

(b) *Covenants.* The District will take all actions necessary to assure the exclusion of interest on the 2018 First Priority Bonds from the gross income of the Owners of the 2018 First Priority Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2018 First Priority Bonds, including but not limited to the following:

(1) *Private Activity Bond Limitation.* The District will assure that the proceeds of the 2018 First Priority Bonds are not so used as to cause the 2018 First Priority Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(2) *Limitations on Disposition of Projects.* The District will not sell or otherwise transfer or dispose of (i) any personal property components of the Projects other than in the ordinary course of an established government program under Treasury Regulation 1.141-2(d)(4) or (ii) any real property components of the Projects, unless it has received an opinion of Bond Counsel to the effect that such disposition will not adversely affect the treatment of interest on the 2018 First Priority Bonds as excludable from gross income for federal income tax purposes.

(3) *Federal Guarantee Prohibition.* The District will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the 2018 First Priority Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(4) *Rebate Requirement.* The District will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2018 First Priority Bonds.

(5) *No Arbitrage.* The District will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2018 First Priority Bonds

which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2018 First Priority Bonds would have caused the 2018 First Priority Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(6) *Registration Covenant.* The District will maintain a system for recording the ownership of each 2018 First Priority Bond that complies with the provisions of Section 149 of the Code until all 2018 First Priority Bonds have been surrendered and canceled.

(7) *Record Retention.* The District will retain its records of all accounting and monitoring it carries out with respect to the 2018 First Priority Bonds for at least three years after the 2018 First Priority Bonds mature or are redeemed (whichever is earlier); however, if the 2018 First Priority Bonds are redeemed and refunded, the District will retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the 2018 First Priority Bonds.

(8) *Compliance with Tax Certificate.* The District will comply with the provisions of the Tax Certificate with respect to the 2018 First Priority Bonds, which are incorporated herein as if fully set forth herein. In the event of any conflict between this Section and the Tax Certificate, the provisions of the Tax Certificate will prevail.

(c) *No Bank Qualification.* The 2018 First Priority Bonds shall not be “qualified tax-exempt obligations” pursuant to Section 265(b) of the Code for investment by financial institutions.

The covenants of this Section will survive payment in full or defeasance of the Bonds.

ARTICLE IV

AMENDMENTS TO 2010 BOND RESOLUTION AND 2010 SERIES AGREEMENT

SECTION 4.01. Amendments to 2010 Bond Resolution and 2010 Series Agreement. The Master Trust Agreement is intended to supplement the 2010 Bond Resolution and 2010 Series Agreement by providing for the conditions related to the issuance of and security for Additional First Priority Bonds and Subordinate Priority WSCC Obligations. Further, as provided in Section 8.07 of the Master Trust Agreement, the District has amended and supplemented the 2010 Bond Resolution and the 2010 Series Agreement. Such amendments shall be effective on the date hereof, which is the date that consent is received from the Registered Owners of a majority in aggregate principal amount of the First Priority Bonds then Outstanding. The amendments to the 2010 Bond Resolution and the 2010 Series Agreement will become effective on the date hereof because at the time of issuance of the 2018 First Priority Bonds, the Registered Owners of the 2018 First Priority Bonds will own more than a majority of the aggregate principal amount of the First Priority Bonds then Outstanding. By purchase of the 2018 First Priority Bonds, the Owners of the 2018 First Priority Bonds are hereby deemed to

have consented to these amendments to the 2010 Bond Resolution and the 2010 Series Agreement.

ARTICLE V

MISCELLANEOUS

SECTION 5.01. Successor Is Deemed Included in All References to Predecessor. Whenever in this Agreement either the District or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the District and the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 5.02. Limitation of Rights to Parties and Bond Owners. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any person other than the District, the Trustee, the 2018 Reserve Insurer, and the Owners of the 2018 First Priority Bonds any legal or equitable right, remedy or claim under or in respect of this Agreement or the Master Agreement or any covenant, condition or provision therein or herein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the District, the Trustee, the 2018 Reserve Insurer, and the Owners of the 2018 First Priority Bonds.

SECTION 5.03. Severability of Invalid Provisions. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District hereby declares that it would have entered into this Agreement and each and every other section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Agreement may be held illegal, invalid or unenforceable.

SECTION 5.04. Applicable Provisions of Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 5.05. Execution in Several Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the District and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Washington State Convention Center Public Facilities District has caused this Agreement to be signed in its name by its President, and U.S. Bank National Association, in accepting the trusts created hereunder, has caused this Agreement to be signed in its corporate name by its officer thereunder duly authorized, all as of the day and year first above written.

WASHINGTON STATE CONVENTION
CENTER PUBLIC FACILITIES
DISTRICT

By _____
President/Chief Executive Officer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Vice President

D-47

Exhibit A
Debt Service Schedule
[not included]

Exhibit B
Required Monthly Deposits
[not included]

Exhibit C

Form of 2018 First Priority Bonds

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OR TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

NO. _____ \$ _____

UNITED STATES OF AMERICA
WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT
LODGING TAX BOND, 2018

INTEREST RATE: % MATURITY DATE: CUSIP NO.:

Registered Owner: CEDE & CO.

Principal Amount:

The Washington State Convention Center Public Facilities District (the "District"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, but solely from the Bond Fund and the accounts held therein, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from August 9, 2018, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on January 1, 2019, and semiannually thereafter on the first day of each succeeding July and January. Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the District to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the corporate trust office of U.S. Bank National Association, as trustee (the "Trustee").

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington, Resolution No. 2018-06 duly adopted by the Board of Directors of the District (the "Board") on June 26, 2018 (the "Bond Resolution"), the Master Trust Agreement dated as of August 1, 2018 between the District and the Trustee (the "Master Agreement"), and the Series Trust Agreement, dated as of August 1, 2018, between the District and the Trustee (the "Series Agreement," and together with the Master Agreement, the "Trust Agreement"). Capitalized terms used in this bond have the meanings given such terms in the Trust Agreement.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution or the Trust Agreement until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Trustee.

This bond is one of an authorized issue of bonds of like date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of \$598,790,000 and is issued pursuant to the Bond Resolution and the Trust Agreement for providing funds to pay or reimburse costs of the Projects, to purchase Qualified Insurance, and to pay costs of issuance.

The bonds of this issue are subject to redemption prior to maturity as provided in the Trust Agreement.

The bonds of this series are not private activity bonds. The bonds of this series are not "qualified tax exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

The District hereby covenants and agrees with the Owner and holder of this bond that it will keep and perform all the covenants of this bond, the Trust Agreement and the Bond Resolution.

The District does hereby pledge and bind itself to set aside from Lodging Tax Revenues, and to pay into the Bond Fund and the Common Reserve Fund the various amounts required by the Trust Agreement to be paid into and maintained in said Funds, all within the times provided by said Trust Agreement.

Said amounts so pledged to be paid out of Lodging Tax Revenues and the Trust Estate into the Bond Fund and the Common Reserve Fund are hereby declared to be a prior pledge of the Lodging Tax Revenues equal in rank to the priority upon such Lodging Tax Revenues of the amounts required to pay and secure the payment of the Outstanding 2010 Bonds and any Additional First Priority Bonds hereafter issued on a parity with the bonds of this issue.

This bond is not a debt or indebtedness of the State of Washington, King County, or any political subdivision thereof other than the District.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the District may incur.

IN WITNESS WHEREOF, the Washington State Convention Center Public Facilities District has caused this bond to be executed by the manual or facsimile signatures of the Chair and Secretary of the Board of Directors, and the seal of the District to be impressed, imprinted or otherwise reproduced hereon, as of this 9th day of August, 2018.

WASHINGTON STATE
CONVENTION CENTER PUBLIC
FACILITIES DISTRICT

(SEAL)

ATTEST:

/s/ facsimile or manual signature
Chair, Board of Directors

/s/ facsimile or manual signature
Secretary, Board of Directors

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Resolution and Trust Agreement and is one of the Lodging Tax Bonds, 2018 of the Washington State Convention Center Public Facilities District, dated August 9, 2018.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____

Exhibit D

Requisition Certificate

Requisition Certificate Number: _____

Requisition and Draw Date: _____

To: U.S. Bank National Association
1420 Fifth Avenue, 7th Floor
Mail Code PD-WA-T7CT
Seattle, WA 98101

Fax: 206-344-4630

From: Washington State Convention Center Public Facilities District

Subject: Master Trust Agreement, dated as of August 1, 2018 and Series Trust Agreement, dated as of August 1, 2018 (collectively the "Trust Agreement") regarding Washington State Convention Center Public Facilities District Lodging Tax Bonds, 2018 (the "Bonds")

Requisition Amount: \$ _____

You are instructed to make the disbursement(s) to pay this requisition from the Project Fund under the Trust Agreement

Payee/Account Information:

The undersigned does hereby represent, warrant and certify under the Trust Agreement that:

The expenditures for which money is requested hereby represent proper costs of issuance and/or costs of the Project and have not been included in a previous Requisition Certificate.

Terms capitalized herein have the meanings specified in the Trust Agreement.

Executed this ____ day of _____, _____.

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

[Treasurer]

[President/Vice President]

SERIES TRUST AGREEMENT
between
**WASHINGTON STATE CONVENTION CENTER
PUBLIC FACILITIES DISTRICT**
and
U.S. BANK NATIONAL ASSOCIATION

Dated as of August 1, 2018

Washington State Convention Center Public Facilities District
Subordinate Lodging Tax Bonds, 2018

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SERIES TRUST AGREEMENT

THIS SERIES TRUST AGREEMENT (this “Agreement”), made and dated as of August 1, 2018, by and between the WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, a municipal corporation of the state of Washington (the “District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as Trustee (the “Trustee”);

WITNESSETH:

WHEREAS, in 1982, with the support of the Washington State Legislature, a nonprofit corporation was established to design, construct, promote and operate the Washington State Convention Center (“WSCC”); and

WHEREAS, in 2010, the State Legislature adopted Substitute Senate Bill 6889 (the “Convention Center Act”), authorizing King County (the “County”) to create a public facilities district to acquire, own and operate a trade and convention center transferred from a public nonprofit corporation; and

WHEREAS, pursuant to County Ordinance 16883 adopted on July 19, 2010, the County formed the Washington State Convention Center Public Facilities District (the “District”) for the specific purpose of acquiring, owning and operating the WSCC; and

WHEREAS, to finance the costs of acquiring, expanding, constructing, developing, improving, renovating, expanding and equipping the WSCC, the District is authorized by chapters 36.100 and 39.46 of the Revised Code of Washington (“RCW”) to issue bonds payable from tax receipts of the District; and

WHEREAS, pursuant to Resolution No. 2010-12, adopted by the Board of Directors of the District on November 12, 2010 (the “2010 Bond Resolution”) and the Trust Agreement dated as of November 1, 2010 between the District and the Trustee (the “2010 Series Agreement”), the District issued its Lodging Tax Bonds, 2010A and its Lodging Tax Bonds, 2010B (Build America Bonds – Direct Payment); and

WHEREAS, the 2010 Bond Resolution and the 2010 Series Agreement provided for the issuance of Additional First Priority Bonds and Subordinate Priority WSCC Obligations secured by Lodging Tax Revenue and the Trust Estate (each as defined in the hereinafter defined Master Agreement) so long as certain requirements are satisfied; and

WHEREAS, pursuant to the Master Trust Agreement between the District and the Trustee dated as of August 1, 2018 (the “Master Agreement”) the District has provided for the issuance, from time to time, of Additional First Priority Bonds and Subordinate Priority WSCC Obligations; and

WHEREAS, in accordance with the Master Agreement, the District wishes to authorize and approve the sale of the hereinafter defined 2018 Subordinate Priority Bonds and the final

principal maturity amount, interest rates, and redemption rights for the 2018 Subordinate Priority Bonds, all as set forth herein;

NOW, THEREFORE, the District does hereby covenant to and agree with the Trustee, for the benefit of the Owners from time to time of the 2018 Subordinate Priority Bonds authorized herein, as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION; 2018 SUBORDINATE PRIORITY BOND TERMS

SECTION 1.01. Definitions and Interpretation. Words and terms defined in the Master Agreement shall have the same meanings when used herein, unless the context or use clearly indicates another meaning or intent. In addition, the words and terms set forth in this Section 1.01 shall have the meanings set forth therein unless the context or use clearly indicates another meaning or intent. As used herein, the following terms shall have the following meanings:

Bond Purchase Contract means the Bond Purchase Contract between the District and the Underwriters relating to the purchase of the 2018 Subordinate Priority Bonds.

Closing Memorandum means the closing memorandum prepared in connection with the issuance of the 2018 Subordinate Priority Bonds and approved by a Designated District Representative.

Code means the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2018 Subordinate Priority Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the 2018 Subordinate Priority Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

Fair Market Value means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm's-length transaction, except for specified investments as described in Treasury Regulation §1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the term “investment” will include a hedge.

Master Agreement means the Master Trust Agreement between the District and the Trustee dated as of August 1, 2018, as it may be amended and supplemented from time to time in accordance with its terms.

Project Fund means the Project Fund established by the District pursuant to Article II of this Agreement.

Projects mean acquiring, expanding, constructing, developing, improving and equipping the WSCC, including without limitation the addition to the WSCC as approved by the Board.

Tax Certificate means the certificate executed by the Designated District Representative setting forth the requirements of the Code for maintaining the tax exemption of interest on the 2018 Subordinate Priority Bonds, and attachments thereto.

2018 Bond Resolution means Resolution No. 2018-06 adopted by the Board of Directors of the District on June 26, 2018, as it may be amended and supplemented from time to time in accordance with its terms.

2018 Reserve Insurer means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

2018 Reserve Policy means the Qualified Insurance issued by the 2018 Reserve Insurer to satisfy the Common Reserve Requirement – Subordinate Priority in connection with the 2018 Subordinate Priority Bonds.

2018 Subordinate Priority Bonds mean the “Washington State Convention Center Public Facilities District Subordinate Lodging Tax Bonds, 2018” issued in the aggregate principal amount of \$404,805,000 pursuant to the terms of the Master Agreement, the 2018 Bond Resolution, and this Agreement.

Underwriters mean Citigroup Global Markets Inc., Goldman, Sachs & Co., J.P. Morgan, RBC Capital Markets, LLC, and Merrill Lynch, Pierce, Fenner & Smith Incorporated as the underwriters for the 2018 Subordinate Priority Bonds.

SECTION 1.02. Authorization of 2018 Subordinate Priority Bonds. For the purpose of financing and/or reimbursing the District for the costs of the Projects, purchasing the 2018 Reserve Policy to serve as Qualified Insurance to satisfy the Common Reserve Requirement – Subordinate Priority in connection with the 2018 Subordinate Priority Bonds for the Subordinate Priority Common Reserve Fund, and paying related costs of issuance, the District hereby authorizes the issuance and sale of the 2018 Subordinate Priority Bonds as provided herein and in the Master Agreement.

SECTION 1.03. 2018 Subordinate Priority Bond Details.

(a) **2018 Subordinate Priority Bonds.** The 2018 Subordinate Priority Bonds shall be issued in the aggregate principal amount of \$404,805,000 and shall be designated the “Washington State Convention Center Public Facilities District Subordinate Lodging Tax Bonds, 2018.” The 2018 Subordinate Priority Bonds shall be in the denomination of \$5,000 or any integral multiple thereof within a single maturity; shall be numbered separately, in the manner and with any additional designation as the Trustee deems necessary for purpose of identification; shall bear interest from their Date of Issue (computed on the basis of a 360 day year of twelve 30 day months), payable semiannually on each January 1 and July 1, commencing January 1, 2019, to the maturity or prior redemption of the 2018 Subordinate Priority Bonds. The 2018

Subordinate Priority Bonds shall mature on the following dates in the following years in the following amounts and bear interest at the following rates per annum:

Maturity Years (July 1)	Principal Amounts	Interest Rates
2020	\$ 375,000	5.00%
2021	395,000	5.00
2022	415,000	5.00
2023	435,000	5.00
2024	455,000	5.00
2025	475,000	5.00
2026	500,000	5.00
2027	525,000	5.00
2028	550,000	5.00
2029	585,000	5.00
2030	6,505,000	5.00
2031	6,830,000	5.00
2032	7,170,000	5.00
2033	7,530,000	5.00
2034	7,905,000	5.00
2035	8,300,000	5.00
2036	8,715,000	5.00
2037	9,150,000	5.00
2038	9,610,000	5.00
2043 ⁽¹⁾	55,755,000	5.00
2048 ⁽¹⁾	71,155,000	5.00
2058 ^{(1), (2)}	76,470,000	5.00
2058 ^{(1), (2)}	125,000,000	4.00

⁽¹⁾ Term Bond.

⁽²⁾ Bifurcated Maturity.

If any 2018 Subordinate Priority Bond is duly presented for payment upon maturity and is not paid, then interest thereon shall continue to accrue thereafter at the rate stated therein until such 2018 Subordinate Priority Bond is paid. The 2018 Subordinate Priority Bonds shall conform in all other respects to the terms and conditions set forth in the Master Agreement, except as expressly provided herein.

(b) **Conditions of Issuance.** At any time after the execution of this Agreement, the District may execute and, upon satisfaction of the conditions set forth in this Section, the Trustee shall authenticate and, upon request of the District, deliver the 2018 Subordinate Priority Bonds. Prior to the authentication and delivery of any 2018 Subordinate Priority Bonds by the Trustee, there shall have been filed with the Trustee the documents as set forth in Section 1.02(d) of the Master Agreement.

SECTION 1.04. 2018 Subordinate Priority Bonds as Subordinate Priority WSCC Obligations; Pledge and Security and Sources of Payment.

(a) *Subordinate Priority WSCC Obligations.* The 2018 Subordinate Priority Bonds shall be issued as Subordinate Priority WSCC Obligations and shall be payable and secured as provided herein and in the Master Agreement.

(b) *Limited Obligations.* The 2018 Subordinate Priority Bonds shall not in any manner or to any extent constitute general obligations of the County or of the State, or of any political subdivision of the State.

(c) *Subordinate Priority Common Reserve Fund.* The 2018 Subordinate Priority Bonds shall be issued as Subordinate Priority Covered Bonds.

(d) *Provisions Relating to 2018 Reserve Policy.* The provisions relating to the 2018 Reserve Policy set forth in this subsection constitutes the "reimbursement agreement" contemplated by and referred to in Section 2.06 of the Master Agreement and shall govern, notwithstanding anything in the Master Agreement to the contrary.

(1) *Consent to Deposit of Credit Instrument.* The prior written consent of the 2018 Reserve Insurer shall be a condition precedent to the deposit of any Qualified Letter of Credit and Qualified Insurance (a "Credit Facility") credited to the Subordinate Priority Common Reserve Fund in lieu of a cash deposit into the Subordinate Priority Common Reserve Fund. Amounts drawn under the 2018 Reserve Policy shall be available only for the payment of scheduled principal and interest on the Subordinate Priority Covered Bonds when due.

(2) *Payments to 2018 Reserve Insurer.*

(A) The District shall repay any draws under the 2018 Reserve Policy and pay all related reasonable expenses incurred by the 2018 Reserve Insurer and shall pay interest thereon from the date of payment by the 2018 Reserve Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) the then applicable highest rate of interest on the Subordinate Priority Covered Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the 2018 Reserve Insurer shall specify. If the interest provisions of this subparagraph (A) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in

question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the 2018 Reserve Insurer, with the same force and effect as if the District had specifically designated such extra sums to be so applied and the 2018 Reserve Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

(B) Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

(C) Amounts in respect of Policy Costs paid to the 2018 Reserve Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the 2018 Reserve Insurer on account of principal due, the coverage under the 2018 Reserve Policy will be increased by a like amount, subject to the terms of the 2018 Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid pledge and assignment of the Trust Estate (subject only to the priority of payment provisions set forth under the Master Agreement).

(D) All cash and investments in the Subordinate Priority Common Reserve Fund shall be transferred to the Bond Fund for payment of debt service on Subordinate Priority Covered Bonds before any drawing may be made on the 2018 Reserve Policy or any other Credit Facility credited to the Subordinate Priority Common Reserve Fund in lieu of cash. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the 2018 Reserve Policy) on which there is available coverage shall be made on a *pro rata* basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Subordinate Priority Common Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a *pro rata* basis prior to replenishment of any cash drawn from the Subordinate Priority Common Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative Credit Facility without regard to the legal or financial ability or willingness of the provider of such facility to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(3) *Exercise of Remedies.* Upon a failure to pay Policy Costs when due or any other breach of the terms of this Section 1.04(d), the 2018 Reserve Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under

the Master Agreement, other than remedies which would adversely affect owners of the Subordinate Priority Covered Bonds.

(4) *No Discharge of Master Agreement.* The Master Agreement shall not be discharged until all Policy Costs owing to the 2018 Reserve Insurer shall have been paid in full. The District's obligation to pay such amounts shall expressly survive payment in full of the 2018 Subordinate Priority Bonds.

(5) *Additional Subordinate Priority WSCC Obligations.* The District shall include any Policy Costs then due and owing the 2018 Reserve Insurer in the calculation of the Additional Subordinate Priority WSCC Obligations test in the Master Agreement.

(6) *Claims Upon 2018 Reserve Policy.* The Trustee shall ascertain the necessity for a claim upon the 2018 Reserve Policy in accordance with the provisions of subparagraph (2) hereof and provide notice to the 2018 Reserve Insurer in accordance with the terms of the 2018 Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Subordinate Priority Covered Bonds. Where deposits are required to be made by the District with the Trustee to the Bond Fund for the Subordinate Priority Covered Bonds more often than semi-annually, the Trustee shall give notice to the 2018 Reserve Insurer of any failure of the District to make timely payment in full of such deposits within two business days of the date due.

(7) *Costs and Expenses.* The District will pay or reimburse the 2018 Reserve Insurer any and all charges, fees, costs, losses, liabilities and expenses which the 2018 Reserve Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the 2018 Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Master Agreement or any document executed in connection with the Subordinate Priority Covered Bonds (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the District) relating to Master Agreement or any other Related Document, any party to the Master Agreement or any other Related Document or the transactions contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Master Agreement or any other Related Document, if any, or the pursuit of any remedies under the Master Agreement or any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to the Master Agreement, the 2018 Reserve Policy or any other Related Document whether or not executed or completed, or (v) any action taken by the 2018 Reserve Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under the Master Agreement or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the 2018 Reserve Insurer spent in connection with the actions described in clauses (ii) through (v) above. The 2018 Reserve Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Master Agreement or any other Related Document. Amounts payable by the District hereunder shall bear interest at the

Late Payment Rate from the date such amount is paid or incurred by the 2018 Reserve Insurer until the date the 2018 Reserve Insurer is paid in full.

(8) *Obligation of District.* The obligation of the District to pay all amounts due to the 2018 Reserve Insurer shall be an absolute and unconditional obligation of the District and will be paid or performed strictly in accordance with the provisions of this Section 1.04(d), irrespective of: (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Subordinate Priority Covered Bonds, the Master Agreement or any other Related Document; (ii) any amendment or other modification of, or waiver with respect to the 2018 Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Subordinate Priority Covered Bonds, the Master Agreement or any other Related Documents; (iv) whether or not such Subordinate Priority Covered Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the 2018 Reserve Policy, the Master Agreement or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the District may have at any time against the Trustee or any other person or entity other than the 2018 Reserve Insurer, whether in connection with the transactions contemplated herein or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the 2018 Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the 2018 Reserve Insurer under the 2018 Reserve Policy against presentation of a certificate or other document that does not strictly comply with the terms of the 2018 Reserve Policy.

(9) *Benefits of Master Agreement.* The District shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of the 2018 Reserve Insurer) of the Master Agreement applicable to it, each of the provisions thereof being expressly incorporated into this Section 1.04(d) by reference solely for the benefit of the 2018 Reserve Insurer as if set forth directly herein. No provision of the Master Agreement or any other Related Document shall be amended, supplemented, modified or waived, without the prior written consent of the 2018 Reserve Insurer, in any material respect or otherwise in a manner that could adversely affect the payment obligations of the District hereunder or the priority accorded to the reimbursement of Policy Costs under the Master Agreement. The Insurer is hereby expressly made a third-party beneficiary of the Master Agreement and each other Related Document.

(10) *Information; Access.* The District covenants to provide to the 2018 Reserve Insurer, promptly upon request, any information regarding the Subordinate Priority Covered Bonds or the financial condition and operations of the District as reasonably requested by the 2018 Reserve Insurer. The District will permit the 2018 Reserve Insurer to discuss the affairs, finances and accounts of the District or any information the 2018 Reserve Insurer may reasonably request regarding the security for the Subordinate Priority Covered Bonds with appropriate officers of the District and will use commercially reasonable efforts to enable the 2018 Reserve Insurer to have access to the facilities, books and records of the District on any business day upon reasonable prior notice.

(11) *Notices.* Notices and other information to the 2018 Reserve Insurer shall be sent to the following address (or such other address as the 2018 Reserve Insurer may designate in writing): Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. 218967-S.

SECTION 1.05. Redemption.

(a) *Optional Redemption.* The 2018 Subordinate Priority Bonds maturing on or before July 1, 2028 are not subject to optional redemption prior to maturity. The 2018 Subordinate Priority Bonds maturing on or after July 1, 2029 are subject to redemption, at the option of the District, on any date on or after July 1, 2028 at a price of par plus accrued interest, if any, to the date of redemption.

(b) *Mandatory Sinking Fund Redemption.* The 2018 Subordinate Priority Bonds maturing on July 1 of the years 2043, 2048 and 2058 (“Term Bonds”) shall be redeemed prior to maturity (or paid at maturity), on July 1 in the years as shown below (to the extent such 2018 Subordinate Priority Bonds have not been previously redeemed (pursuant to optional redemption) or purchased) and in the principal amounts set forth below, at a redemption price of 100% of the principal amount thereof and without premium, together with the interest accrued to the date fixed for redemption:

2043 Term Bonds

Redemption Years (July 1)	Principal Amounts
2039	\$ 10,090,000
2040	10,595,000
2041	11,125,000
2042	11,680,000
2043*	12,265,000

* Maturity.

2048 Term Bonds

Redemption Years (July 1)	Principal Amounts
2044	\$ 12,875,000
2045	13,520,000
2046	14,200,000
2047	14,910,000
2048*	15,650,000

* Maturity.

2058 Term Bonds (5.00% coupon)[†]

Redemption Years (July 1)	Principal Amounts
2049	\$ 16,435,000
2050	5,445,000
2051	5,720,000
2052	6,000,000
2053	6,305,000
2054	6,615,000
2055	6,950,000
2056	7,295,000
2057	7,660,000
2058*	8,045,000

[†] Bifurcated Maturity.

* Final Maturity.

2058 Term Bonds (4.00% coupon)[†]

Redemption Years (July 1)	Principal Amounts
2050	\$ 11,815,000
2051	12,280,000
2052	12,775,000
2053	13,285,000
2054	13,820,000
2055	14,370,000
2056	14,945,000
2057	15,545,000
2058*	16,165,000

[†] Bifurcated Maturity.

* Final Maturity.

To the extent that the District shall have optionally redeemed or purchased any Term Bonds since the last scheduled mandatory redemption of such Term Bonds, the District may reduce the principal amount of the Term Bonds of the same maturity to be redeemed in like aggregate principal amount. Such reduction may be applied in the year specified by the District.

SECTION 1.06. Debt Service Schedule. The debt service schedule for the 2018 Subordinate Priority Bonds is attached hereto as Exhibit A, which is incorporated herein by this reference.

SECTION 1.07. Required Monthly Deposits. A schedule of Required Monthly Deposits with respect to the Subordinate Priority Interest Account and the Subordinate Priority Principal Account for the 2018 Subordinate Priority Bonds is attached hereto as Exhibit B, which is incorporated herein by this reference.

SECTION 1.08. Form of 2018 Subordinate Priority Bonds; Execution of 2018 Subordinate Priority Bonds.

(a) *Form of 2018 Subordinate Priority Bonds.* The 2018 Subordinate Priority Bonds shall be in substantially the form set forth in Exhibit C attached hereto, which is incorporated herein by this reference.

(b) *Execution of 2018 Subordinate Priority Bonds.* The 2018 Subordinate Priority Bonds shall be executed on behalf of the District with the manual or facsimile signatures of the Chair of the Board of Directors, attested by the Secretary of the Board, and the corporate seal of the District shall be impressed, imprinted or otherwise reproduced thereon.

In case either or both of the officers who shall have executed the 2018 Subordinate Priority Bonds shall cease to be an officer or officers of the District before the 2018 Subordinate Priority Bonds so signed shall have been authenticated or delivered by the Trustee, or issued by the District, such 2018 Subordinate Priority Bonds may nevertheless be authenticated, delivered and issued, and upon such authentication, delivery and issuance, shall be as binding upon the District as though those who signed the same had continued to be such officers of the District. Any 2018 Subordinate Priority Bond also may be signed and attested on behalf of the District by such persons as at the actual date of execution of such 2018 Subordinate Priority Bond shall be the proper officers of the District although at the original date of such 2018 Subordinate Priority Bond any such person shall not have been such officer of the District.

Only such 2018 Subordinate Priority Bonds as shall bear thereon a Certificate of Authentication in the form provided herein, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Agreement and the Master Agreement. Such Certificate of Authentication shall be conclusive evidence that the 2018 Subordinate Priority Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Agreement and the Master Agreement.

SECTION 1.09. Sale of 2018 Subordinate Priority Bonds. The 2018 Subordinate Priority Bonds shall be sold at negotiated sale to the Underwriters pursuant to the terms of the Bond Purchase Contract.

ARTICLE II

DISPOSITION OF PROCEEDS; PROJECT FUND

SECTION 2.01. Establishment of Funds. The proceeds of sale of the 2018 Subordinate Priority Bonds shall be disbursed as provided in the Closing Memorandum.

(a) *Subordinate Priority Common Reserve Fund.* A dollar amount equal to the purchase price of the 2018 Reserve Policy purchased to satisfy the Common Reserve Requirement – Subordinate Priority in connection with the 2018 Subordinate Priority Bond shall be remitted to the 2018 Reserve Insurer. The Trustee shall deposit the 2018 Reserve Policy to the credit of the Subordinate Priority Common Reserve Fund.

(b) *Project Costs.* There is hereby authorized to be created an account of the District known as the “WSCC 2018 Project Fund – Subordinate Priority” (the “Project Fund”), and subaccounts therein as necessary, which is to be drawn upon for the purpose of paying and/or reimbursing the District for costs of the Projects and for paying costs of issuance for the 2018 Subordinate Priority Bonds. Pursuant to the Series Trust Agreement, dated as of August 1, 2018, between the District and the Trustee, with respect to the Lodging Tax Bonds, 2018 (the “2018 First Priority Bonds”), there also is authorized to be created a WSCC 2018 Project Fund – First Priority to which is deposited the net proceeds of the 2018 First Priority Bonds. The Project Funds for the 2018 First Priority Bonds and the 2018 Subordinate Priority Bonds may be held as one account, to be drawn upon for the purpose of paying and/or reimbursing the District for costs of the Projects and for paying costs of issuance for the 2018 First Priority Bonds and 2018 Subordinate Priority Bonds.

Net proceeds of the 2018 Subordinate Priority Bonds shall be deposited in the Project Fund in the amounts specified in the Closing Memorandum and invested in Authorized Investments as specified in the Closing Memorandum or otherwise in writing by the District. Such proceeds shall be used to pay and/or reimburse the District for the costs of the Projects and to pay costs of issuance. If and to the extent that the amounts in the Project Fund are deposited with the Trustee, the Trustee shall make payments from the Project Fund as specified in the Closing Memorandum or upon receipt of a requisition from District in substantially the form attached hereto as Exhibit D. The District shall invest money in the Project Fund and the subaccounts contained therein in Authorized Investments and which will mature prior to the date on which such money shall be needed, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value. Upon completion of the Projects, 2018 Subordinate Priority Bond proceeds (including interest earnings thereon) may be used for other capital projects of the District or shall be transferred to the Subordinate Priority Bond Fund after consultation with Bond Counsel. All payments made from the Project Fund pursuant to instructions in the Closing Memorandum or pursuant to a requisition in proper form shall be presumed to be made properly and the Trustee shall not be required to see to the application of any such payments or to make any investigation or inquiry into the purposes for which withdrawals are being made from the Project Fund. The Trustee shall be fully protected in relying upon any such instructions or requisitions.

ARTICLE III

COVENANTS AND AGREEMENTS

SECTION 3.01. General Covenants. For so long as the 2018 Subordinate Priority Bonds remain Outstanding, the District covenants and agrees for the benefit of the Owners of the 2018 Subordinate Priority Bonds to comply with the covenants set forth in the Master Agreement and to execute, deliver and comply with the Continuing Disclosure Certificate dated as of the date hereof in connection with the 2018 First Priority Bonds.

SECTION 3.02. Tax Covenants.

(a) *Tax Status.* The 2018 Subordinate Priority Bonds shall be issued as Tax-Exempt Bonds under the terms of the Master Agreement.

(b) *Covenants.* The District will take all actions necessary to assure the exclusion of interest on the 2018 Subordinate Priority Bonds from the gross income of the Owners of the 2018 Subordinate Priority Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2018 Subordinate Priority Bonds, including but not limited to the following:

(1) *Private Activity Bond Limitation.* The District will assure that the proceeds of the 2018 Subordinate Priority Bonds are not so used as to cause the 2018 Subordinate Priority Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(2) *Limitations on Disposition of Projects.* The District will not sell or otherwise transfer or dispose of (i) any personal property components of the Projects other than in the ordinary course of an established government program under Treasury Regulation 1.141-2(d)(4) or (ii) any real property components of the Projects, unless it has received an opinion of Bond Counsel to the effect that such disposition will not adversely affect the treatment of interest on the 2018 Subordinate Priority Bonds as excludable from gross income for federal income tax purposes.

(3) *Federal Guarantee Prohibition.* The District will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the 2018 Subordinate Priority Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(4) *Rebate Requirement.* The District will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2018 Subordinate Priority Bonds.

(5) *No Arbitrage.* The District will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2018 Subordinate Priority Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2018 Subordinate Priority Bonds would have caused the 2018 Subordinate Priority Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(6) *Registration Covenant.* The District will maintain a system for recording the ownership of each 2018 Subordinate Priority Bond that complies with the provisions of Section 149 of the Code until all 2018 Subordinate Priority Bonds have been surrendered and canceled.

(7) *Record Retention.* The District will retain its records of all accounting and monitoring it carries out with respect to the 2018 Subordinate Priority Bonds for at least three years after the 2018 Subordinate Priority Bonds mature or are redeemed (whichever is earlier); however, if the 2018 Subordinate Priority Bonds are redeemed and refunded, the District will retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the 2018 Subordinate Priority Bonds.

(8) *Compliance with Tax Certificate.* The District will comply with the provisions of the Tax Certificate with respect to the 2018 Subordinate Priority Bonds, which are incorporated herein as if fully set forth herein. In the event of any conflict between this Section and the Tax Certificate, the provisions of the Tax Certificate will prevail.

(c) *No Bank Qualification.* The 2018 Subordinate Priority Bonds shall not be “qualified tax-exempt obligations” pursuant to Section 265(b) of the Code for investment by financial institutions.

The covenants of this Section will survive payment in full or defeasance of the Bonds.

ARTICLE IV MISCELLANEOUS

SECTION 4.01. Successor Is Deemed Included in All References to Predecessor. Whenever in this Agreement either the District or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the District and the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 4.02. Limitation of Rights to Parties and Bond Owners. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any person other than the District, the Trustee, 2018 Reserve Insurer, and the Owners of the 2018 Subordinate Priority Bonds any legal or equitable right, remedy or claim under or in respect of this Agreement or the Master Agreement or any covenant, condition or provision therein or herein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the District, the Trustee, 2018 Reserve Insurer, and the Owners of the 2018 Subordinate Priority Bonds.

SECTION 4.03. Severability of Invalid Provisions. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District hereby declares that it would have entered into this Agreement and each and

every other section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Agreement may be held illegal, invalid or unenforceable.

SECTION 4.04. Applicable Provisions of Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 4.05. Execution in Several Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the District and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Washington State Convention Center Public Facilities District has caused this Agreement to be signed in its name by its President, and U.S. Bank National Association, in accepting the trusts created hereunder, has caused this Agreement to be signed in its corporate name by its officer thereunder duly authorized, all as of the day and year first above written.

WASHINGTON STATE CONVENTION
CENTER PUBLIC FACILITIES
DISTRICT

By _____
President/Chief Executive Officer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Vice President

Exhibit A
Debt Service Schedule

[not included]

D-59

Exhibit B**Required Monthly Deposits****[not included]****Exhibit C****Form of 2018 Subordinate Priority Bonds**

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OR TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

NO. _____ \$ _____

UNITED STATES OF AMERICA
WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT
SUBORDINATE LODGING TAX BOND, 2018

INTEREST RATE: % MATURITY DATE: CUSIP NO.:

Registered Owner: CEDE & CO.

Principal Amount:

The Washington State Convention Center Public Facilities District (the "District"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, but solely from the Subordinate Priority Bond Fund and the accounts held therein, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from August 9, 2018, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on January 1, 2019, and semiannually thereafter on the first day of each succeeding July and January. Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the District to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the corporate trust office of U.S. Bank National Association, as trustee (the "Trustee").

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington, Resolution No. 2018-06 duly adopted by the Board of Directors of the District (the "Board") on June 26, 2018 (the "Bond Resolution"), the Master Trust Agreement dated as of August 1, 2018 between the District and the Trustee (the "Master Agreement"), and the Series Trust Agreement, dated as of August 1, 2018, between the District and the Trustee (the "Series Agreement," and together with the Master Agreement, the "Trust Agreement"). Capitalized terms used in this bond have the meanings given such terms in the Trust Agreement.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution or the Trust Agreement until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Trustee.

This bond is one of an authorized issue of bonds of like date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of \$404,805,000 and is issued pursuant to the Bond Resolution and the Trust Agreement for providing funds to pay or reimburse costs of the Projects, to purchase Qualified Insurance, and to pay costs of issuance.

The bonds of this issue are subject to redemption prior to maturity as provided in the Trust Agreement.

The bonds of this series are not private activity bonds. The bonds of this series are not "qualified tax exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

The District hereby covenants and agrees with the Owner and holder of this bond that it will keep and perform all the covenants of this bond, the Trust Agreement and the Bond Resolution.

The District does hereby pledge and bind itself to set aside from Lodging Tax Revenues, and to pay into the Subordinate Priority Bond Fund and the Subordinate Priority Common Reserve Fund the various amounts required by the Trust Agreement to be paid into and maintained in said Funds, all within the times provided by said Trust Agreement.

Said amounts so pledged to be paid out of Lodging Tax Revenues and the Trust Estate into the Subordinate Priority Bond Fund and the Subordinate Priority Common Reserve Fund are hereby declared to be a prior pledge of the Lodging Tax Revenues equal in rank to the priority upon such Lodging Tax Revenues of any Additional Subordinate Priority WSCC Obligations hereafter issued on a parity with the bonds of this issue and subordinate only to the payment of obligations related to the First Priority Bonds of the District.

This bond is not a debt or indebtedness of the State of Washington, King County, or any political subdivision thereof other than the District.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the District may incur.

IN WITNESS WHEREOF, the Washington State Convention Center Public Facilities District has caused this bond to be executed by the manual or facsimile signatures of the Chair and Secretary of the Board of Directors, and the seal of the District to be impressed, imprinted or otherwise reproduced hereon, as of this 9th day of August, 2018.

WASHINGTON STATE
CONVENTION CENTER PUBLIC
FACILITIES DISTRICT

(SEAL)

/s/ facsimile or manual signature
Chair, Board of Directors

ATTEST:

/s/ facsimile or manual signature
Secretary, Board of Directors

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Resolution and Trust Agreement and is one of the Subordinate Lodging Tax Bonds, 2018 of the Washington State Convention Center Public Facilities District, dated August 9, 2018.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____

Exhibit D

Requisition Certificate

Requisition Certificate Number: _____

Requisition and Draw Date: _____

To: U.S. Bank National Association
1420 Fifth Avenue, 7th Floor
Mail Code PD-WA-T7CT
Seattle, WA 98101

Fax: 206-344-4630

From: Washington State Convention Center Public Facilities District

Subject: Master Trust Agreement, dated as of August 1, 2018 and Series Trust Agreement, dated as of August 1, 2018 (collectively the "Subordinate Trust Agreement") regarding Washington State Convention Center Public Facilities District Subordinate Lodging Tax Bonds, 2018 (the "Bonds")

Requisition Amount: \$ _____

You are instructed to make the disbursement(s) to pay this requisition from the Costs of Issuance Account under the Master Trust Agreement

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Payee/Account Information:

The undersigned does hereby represent, warrant and certify under the Subordinate Trust Agreement that:

The expenditures for which money is requested hereby represent proper costs of issuance and/or costs of the Project and have not been included in a previous Requisition Certificate.

Terms capitalized herein have the meanings specified in the Subordinate Trust Agreement.

Executed this ____ day of _____, _____.

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

[Treasurer]

[President/Vice President]

APPENDIX E

PROPOSED FORM OF LEGAL OPINION

August 9, 2018

Washington State Convention Center Public Facilities District
King County, Washington

U.S. Bank National Association, as Trustee
Seattle, Washington

Re: Washington State Convention Center Public Facilities District, Lodging Tax Bonds, 2018, and
Subordinate Lodging Tax Bonds, 2018

Ladies and Gentlemen:

We have acted as bond counsel to the Washington State Convention Center Public Facilities District (the “District”) and have examined a certified transcript of the proceedings taken in the matter of the issuance by the District of its Lodging Tax Bonds, 2018 in the aggregate principal amount of \$598,790,000 (the “2018 First Priority Bonds”), and its Subordinate Lodging Tax Bonds, 2018 in the aggregate principal amount of \$404,805,000 (the “2018 Subordinate Priority Bonds” and collectively with the 2018 First Priority Bonds, the “Bonds”), issued pursuant to Resolution No. 2018-06 (the “Bond Resolution”), adopted by the Board of Directors of the District (the “Board”) on June 26, 2018, the Master Trust Agreement (the “Master Agreement”), dated as of August 1, 2018, between the District and U.S. Bank National Association, Seattle, Washington (the “Trustee”), the Series Trust Agreement with respect to the 2018 First Priority Bonds, dated as of August 1, 2018, between the District and the Trustee (the “First Priority Series Trust Agreement”), and the Series Trust Agreement with respect to the 2018 Subordinate Priority Bonds, dated as of August 1, 2018, between the District and the Trustee (the “Subordinate Priority Series Trust Agreement”). Proceeds of the Bonds will be used for the purpose of financing and/or reimbursing the District for the costs of the Projects, purchasing Qualified Insurance, and paying related costs of issuance. Terms not otherwise defined herein shall have the meanings set forth in the Bond Resolution, the Master Agreement, the First Priority Series Trust Agreement, and the Subordinate Priority Series Trust Agreement, as applicable.

As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Bond Resolution, the Master Agreement, the First Priority Series Trust Agreement, the Subordinate Priority Series Trust Agreement, and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. The District has not designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

Based on the foregoing, we are of the opinion that, under existing law:

1. The District is a duly organized and legally existing public facilities district and municipal corporation under the laws of the State of Washington.

2. The Bond Resolution, the Master Agreement, the First Priority Series Agreement, and the Subordinate Priority Series Trust Agreement are legal, valid and binding obligations of the District, have been duly authorized, executed and delivered and are enforceable in accordance with their terms, except that enforcement may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

3. The Bonds have been legally issued and constitute valid and binding obligations of the District, payable as provided therein, except that the enforcement of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

4. The District has pledged the Lodging Tax Revenues and has pledged and assigned the Trust Estate as security for payment of the principal of and interest on the Bonds, subject to the provisions of the Bond Resolution, the Master Agreement, the First Priority Series Trust Agreement and the Subordinate Priority Series Trust Agreement permitting the application of amounts held thereunder to the purposes set forth therein. The pledge of the Lodging Tax Revenues and the pledge and assignment of the Trust Estate under the Master Agreement as security for the payment of the principal of and interest on the 2018 Subordinate Priority Bonds is subordinate to the pledge and assignment for the payment of the principal of and interest on First Priority Bonds as set forth therein.

5. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the District must comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with all applicable requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Except as expressly stated above, we express no opinion regarding any tax consequences related to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Bonds and we express no opinion relating thereto or relating to the undertaking of the District to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

Pacifica Law Group LLP

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE OF WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

LODGING TAX BONDS, 2018 AND SUBORDINATE LODGING TAX BONDS, 2018

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Washington State Convention Center Public Facilities District (the “District”), in connection with the issuance by the District of its Lodging Tax Bonds, 2018 (the “2018 First Priority Bonds”), and Subordinate Lodging Tax Bonds, 2018 (the “2018 Subordinate Priority Bonds” and collectively with the 2018 First Priority Bonds, the “Bonds”) pursuant to Resolution No. 2018-06 of the Board of Directors of the District adopted on June 26, 2018 (the “Bond Resolution”), the Series Trust Agreement dated as of August 1, 2018, between the District and U.S. Bank National Association, as Trustee, in connection with the 2018 First Priority Bonds (the “First Priority Series Agreement”), and the Series Trust Agreement dated as of August 1, 2018, between the District and U.S. Bank National Association, as Trustee, in connection with the 2018 Subordinate Priority Bonds (the “Subordinate Priority Series Agreement”). Pursuant to the Bond Resolution, the First Priority Series Agreement and Subordinate Priority Series Agreement, as applicable, the District hereby covenants and agrees as follows.

Section 1. Purpose of this Certificate. This Certificate is being executed and delivered by the District for the benefit of the holders and Beneficial Owners of each series of Bonds and in order to assist the Participating Underwriter in complying with the Rule (each as defined below).

Section 2. Definitions. In addition to the definitions set forth herein, in the Bond Resolution, the First Priority Series Agreement and Subordinate Priority Series Agreement, as applicable, or in the Official Statement, which apply to any capitalized term used in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

Commission means the Securities and Exchange Commission.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Official Statement related to the Bonds date August 1, 2018.

Participating Underwriter means the original underwriter of the Bonds required to comply with the Rule in connection with offering the Bonds.

Rule means Section (b)(5) of Commission’s rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provisions of Annual Information.

(a) *Financial Statements/Operating Data.* So long as the 2018 First Priority Bonds or the 2018 Subordinate Priority Bonds are outstanding, as applicable, the District agrees to provide or cause to be provided to the MSRB, the following annual financial information and operating data for the prior fiscal year (commencing in 2019 for the fiscal year ended December 31, 2018):

(1) Annual financial statements, which statements may or may not be audited, prepared in accordance with governmental generally accepted accounting principles;

(2) Historical financial information and operating data of the type contained in the Official Statement in the tables entitled:

- TABLE 1: Lodging Tax Revenues Collection History
- TABLE 2/TABLE 6: Historical Debt Service Coverage (showing historical debt service coverage on First Priority Bonds and aggregate debt service coverage on First Priority Bonds and Subordinate Priority WSCC Obligations for so long as such bonds and/or obligations are outstanding)
- TABLE 7: District Debt Capacity Computation
- TABLE 8: District Employees
- TABLE 9: Convention Center Events
- TABLE 10: National Bookings
- TABLE 17: Washington State Convention Center Public Facilities District Statements of Revenues, Expenses and Changes in Net Position

Items under Section 3(a)(2) shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above shall be provided on or before the last day of the sixth month after the end of the District's fiscal year. The District's fiscal year currently ends on December 31. The District may adjust such fiscal year by providing written notice of the change of fiscal year to MSRB. In lieu of providing such annual financial information and operating data, the District may cross refer to other documents available to the public on the MSRB's internet website or filed with the Commission.

If not provided as part of the annual financial information discussed above, the District shall provide the District's audited annual financial statement prepared in accordance with governmental generally accepted accounting principles when and if available to the MSRB.

(b) *Listed Events.* The District further agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds of each series:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, 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 Bonds, or other material events affecting the tax status of the Bonds;
- Modifications to the rights of Bondholders, if material;
- Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856, if material, and tender offers;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the Bonds, if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the District;
- The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- Appointment of a successor additional trustee or the change of name of a trustee, if material.

Section 4. Notification Upon Failure to Provide Financial Data. The District agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in Section 3 above on or prior to the dates set forth above.

Section 5. EMMA: Formation for Filings with the MSRB. Until otherwise designated by the MSRB of the Commission, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org. All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination/Modification. The District's obligation to provide annual financial information and notices of listed events with respect to the 2018 First Priority Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2018 First Priority Bonds. The District's obligation to provide annual financial information and notices of listed events with respect to the 2018 Subordinate Priority Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2018 Subordinate Priority Bonds.

Any provision of this undertaking shall be null and void if the District (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (2) notifies the MSRB of such opinion and the cancellation of all or any portion of this undertaking.

Notwithstanding any other provision of this certificate, the District may amend this certificate, and any provision of the undertaking contained herein may be waived, in accordance with Rule, which, as currently interpreted by the Commission, requires that (i) the amendment or waiver be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District, or type of business conducted; (ii) the undertaking, as amended or waived, would have complied with the requirements of Rule at the time of the primary offering, after taking into account any amendments or interpretations of Rule, as well as any change in circumstances; and (iii) the amendment or waiver does not materially impair the interest of holders of the Bonds, as determined either by parties unaffiliated with the District (such as Bond Counsel) or by the approving vote of holders of the Bonds.

In the event of any amendment or waiver of the undertaking provided for in this certificate, the District shall describe such amendment or waiver in the next annual report, and shall include a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a listed event above, and (ii) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Bond Owner's Remedies. The right of any bondowner or Beneficial Owner of Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the District's obligations under this undertaking, and any failure by the District to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds. For purposes of this Certificate, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with the respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Section 8. Dissemination Agent. The District, may from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent.

DATED this 9th day of August, 2018.

WASHINGTON STATE CONVENTION CENTER
PUBLIC FACILITIES DISTRICT

By: _____
Designated District Representative

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The following information has been provided by The Depository Trust Company, New York, New York ("DTC"). The District makes no representation regarding the accuracy or completeness thereof. Each actual purchaser of a Bond (a "Beneficial Owner") should therefore confirm the following with DTC or the Participants (as hereinafter defined).

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to

whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot (unless otherwise directed) the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX H

FORM OF PURCHASE AND SALE AGREEMENT

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PURCHASE AND SALE AGREEMENT
(Convention Place Station, Seattle, Washington)

This Purchase and Sale Agreement ("**Agreement**") is made as of the 25TH day of JULY, 2017 (the "**Agreement Date**"), by and between Washington State Convention Center Public Facilities District, a King County public facilities district ("**Buyer**") and King County, a home-rule charter county and political subdivision of the State of Washington ("**Seller**"). Each of Buyer and Seller are a "Party" hereunder and collectively shall be referred to as the "Parties."

Buyer believes the Property (together with other real property owned by Buyer that is not the subject of this Agreement) may be an appropriate site for the Project (as defined in this Section) but has not made and will not make a final decision until completion of its environmental review, including any impact statement and evaluation as provided by applicable law, all as expressly set forth in this Agreement. For purposes of this Agreement, the "**Project**" shall mean a convention center type facility containing at a minimum, exhibition space, ballroom space, meeting room space, lobby space, office space, retail space, loading docks and parking constructed on the Property (as defined in Section 1 below).

Buyer has proposed to the City of Seattle that it will participate in the City's incentive zoning program and earn additional development rights by making a contribution to the City's affordable housing program of at least Four Million Dollars (\$4,000,000). In addition, Buyer has proposed to contribute an additional amount of Five Million Dollars (\$5,000,000) to the City's housing program as part of the public benefit package provided in return for proposed alley and street vacations. Seller encourages Buyer to pursue these important housing contributions and encourages the City of Seattle to accept these funds as being over and above the requirements of this Agreement. This is a statement of intention and not a requirement of this Agreement.

1. **Purchase and Sale.** Upon the terms and conditions set forth herein, Buyer agrees to buy from Seller and Seller agrees to sell to Buyer the improved real property located in Seattle, Washington, consisting of approximately 178,034 square feet of land (of which 123,747 square feet is "**Parcel A**" and 54,287 square feet is "**Parcel B**") identified with the King County parcel numbers set forth on Exhibit A-1, as legally described on Exhibit A-2 attached hereto, and as depicted on Exhibit A-3, subject to the right of the City of Seattle to regulate the use of the surface only of Pine Street as depicted in Exhibit A-3 attached hereto (the "**Land**"). For purposes of this Agreement, the "**Property**" includes the Land and Seller's interest, if any, in the following:

- (i) all assignable easements and rights appurtenant thereto relating to the Land, except for the Seller's WSDOT Lease;
- (ii) all assignable permits in the name of Seller, if any, and all approvals, studies, surveys, warranties and other documents, associated with the Land, if any; and
- (iii) all buildings, structures, fixtures and related amenities located on the Land (the "**Improvements**,"), except for those Improvements specifically excluded, or to be relocated on the Land, as set forth under this Agreement.

2. **Purchase Price.** The purchase price for the Property (the "**Purchase Price**") shall be One Hundred Sixty-one Million Ten Thousand Nine Hundred Forty Dollars (\$161,010,940), which is One Hundred Sixty-two Million Ten Thousand Nine Hundred Forty Dollars (\$162,010,940) (which

is \$910 per square foot for the Land) less one million dollars (\$1,000,000) as an adjustment in favor of Buyer for costs related to remediation of existing Hazardous Substances and for the indemnification and duty to defend provisions set forth in Section 11 below. The Purchase Price shall be paid as follows:

2.1 Buyer shall pay to Seller an amount equal to Twenty Million Dollars (\$20,000,000) in cash at Closing; and

2.2 The balance of the Purchase Price shall be paid by Buyer at Closing by execution and delivery of a promissory note in the form attached hereto as Exhibit C-1 (the "Note"); and

2.3 In addition to the amount paid by Buyer in Section 2.1, Buyer shall pay, separate from the Purchase Price, an amount equal to Five Million Dollars (\$5,000,000) in cash at Closing to satisfy Buyer's affordable housing obligation.

3. Earnest Money.

3.1 Earnest Money. Within three (3) days following Buyer's waiver of the Review Period (as defined in Section 5.2 below) or execution of this Agreement (whichever is later), Buyer shall deposit with Fidelity National Title Insurance Company ("**Escrow Holder**" in its capacity as escrow holder and "**Title Company**" in its capacity as title insurer) an amount equal to Three Million Dollars (\$3,000,000) (the "**Earnest Money**"). In addition to the foregoing, upon execution of this Agreement, Buyer shall deposit One Hundred Dollars (\$100.00) of the Earnest Money with Escrow Holder ("**Independent Consideration**") which shall be credited towards the Purchase Price at Closing, but otherwise shall be nonrefundable in any and all events and which Buyer and Seller agree constitutes adequate consideration for this Agreement.

3.2 Disposition of Earnest Money. The Earnest Money shall be held and disbursed as provided herein. The Earnest Money shall be deposited by Escrow Holder into an interest bearing account pursuant to the terms of this Agreement. Upon waiver of the Review Period, the Earnest Money shall be nonrefundable to Buyer unless the Closing fails to occur due to a default by Seller, or the failure of a condition precedent for Buyer's benefit or as provided in Section 4.3, Section 4.4, Section 6.1, Section 8 or Section 10.2 in which event the Earnest Money, except for the Independent Consideration, shall be returned to Buyer. Except as to the Independent Consideration, the balance of the Earnest Money shall be returned to Buyer upon satisfaction of Buyer's obligations at Closing.

4. Title.

4.1 Review of Title. Buyer has obtained a preliminary commitment for title insurance for the Property issued by Title Company together with copies of all exceptions and encumbrances noted thereon (the "**Preliminary Commitment**"). The proposed policy number for the Preliminary Commitment is 20372745 and it is dated January 20, 2017.

4.2 Survey. Buyer shall have the right, at Buyer's cost, to obtain an updated survey of the Land during the Review Period.

4.3 Title Review. Buyer shall have until the date that is ten (10) days after the Agreement Date to advise Seller in writing of any exceptions or other matters (the "**Exceptions**") in the Preliminary Commitment to which Buyer objects. All Exceptions to which Buyer does not object in writing shall be deemed accepted by Buyer.

If Buyer objects to any Exceptions within such ten (10) day period, Seller shall advise Buyer in writing within ten (10) days after Seller's receipt of Buyer's objections (a) which Exceptions Seller will remove or cause to be removed at Closing, and (b) which Exceptions Seller will not remove or cause to be removed at Closing. On or before expiration of the Review Period, and assuming Seller has not agreed to remove all matters to which Buyer has objected, Buyer will notify Seller in writing of Buyer's election to either (a) terminate this Agreement, in which event the Earnest Money, except for the Independent Consideration, shall be returned to Buyer or (b) waive its objections to the Exceptions Seller will not remove or cause to be removed, in which event such Exceptions shall be deemed accepted by Buyer. Buyer's failure to respond shall constitute a waiver of such objections.

Notwithstanding the foregoing, Buyer and Seller acknowledge and agree that on or prior to Closing, Seller will satisfy and remove of record, at its expense, any mortgages, deeds of trust, judgments, mechanics liens and other similar liens securing the payment of money encumbering the Property and caused by Seller without the necessity of an objection from Buyer.

The term "**Permitted Exceptions**" as used hereunder means (a) the Exceptions accepted or deemed accepted by Buyer as provided in this Section 4.3; (b) the lien of real estate taxes and assessments for the tax year of closing, if any, which shall be prorated to the Closing Date as provided in Section 6.3 below; and (c) any rights to use the Property granted to Seller or any third party pursuant to this Agreement.

4.4 Amended Title Commitment. If Title Company issues a supplement or amendment to the Preliminary Commitment showing additional title exceptions (each, an "**Amended Report**"), Buyer will have ten (10) days from the date of receipt of each Amended Report and a copy of each document referred to in the Amended Report in which to give written notice of its acceptance of or objection to any additional title exceptions. If Buyer objects to any matters shown in the Amended Report within the ten (10) day period, Seller shall advise Buyer in writing within five (5) days after Seller's receipt of Buyer's objections (a) which matters Seller will remove or cause to be removed at Closing, and (b) which matters Seller will not remove or cause to be removed at Closing. On or before five (5) days after notice is received by Buyer, and assuming Seller has not agreed to remove or cause to be removed all matters to which Buyer objected, Buyer will notify Seller in writing of Buyer's election to either (x) terminate this Agreement, in which event the Earnest Money, except for the Independent Consideration, shall be returned by Buyer, or (y) waive its objections to the matters Seller will not remove or cause to be removed, in which event such matters shall be deemed accepted by Buyer. Notwithstanding the foregoing, from and after the date of the Preliminary Commitment, Seller shall not cause or permit any new exceptions to arise which affect title to the Property, and in the event any such new exceptions have been caused by or permitted by any action or inaction of Seller, Seller shall cause any such new exceptions to be released at Closing at Seller's sole cost and expense without the necessity of an objection from Buyer. If Seller agrees or is obligated to remove specified title exceptions at Closing, and Seller fails to do so, Seller's failure shall constitute a default by Seller under this Agreement. The

Closing Date shall be extended as necessary to accommodate the timelines set forth in this Section 4.4.

4.5 Title Insurance. Pursuant to Section 6.4(b) below, Closing shall be conditioned on Title Company delivering to Buyer at Closing an Owner's Extended Form Coverage policy of title insurance (2006 ALTA form) issued by Title Company in the face amount of the Purchase Price, dated the date of Closing, insuring Buyer's fee title to the Property, and subject to no exceptions other than the standard preprinted exceptions acceptable to Buyer and the Exceptions accepted or deemed accepted by Buyer pursuant to Section 4.3 and/or Section 4.4 above (the "**Title Policy**"). The Title Policy shall also include such endorsements as Buyer may reasonably request and Buyer agrees to first assert against and first pursue Title Company, its successors and assigns, for claims it may have against Seller related to title defects and matters, if any, that are covered by the insurance in such endorsements and exhaust its remedies and policy limits, if any, against Title Company before pursuing Seller. The cost of the standard coverage portion of the Title Policy will be paid by Seller. The cost of any endorsements requested by Buyer, the cost of the premium increase for extended coverage, and the cost of any Survey or update of the Survey, if any, required for extended coverage shall be paid by Buyer. At Closing, Seller agrees to provide the Title Company such customary indemnities and/or affidavits as Title Company may reasonably require to remove from the Title Policy the standard preprinted exceptions for mechanic's liens and parties in possession.

5. Review of Property.

5.1 Review Materials. Seller has delivered to Buyer all documents, matters, and materials in Seller's actual possession and of which Seller has actual knowledge (as defined in Section 10.1(h) below) that Buyer has requested related to the Property and the Project (the "**Review Materials**"). The Review Materials include without limitation the following documents previously delivered to Buyer: (a) Copies of existing environmental, asbestos, underground storage tank, or hazardous waste reports, toxic waste studies, tank closure or removal reports, or soils reports relating to the Property, including any Phase I environmental reports, any Phase II environmental reports, any drainage facility studies, any hydrology studies and any boring reports; (b) existing surveys, (c) easement or use rights that are not identified in the Preliminary Commitment and (d) copies of third party service, maintenance or repair agreements that would be binding on Buyer following Closing. From the Agreement Date to the Closing Date, Seller shall: (a) provide Buyer with copies of any additional Review Materials in Seller's actual possession that Buyer requests; and (b) update any Review Materials provided to Buyer to the extent material changes have occurred in such documents since the Review Materials were first provided to Buyer, and Seller actually knows of any such changes.

5.2 Review Period. Buyer shall have until 5:00 p.m. Pacific time on the date that is forty-five (45) days after the Agreement Date (the "**Review Period**") to conduct a due diligence and feasibility review with respect to the Property and the Review Materials and to satisfy itself with respect to all matters relating to the Property, including, without limitation, its physical and environmental condition and suitability for Buyer's intended use as a site for the Project.

If Buyer provides written notice to Seller prior to expiration of the Review Period that the Property is acceptable to Buyer, then this Agreement shall continue in full force and effect and the Review Period contingency shall be waived. If Buyer provides written notice to Seller prior to expiration of

the Review Period that the Property is not acceptable to Buyer, then this Agreement shall automatically terminate and the Earnest Money, except for the Independent Consideration, shall be returned to Buyer. Failure of Buyer to provide any such notice prior to the expiration of the Review Period shall be deemed to be notice from Buyer effective on the last day of the Review Period that the Property is not acceptable to Buyer.

5.3 Access. Prior to Closing, Buyer shall have access to the Property to conduct such investigations, tests, surveys and other analyses as Buyer determines is necessary, including, without limitation, geotechnical studies, surveys and Phase I and Phase II environmental studies, provided (a) Buyer shall conduct such tests or investigations so as not to unreasonably interfere with the King County Metro (referred to herein as "**Metro**") current activities on the Property; and (b) Buyer shall promptly restore the Property to its original or a substantially similar condition following any such tests and investigations. Prior to conducting any such inspections or tests, Buyer shall coordinate with Seller so as to avoid unreasonably disturbing use of the Property. Buyer shall be entitled to continued access to the Property for such purposes after the Review Period and during the term of this Agreement but such continued access shall not extend the Review Period and Buyer shall have no right to terminate this Agreement due to the results of any investigations, tests, surveys or other analyses conducted or received after the expiration of the Review Period except as provided in Section 10.2. Buyer's access to the Property shall be pursuant to a special use permit in form attached hereto as Exhibit F.

5.4 Termination of Contracts and Leases. Seller agrees prior to Closing to terminate at its expense all service contracts in the name of Seller applicable to the Property, which are not necessary to continue the operations of Metro on the Property pursuant to the Temporary Joint Use Agreement (as defined in Section 18.2 below) or to satisfy Seller's obligations pursuant to the TPSS MOU Amendment referenced in Section 18.4. Seller shall amend as necessary to accommodate the Project all other service contracts to be terminable by Buyer upon not more than 30 days' notice, if any, which are not necessary to continue operations of Metro on the Property. Except for the Seller WSDOT Lease (as defined in Section 18.5 below), Seller will terminate as of Closing all written leases, if any, and cause all tenants under such terminated leases to vacate the Property. Seller shall also terminate (without the necessity of any objection from Buyer) all property management agreements with respect to the Property and all brokerage or listing agreements relating to sale of or leasing space in the Property, if any.

6. Closing.

6.1 Time and Place of Closing. Closing shall occur in the office of the Escrow Holder forty-five (45) days following the satisfaction of the conditions set forth in Section 6.4 and Section 6.5 below, but not later than December 31, 2018 (the "**Closing Deadline**"). Notwithstanding the Closing Deadline, each of Buyer and Seller shall use commercially reasonable efforts to cause the conditions to be satisfied as soon as practicable to facilitate commencement of construction of the Project. If the conditions set forth in Sections 6.4 and 6.5 are not satisfied or not waived by the applicable Party before the Closing Deadline, then this Agreement shall automatically terminate on the Closing Deadline, the Earnest Money, except for the Independent Consideration, shall be returned to Buyer, and the Parties shall have no further obligations to one another except as set forth expressly in this Agreement. Buyer and Seller shall deposit in escrow with Escrow Holder all instruments and documents necessary to complete the transaction in accordance with this Agreement. As used herein, "**Closing**" or "**Date of Closing**" or "**Closing Date**" means the date

on which all appropriate documents are recorded or delivered and the proceeds of sale are available for disbursement to Seller.

6.2 Closing Costs.

(a) Seller's Costs at Closing. At Closing, Seller shall pay (i) the premium for the standard coverage portion of the Title Policy, (ii) one-half of Escrow Holder's escrow fees and charges, and (iii) any recording costs of clearing title other than the Deed.

(b) Buyer's Costs at Closing. At Closing, Buyer shall pay (i) the premium for the extended coverage portion of the Title Policy and any endorsements requested by Buyer, (ii) the costs of recording the Deed, and (iii) one-half of Escrow Holder's escrow fees and charges.

Each Party shall be responsible for its own legal, accounting and consultant fees. The parties agree that the transaction described herein is exempt from real estate excise tax pursuant to WAC 458-61A-205.

6.3 Prorations. All business improvement district or similar assessments due in the tax year of Closing, if any, and other expenses in connection with the operation of the Property subject to Metro's continued occupancy of the Property and obligation to pay expenses associated with such operations as more particularly set forth in the Temporary Joint Use Agreement shall be apportioned as of 12:01 a.m. on the date of Closing. Any expenses of the Property shall be prorated based upon the expenses actually accrued or paid for the month in which Closing occurs. Notwithstanding the foregoing, any local improvement district or similar assessments that are due and owing as of Closing shall be paid in full by Seller. Except as specifically provided herein, Buyer is not assuming and shall not be required to pay, perform or discharge any accounts or liabilities of the Seller or the Property accrued or allocable to periods prior to Closing.

6.4 Buyer's Conditions to Closing. Buyer's obligations under this Agreement are expressly conditioned on, and subject to satisfaction of, the following conditions precedent:

(a) Performance by Seller. Seller shall have performed all material obligations required by this Agreement to be performed by it.

(b) Title Policy. Title Company shall be ready, willing and able to issue the Title Policy provided Buyer has fulfilled its obligations with respect thereto.

(c) Representations and Warranties. The representations and warranties of Seller contained herein shall be true and correct in all material respects.

(d) No Material Adverse Change. At no time prior to the Closing Date shall there be any material adverse change in the physical condition of the Property (Section 8 shall apply in the case of damage or destruction).

(e) Board Approval. Buyer shall have obtained approval from Buyer's board of directors of this Agreement, Closing and all related transactions.

(f) Temporary Joint Use Agreement. Buyer and Seller will have entered into the Temporary Joint Use Agreement, as defined in Section 18.2 below.

(g) SEPA/NEPA. (i) Buyer shall have consulted with Seller and published a final environmental impact statement pursuant to Ch. 43.21C RCW and the National Environmental Policy Act ("NEPA") to the extent applicable, with all appeal periods having expired, and if any appeals are filed, with such appeals finally resolved, and (ii) Seller shall have satisfied any requirements of Seller imposed by Ch. 43.21C RCW and NEPA to the extent applicable, with all appeal periods having expired, and if any appeals are filed, with such appeals finally resolved.

(h) King County Site Work. The King County Site Work has been substantially completed in accordance with Section 18.2(b) and the Temporary Joint Use Agreement.

(i) Completion of Art Deaccession. Completion of the removal procedure specified in section 9 of the agreements for artists services for the DSTT art program entered into by Seller's predecessor in interest (the Municipality of Metropolitan Seattle), including Council action on any decision to remove art from the Downtown Seattle Transit Tunnel.

The conditions set forth in this Section 6.4 are intended for the benefit of Buyer. If any of the foregoing conditions are not satisfied as of the Closing Date, Buyer shall have the right at its sole election either to waive the condition in question and proceed with the purchase or, in the alternative, to terminate this Agreement, receive a refund of the Earnest Money, except for the Independent Consideration, and, if applicable, exercise any remedies available to Buyer in Section 17.2 below.

6.5 Seller's Conditions to Closing. Seller's obligations under this Agreement are expressly conditioned on, and subject to satisfaction of, the following conditions precedent:

(a) Performance by Buyer. Buyer shall have performed all material obligations required by this Agreement to be performed by it.

(b) Representations and Warranties. The representations and warranties of Buyer contained herein shall be true and correct in all material respects.

(c) Council Approval. Seller shall have obtained approval from the Metropolitan King County Council ("Council") of this Agreement and the Council shall not have adopted a resolution pursuant to Section 18.2(a) objecting to the Temporary Joint Use Agreement or Section 18.4 objecting to the TPSS MOU Amendment.

(d) Temporary Joint Use Agreement. Buyer and Seller will have entered into the Temporary Joint Use Agreement, defined in Section 18.2 below.

(e) SEPA/NEPA. (i) Buyer shall have consulted with Seller and published a final environmental impact statement pursuant to Ch. 43.21C RCW and NEPA to the extent applicable, with all appeal periods having expired, and if any appeals are filed, with such appeals finally resolved, and (ii) Seller shall have satisfied any requirements of Seller imposed by Ch. 43.21C RCW and NEPA to the extent applicable, with all appeal periods having expired, and if any appeals are filed, with such appeals finally resolved.

(f) Completion of Art Deaccession. Completion of the removal procedure specified at section 9 of the agreements for artists services for the DSTT art program entered into by Seller's predecessor in interest (the Municipality of Metropolitan Seattle), including Council action on any decision to remove art from the Downtown Seattle Transit Tunnel.

The conditions set forth in this Section 6.5 are intended for the benefit of Seller. If any of the foregoing conditions are not satisfied as of the Closing Date, Seller shall have the right at its sole election either to waive the condition in question and proceed with the sale or, in the alternative, to terminate this Agreement and, if applicable, exercise any remedies available to Seller in Section 17.1 below.

7. Deliveries at Closing. Seller's Deliveries. At or before Closing, Seller shall deliver the following:

- (a) Bargain and Sale Deed, in form attached hereto as Exhibit B, conveying title to the Property to Buyer, subject only to the Permitted Exceptions (the "**Deed**").
- (b) Real estate excise tax affidavit (showing that the transaction is exempt as provided in Section 6.2(b)).
- (c) An executed Temporary Joint Use Agreement.
- (d) Such other documents, instruments or assignments reasonably necessary to complete the transaction described in this Agreement.
- (e) Such other documents or certificates reasonably required by the Escrow Holder.

7.2 Buyer's Deliveries. At Closing, Buyer shall deliver the following:

- (a) The cash set forth in Section 2.1 and the Note in Section 2.2.
- (b) Instructions to bond trustee regarding the pledge of lodging taxes to secure the Note as permitted pursuant to RCW 36.100.040(4) and as more particularly provided in Section 18.1 below.
- (c) A counterpart of the real estate excise tax affidavit (showing that the transaction is exempt as provided in Section 6.2(b)).
- (d) An executed Temporary Joint Use Agreement.
- (e) Such other documents, instruments or assignments reasonably necessary to complete the transaction described in this Agreement.
- (f) Such other documents or certificates reasonably required by the Escrow Holder.

7.3 Operations Pending Closing. From the date hereof until Closing, Seller agrees to manage and operate the Property free from waste and neglect and consistent with past management practices. Seller further agrees: (i) except for the King County Site Work described in the Temporary Joint Use Agreement, to maintain the Property in its current condition and repair (normal wear and tear and casualty loss excepted); (ii) to perform all of its material obligations under any permits and contracts applicable to the Property; (iii) not to lease, rent or otherwise permit any person or persons to occupy any portion of the Property; (iv) except for the King County Site Work described in the Temporary Joint Use Agreement, not to enter into any new contracts which would be binding on Buyer after Closing without the written approval of Buyer, which approval may be withheld in Buyer's sole discretion; and (v) not to further encumber the Property or market the Property or enter into any contracts or agreements to sell or otherwise transfer all or any portion of the Property. To the extent any services have been provided or any improvements, repairs or maintenance have been made or will be made to the Property prior to Closing by or through Seller, which might form the basis of claims, Seller agrees to keep the Property free from claims which might result, and to indemnify, defend, protect and hold Buyer harmless from any and all such claims and all attorneys' fees and other costs incurred by reason thereof. The foregoing shall not apply to claims that may arise through Buyer and shall survive Closing.

8. Destruction of Property. The Parties acknowledge that Buyer intends to demolish the Improvements and redevelop the Property after Closing at or about the time Buyer commences construction of its Project. In the event that all or any material portion of the Improvements are subject to damage or destruction prior to the date of Closing, Buyer may extend the Closing by up to sixty (60) days to evaluate the impact of such damage or destruction or may terminate this Agreement by delivering written notice to Seller. In the event that Buyer does not elect to terminate this Agreement, then Seller shall have no obligation to repair or replace any damage or destruction nor shall the Purchase Price be reduced but the following shall apply at the Closing: Seller shall assign to Buyer its rights to any damage proceeds, if any, resulting from such damage or destruction and shall not make any settlements without Buyer's prior written approval, which shall not be unreasonably withheld.

9. Permitting. During the term of this Agreement, Buyer shall have the right (at Buyer's sole cost) to seek a master use permit and any other discretionary permits or approvals required for Buyer's intended Project ("Project's Master Use Permit") and any other development plan approval, permits (including a master use permit) and other land use approvals or authorizations as may be required for such development pursuant to that certain Proof of Agency letter from Metro to Buyer dated November 12, 2014, (the "**Entitlements**"). Seller agrees to diligently cooperate in good faith with Buyer in Buyer's efforts to seek permits and approvals and authorizations for Buyer's intended development of the Property. Such cooperation shall include joining in any permit or entitlement applications if reasonably requested by Buyer. However, other than joining in applications and supporting Buyer's proposed development, Seller shall not be required to incur any material expense in connection with the efforts of Buyer to seek a master use permit and any other permits and other approvals and authorizations.

In addition to the foregoing, if Seller is named or joined in any legal action or proceeding intended to delay the Project or to challenge or dispute Buyer's permits, approvals or other necessary entitlements for the Project, Buyer, at its expense, will defend Seller in such litigation with Buyer's counsel, provided Seller may direct such counsel on its behalf in consultation and cooperation

with Buyer. If Seller engages separate counsel, such counsel shall be at Seller's expense, but Seller and its counsel shall cooperate with Buyer's counsel.

10. Representations and Warranties.

10.1 Seller's Representations and Warranties. Seller hereby represents, warrants and covenants to Buyer as follows:

(a) Execution, Delivery and Performance of Agreement. The execution, delivery and performance of this Agreement by Seller (i) is within the powers of Seller as a political subdivision of the State of Washington and (ii) subject to the condition in Section 6.5(c) of this Agreement, has been or will be on or before the Closing Date, duly authorized by all necessary action of the Seller's legislative authority. This Agreement constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with the terms herein.

(b) Leases. Except for matters to be addressed pursuant to the TPSS MOU Amendment referenced in Section 18.4, there are no oral or written leases (including any sign or billboard leases), rental agreements or other occupancy agreements arising through Seller allowing any person or entity to occupy all or any portion of the Property. No person has an option or right of first refusal from Seller to lease any interest in the Property that has not been waived in writing.

(c) Contracts. Seller has entered into no contracts or agreements which will be binding on Buyer or the Property after Closing except as shown in the Preliminary Commitment, and except for the Temporary Joint Use Agreement and the TPSS MOU Amendment.

(d) Compliance. To the best of Seller's actual knowledge, Seller has not received any written notice that, and has no current actual knowledge that, the Property or the operation and use thereof does not comply in any material respect with any applicable laws.

(e) No Prior Options, Sales or Assignments. Seller has not granted any options nor obligated itself in any manner whatsoever to sell the Property or any portion thereof to any party other than Buyer.

(f) Litigation. To the best of Seller's actual knowledge, there is no claim, litigation, proceeding or governmental investigation pending or threatened in writing against Seller with respect to the Property, or the transactions contemplated by this Agreement.

(g) Hazardous Substances. Except for the environmental reports provided to Buyer as part of the Review Materials, to Seller's actual knowledge, (a) the Property does not contain, no activity on the Property has produced nor has the Property been used in any manner for the storage, discharge, deposit or dumping of hazardous or toxic wastes or substances, whether in the soil, ground water or otherwise; (b) the Property does not contain underground tanks of any kind; and (c) the Property does not contain and does not produce polychlorinated biphenyls, asbestos, urea formaldehyde or radon gas.

(h) Definitions. The term "**Seller's actual knowledge**" means and includes only the actual knowledge of Ron Moatar, Metro Project Manager, without giving effect to any principles of imputed or constructive knowledge and without any duty of inquiry.

10.2 Updates to Seller's Representations and Warranties. If any of the representations or warranties of Seller contained in Section 10.1 become materially inaccurate as of the date of Closing, or for a period of twelve (12) months after Closing, as a result of information received by Seller or Buyer, or as a result of occurrences subsequent to the Agreement Date, then Seller shall promptly notify Buyer, or Buyer shall promptly notify Seller, as the case may be, of such information or occurrence. Seller shall then have sixty (60) days after receipt of such notice to correct the inaccuracy, so long as Seller's reasonably estimated cost to correct the inaccuracy is not in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000). If the notice of the material inaccuracy is received before Closing, then Closing shall be automatically extended for such sixty (60) – day cure period. If the notice of the material inaccuracy is received before Closing, and Seller is either unable to complete the correction within such sixty (60) – day period, or Seller estimates that such correction cannot be made for an amount equal to or less than Two Million Five Hundred Thousand Dollars (\$2,500,000), then Buyer may elect to (i) proceed with Closing (in which case Seller's reasonably estimated cost of correcting such inaccuracy shall be credited against the Purchase Price, but in no event an amount in excess of Two Million Five Hundred Thousand (\$2,500,000)), or (ii) terminate this Agreement, in which event the Earnest Money, except for the Independent Consideration, shall be returned to Buyer as its sole remedy (except for reimbursement of its Due Diligence Costs as provided in Section 17.2) and all obligations of Seller and Buyer hereunder (except for those indemnity and other obligations that would survive Closing) shall terminate and be of no further force or effect. If the notice the material inaccuracy is received after Closing, but within the twelve (12) month period set forth in this Section, and Seller's reasonably estimated cost to correct the material inaccuracy is in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000), then Buyer's sole remedy shall be to elect for Seller to pay Buyer an amount equal to but not in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000) to complete such correction. Only the representations and warranties of Seller contained in this Agreement shall survive Closing and only for a period of twelve (12) months. After that date, they shall expire except for and only to the extent written notice containing a description of the specific nature of any material inaccuracy shall have been given by Buyer to Seller prior to expiration of the twelve (12) month period. In no event shall Seller's liability for breach of the representations and warranties of Seller contained herein be in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000).

10.3 Buyer's Representations and Warranties. Buyer hereby represents, warrants and covenants to Seller as follows:

- (a) this Agreement has been duly authorized, executed and delivered by Buyer and is a legal, valid and binding obligation of Buyer.
- (b) neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will:
 - (i) conflict with or result in a breach of any law, regulation, writ, injunction or decree of any court or governmental instrumentality applicable to Buyer; or
 - (ii) constitute a breach of any agreement to which Buyer is a Party or by which Buyer is bound; and
- (c) incurring the payment obligations herein, to be set forth in the Note, will not violate any constitutional, statutory or other limitation upon the amount of indebtedness that the Buyer may incur.

11. As-Is Purchase and Release. Buyer is purchasing the Property "**as is where is**" in its present condition. Buyer has the opportunity to inspect the Property and documentation in Seller's possession as provided herein. Except as expressly set forth in Section 10 above and in the conveyance documents, Seller makes no representations or warranties, express or implied, with respect to: (a) the condition of the Property or any buildings, structure or improvements thereon, or the suitability of the Property for Buyer's intended use; (b) any applicable building, zoning or fire laws or regulations or with respect to compliance therewith or with respect to the existence of or compliance with any required permits, if any, of any governmental agency; (c) the availability or existence of any water, sewer or utilities, any rights thereto, or any water, sewer or utility districts; (d) access to any public or private sanitary sewer or drainage system; or (e) the presence of any hazardous substances at the Property or in any improvements on the Property, including without limitation asbestos or urea-formaldehyde, or the presence of any environmentally hazardous wastes or materials on or under the Property. Buyer acknowledges that Buyer is given the opportunity under this agreement to fully inspect the Property and, subject to the terms of this Agreement, Buyer assumes the responsibility and risks of all defects and conditions.

Except for claims of fraud or willful misrepresentation on the part of Seller, and except as specifically set forth in this Agreement or the Temporary Joint Use Agreement, Buyer, on behalf of itself and its employees, agents, successors and assigns, attorneys and other representatives, and each of them, hereby forever expressly waives and releases, Seller from and against any and all claims, demands, causes of action, obligations, damages and liabilities of any nature whatsoever, whether alleged under any statute, common law or otherwise, directly or indirectly, arising out of or related to the operation or economic performance of the Property, delays in completing the Project, and the condition of the Property, including, but not limited to, Hazardous Materials in violation of Environmental Regulations. The term "**Hazardous Material**" for purposes hereof shall mean any chemical, substance, material or waste component thereof listed or defined as hazardous or toxic under any Environmental Regulations. The term "**Environmental Regulations**" means all applicable present and future statutes, regulations, ordinances, rules, codes, judgments, orders, or other similar enactments or any governmental authority or agency regulating or relating to health, safety, or environmental conditions on, under or about the Property or the environment including the following: Model Toxics Control Act, the Comprehensive Environmental Response, Compensation and Liability Act and the Resource Conservation and Recovery Act. Buyer and Seller acknowledge that Buyer has been afforded the opportunity to conduct certain environmental testing on the Property and the Purchase Price has been adjusted by mutual agreement of Buyer and Seller as set forth in Section 2 above.

From and after Closing, Buyer shall indemnify, defend and hold Seller, its officers, agents and employees harmless from and against any and all claims and agency orders or requirements (collectively "**Claims**") relating to or arising out of, directly or indirectly, Hazardous Materials, if any, presently on the Property except for Claims relating to or arising out of, directly or indirectly, (a) Hazardous Materials that have migrated from the Property by ground water, storm water, soil excavation, or other means during construction of the existing improvements on the Property which commenced during or about 1988 including, without limitation, handling and disposal of Hazardous Materials during demolition, excavation, construction and alterations of such improvements, (b) the disposal of Hazardous Materials including soil, tanks or debris during and after construction of the existing improvements on the Property, or (c) Seller's or its predecessor's (meaning the Municipality of Metropolitan Seattle) failure to comply with Environmental

Regulations related to bus or transit operations on the Property, including handling and disposal of Hazardous Materials.

12. Negotiation and Construction. This Agreement and each of the terms and provisions hereof are deemed to have been explicitly negotiated between the Parties, and the language in all parts of this Agreement shall, in all cases, be construed according to its fair meaning and not strictly for or against either Party.

13. Brokers and Finders. Each Party represents and warrants to the other that no broker or finder has been involved in this transaction. In the event of a claim for any broker's fee, finder's fee, commission or other similar compensation by an broker, finder or agent in connection with this Agreement, Buyer, if such claim is based upon any agreement alleged to have been made by Buyer, hereby agrees to indemnify Seller against any and all damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and costs) which Seller may sustain or incur by reason of such claim, and Seller, if such claim is based upon any agreement alleged to have been made by Seller, hereby agrees to indemnify Buyer against any and all damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and costs) which Buyer may sustain or incur by reason of such claim. The provisions of this Section 13 shall survive the termination of this Agreement or the Closing.

14. Possession. Buyer shall be entitled to possession of the Property on the date of Closing, free and clear of all tenant leases or other parties in possession except as expressly provided in this Agreement or the Temporary Joint Use Agreement.

15. Governing Law, Attorneys' Fees and Venue. This Agreement shall be construed according to the laws of the state of Washington. If either Buyer or Seller should find it necessary to employ an attorney to enforce a provision of the Agreement or to recover damages for the breach hereof (including proceedings in bankruptcy), the substantially prevailing Party shall be entitled to be reimbursed for its arbitration and/or court costs and attorneys' fees, in addition to all damages, through all levels of appeal. In the event of any litigation hereunder, the Superior Court of King County, Washington shall have exclusive jurisdiction and venue.

16. Waiver of Right to Receive Seller Disclosure Statement and Waiver of Right to Rescind. To the maximum extent permitted by RCW Ch. 64.06, Buyer expressly waives its right to receive from Seller a seller disclosure statement ("**Seller Disclosure Statement**") and to rescind this Agreement, both as provided for in RCW Ch. 64.04. Seller and Buyer acknowledge and agree that Buyer cannot waive its right to receive the section of the Seller Disclosure Statement entitled "Environmental" (which is contained in Section 6 of the form) if the answer to any of the questions in that section would be "yes." Nothing in the Seller Disclosure Statement creates a representation or warranty by the Seller, nor does it create any rights or obligations in the Parties except as set forth in RCW Ch. 64.06. Buyer is advised to use its due diligence to inspect the Property as allowed for by this Agreement, and that Seller may not have knowledge of defects that careful inspection might reveal. Buyer specifically acknowledges and agrees that the Seller Disclosure Statement is not part of this Agreement, and Seller has no duties to Buyer other than those set forth in this Agreement.

17. Default and Remedies.

17.1 Default by Buyer. If Buyer fails without legal excuse to complete the purchase of the Property in accordance with the terms of this Agreement, the Earnest Money deposited by Buyer shall be forfeited as liquidated damages to Seller as the sole and exclusive remedy available to Seller for such failure. Buyer and Seller expressly agree that the delivery to and retention of the Earnest Money by Seller represents a reasonable estimation of the damages in the event of Buyer's default, that actual damages would be difficult to ascertain as of the date hereof, and this provision does not constitute a penalty.

17.2 Default by Seller. If Seller fails without legal excuse to complete the sale of the Property in accordance with the terms of this Agreement, Buyer may elect one of the following remedies as its sole and exclusive remedy: (a) specific performance of this Agreement (provided an action thereon is commenced within one hundred twenty (120) days of Seller's failure to perform); or (b) rescission of this Agreement and return of the Earnest Money, except for the Independent Consideration, and reimbursement of its actual Due Diligence Costs (as defined in this Section), but not exceeding Four Hundred Thousand Dollars (\$400,000). For the purposes of this Agreement, "**Due Diligence Costs**" shall mean all actual, out-of-pocket due diligence, environmental, engineering, permitting, entitlement, rezoning, consultant and legal fees and costs and any non-refundable deposits expended by Buyer in connection with the Project, as reasonably shown in writing.

18. Post-Closing Obligations of Buyer and Seller. The following obligations of Buyer and Seller shall survive Closing hereunder.

18.1 Pledge of Lodging Tax; Priority Position.

(a) **Pledge of Lodging Tax.** Buyer hereby irrevocably covenants and agrees for as long as its obligations under the Note (the "Obligations") are outstanding that each year it will continue to impose the Lodging Tax pursuant to RCW 36.100.040(4) and (5), as the same may be amended from time to time or any successor statute (the revenues from such Lodging Tax are hereinafter referred to as the "Lodging Tax Revenues"), to the extent permitted by applicable law. Buyer hereby irrevocably obligates and binds itself to set aside and pay from Lodging Tax Revenues the amount necessary to pay the Obligations as and when due, from amounts available after payments have been made as described as (i) priorities First through Seventh in the Flow of Funds set forth in Section 9(c) of Resolution No. 2010-12 of Buyer adopted on November 12, 2010 (the "2010 Bond Resolution"), a copy of which is attached hereto as Exhibit C-2, prior to the effective date of the second amendment described in Section 18.1(c) below (the "Second Amendment"), or (ii) priorities First through Sixth, on and after the effective date of the Second Amendment. The foregoing sentence shall constitute a pledge of Lodging Tax Revenues to the payment of the Obligations, as authorized by RCW 36.100.040(7).

Buyer shall cause the Lodging Tax Revenues so pledged for payment of the Obligations to be deposited monthly into an account identified and maintained by Seller before any payments are made with respect to obligations incurred by, or liabilities of, Buyer with a priority position described as (i) priority Eighth in the Flow of Funds set forth in Section 9(c) of the 2010 Bond Resolution or (ii) priority Seventh, after the effective date of the Second Amendment. The Obligations shall not be subject to acceleration.

Buyer will exercise due regard for the anticipated financial requirements to be satisfied as priorities First through Seventh of Section 9(c) of the 2010 Bond Resolution each Fiscal Year prior to authorizing or making any disbursement of Lodging Tax Revenues for payment of the Obligations prior to the effective date of the Second Amendment. At or before Closing, Buyer shall amend the 2010 Bond Resolution pursuant to Section 21(a)(10) thereof to renumber priority Eighth as priority Ninth and to add a new priority "Eighth: to pay the Obligations as and when due" (the "First Amendment").

Capitalized terms used but not defined herein have the meanings set forth in the 2010 Bond Resolution. In lieu of providing a Bond Trust Agreement the foregoing provisions are intended to confirm the priority of the payment of the Obligations from the Lodging Tax Revenues, subject to the First Amendment and the Second Amendment.

(b) Issuance of Bonds for the Project. Seller recognizes that Buyer expects to issue the First Issue and each Later Issue (each as defined in the Financing Plan attached hereto as Exhibit D-1 (the "Financing Plan")) including short term debt as described in Section 3.b. of the Financing Plan as Additional First Priority Bonds (also referred to as "PFD First Priority Bonds" under the Transfer Agreement between the State of Washington and Buyer dated November 30, 2010 (the "Transfer Agreement") or Subordinate Priority WSCC Obligations (also referred to as "PFD Subordinate Lien Obligations" under the Transfer Agreement), provided Buyer satisfies the applicable conditions to such issuance set forth in the Financing Plan and in the 2010 Bond Resolution. Buyer shall notify the Director of Seller's Office of Performance Strategy and Budget (or its successor) between sixty (60) and ninety (90) days before such issuance. At the request of Buyer from time to time, Seller shall confirm the priority of the Obligations in writing. Notwithstanding the foregoing, any bonds issued within one (1) year following completion of the Project (defined as receipt of the final certificate of occupancy for the Project) ("Completion Bonds") for the purpose of renovating Buyer's existing convention facility may be issued as Additional First Priority Bonds or Subordinate Priority WSCC Obligations so long as Buyer satisfies the Later Issue DSCR set forth in the Financing Plan (but satisfaction of the other conditions set forth in the Financing Plan for Additional First Priority Bonds or Subordinate Priority WSCC Obligations shall not be required). Thereafter, Buyer may not issue Additional First Priority Bonds or Subordinate Priority WSCC Obligations without Seller consent, except that Buyer may issue refunding First Priority Bonds and Subordinate Priority WSCC Obligations for debt service savings or to refinance the short term debt described in Section 3.b. of the Financing Plan.

(c) Second Amendment to 2010 Bond Resolution. Buyer hereby covenants and agrees to use good faith efforts to adopt the Second Amendment to the 2010 Bond Resolution pursuant to Section 21(b) thereof in connection with the First Issue to provide that (i) the Obligations shall constitute priority Seventh in the Flow of Funds set forth in Section 9(c) of the 2010 Bond Resolution, (ii) the payments and obligations currently described as priority Seventh in the 2010 Bond Resolution shall become priority Eighth, and (iii) the payments and obligations currently described as priority Eighth in the 2010 Bond Resolution shall become priority Ninth. In the event Buyer is unable to adopt the Second Amendment, Buyer must satisfy the Additional Conditions as defined in Paragraph 7 of the Financing Plan.

(d) Performance and Payment Bond. Buyer shall cause its general contractor / construction manager to provide a performance and payment bond covering the total GC/CM contract cost of

the Project, and for subcontractors to provide bid bonds and performance and payment bonds, as required pursuant to Ch. 39.10 RCW (or equivalent like Subguard, provided it is reasonably acceptable to Seller).

18.2 Temporary Joint Use Agreement. After Closing and until the DSTT Termination Date (as defined in this Section), Seller shall require continued access to and use of the Property as provided in this Section for Metro operations. Prior to and as a condition of Closing, the Parties will enter into an agreement that is approved by each Party, such approval not to be unreasonably withheld, conditioned or delayed (the "Temporary Joint Use Agreement") that ensure the continuity of Metro operations on the Property and Metro access to the Downtown Seattle Transit Tunnel ("DSTT") until the date that Metro ceases operations in and out of the DSTT (the "DSTT Termination Date"). As of the date of this Agreement, the Parties have not agreed on the material terms of the Temporary Joint Use Agreement and Buyer's rights of access and use of the Property before and after Closing, including, without limitation, the type of ramp that will be used for access to the DSTT, the scope and timing of, and impacts from, construction of such ramp, when use of the ramp for Metro operations in and out of the DSTT will begin, the allocation of costs related to the construction of the temporary layover loop from such ramp to the Temporary Layover Loop, the condition of the Property including any demolition of existing improvements on the Property before Closing, and any impacts on or changes to Metro bus service before and after Closing. The DSTT Termination Date shall be no earlier than the September 2019 Metro transit service change unless the following conditions are met: (i) the permits necessary to commence construction, which are contingent upon the issuance of the Project's Master Use Permit but not necessarily all permits required to complete construction, are issued by the City of Seattle prior to July 1, 2018; and (ii) Buyer has notified Seller no later than September 30, 2018 that Buyer has begun demolition and construction of the Project (not including the King County Site Work) and that Buyer needs to take control of the site by March 2019. For the purposes of this Section 18.2: (x) "take control of the site" means continued operation of the site as a transit base would impair the construction of the Project; and (y) demolition includes site mobilization, fencing, demolition of buildings, terminating duct banks, and grading of the site. If that notification does not occur, Seller agrees to vacate the site at the end of March or September of each calendar year provided that six months notice has been given prior to each date. Buyer and Seller shall cooperate with each other to ensure that Metro operations on the Property do not materially interfere with Buyer's construction of the Project and that Buyer's construction does not materially interfere with Metro's operations and access to the DSTT. The Temporary Joint Use Agreement is a related transaction and the Parties currently contemplate the Temporary Joint Use Agreement to include the following:

(a) **Interim Access to DSTT.** The Temporary Joint Use Agreement shall include the following elements which remain to be negotiated by the parties: (i) the scope, concept and design for access to the DSTT (the "DSTT Access Conceptual Plans"), (ii) the schedule for completing such access to the DSTT in accordance with the DSTT Access Conceptual Plans (the "DSTT Access Schedule"), and (iii) the estimated cost of implementing and maintaining the DSTT access pursuant to the DSTT Access Conceptual Plans and the DSTT Access Schedule (the "DSTT Access Cost Estimate"). Seller shall reimburse Buyer eighty percent (80%) of the actual DSTT Access Cost up to a maximum reimbursement of \$4,000,000. The Parties will use all reasonable efforts to complete the Temporary Joint Use Agreement no later than November 30, 2017 subject to extension by the Parties to facilitate better cost estimating. The Temporary Joint Use Agreement shall be subject to a thirty day review period by the Council. Prior to execution, the

King County Executive shall submit an electronic copy to the Clerk of the Council who will distribute a copy to all Councilmembers and the Director of Legislative Analysis or designee. If the Council does not pass an ordinance objecting to the Temporary Joint Use Agreement during the review period, the King County Executive shall be authorized to execute the Temporary Joint Use Agreement.

(b) King County Site Work. Seller shall be responsible for completing certain King County site work on the Property related to the DSTT Access Conceptual Plans as described in Exhibit H attached hereto (the "King County Site Work"). Buyer shall perform the King County Site Work for Seller as will be further defined in the Temporary Joint Use Agreement. The King County Site Work shall be completed prior to Closing, but shall not commence until execution of the Temporary Joint Use Agreement, and the conditions set forth in Sections 6.4(h) and 6.5(f) have been satisfied. In the event this transaction fails to close for any reason other than Seller's default after commencement of the King County Site Work, Buyer will repair and restore the Property at its sole expense to the condition that existed immediately prior to commencement of the King County Site Work.

(c) Bus Layover Space. During construction of the Project, Buyer, at its cost, shall provide to Seller temporary bus layover space for a total of nine (9) 60-foot long buses simultaneously (the "Temporary Layover Space") in a location agreed to between Buyer and Seller, such as the location is generally depicted on Exhibit E attached hereto. Buyer and Seller shall obtain approval of the proposed Temporary Layover Space by SDOT before the Closing Date. If SDOT does not approve the location of a Temporary Layover Space before the Closing Date, then Buyer shall assist Seller to determine alternative locations for the Temporary Layover Space that will achieve SDOT approval. In addition to the other obligations in this Section 18.2(c), Buyer shall assist Seller and SDOT to determine a location to accommodate (i) fifteen (15) 60-foot long buses in a single (or dual) location or (ii) twenty-four (24) 60-foot long buses in dispersed locations (on or off-street) in the downtown area of Seattle.

(d) Bus Routing, Delays, and Closure. Buyer shall utilize reasonable measures to mitigate any public transportation travel time increases caused by re-routings through the Property and other property impacted by the construction of the Project. Buyer and Seller shall work collaboratively and reasonably to develop, pursuant to the Temporary Joint Use Agreement, appropriate milestones and minimum notice requirements for closure of the DSTT and the station located on the Property.

18.3 Artwork. Reference is made to that certain letter dated January 17, 2017 from Cath Brunner of 4Culture, a copy of which has been provided to Buyer (as modified, the "**Existing Artwork Letter**"). Seller shall enter into an agreement with 4Culture by which Seller will cause the deaccession of all existing public artwork on the Property prior to Closing and to pay the costs related thereto. Such agreement between Seller and 4Culture shall be provided to Buyer for review and approval, such approval not to be unreasonably withheld, conditioned or delayed, prior to execution thereof. Buyer does not have a statutory requirement for public art in the Project. In consideration of Seller's obligations under this Section 18.3, Buyer hereby agrees to the following:

- (a) Buyer will establish an Art Budget (the "Art Budget") of not less than \$4,500,000 and expend at least that amount on public art. Buyer shall supplement the Art Budget by an additional \$100,000 (for a total of not less than \$4,600,000) to be spent on mitigation of lost artwork.
- (b) Buyer will engage in a fully public process for the administration of the Art Budget which means hiring an artist to assist in art master planning, employing the services of a qualified public art professional or organization to manage the process of acquiring and installing the art and utilizing, empowering and adequately staffing Buyer's Art Advisory Committee to assist in the administration of the Art Budget; provided, however, all final decisions regarding acquisition of artwork for the Project and use of the Art Budget shall be made by Buyer's board of directors.
- (c) Buyer will develop an interpretive framework at the Convention Center that will make the documentation of lost artwork open and accessible to the public. The costs related to such framework shall be included in the Art Budget.
- (d) Buyer will incorporate into the Project the five (5) artistic tree grates and the two (2) profiles in the sidewalk that are depicted on Exhibit I attached hereto. The costs related to incorporation of the tree grates and the profiles shall be included in the Art Budget. The final location of the tree grates and the profiles in the Project will be determined by Buyer.

18.4 Relocation of Existing Systems and Infrastructure Improvements. Buyer and Seller have entered into that certain Memorandum of Understanding between King County and Washington State Convention Center Regarding CPS Property Replacement of Transit Power Substation dated October 22, 2015 (the "TPSS MOU"). A copy of the current TPSS MOU is attached to this Agreement as Exhibit G. Buyer and Seller shall amend the TPSS MOU or enter into a separate TPSS MOU contract, which shall address the following terms and conditions (collectively the "TPSS MOU Amendment"): (a) the scope and schedule and cost for the relocation or replacement of certain equipment specified by Seller, located on the Property, that supports operations within the DSTT and that is owned by Sound Transit and/or King County (collectively with the work currently described in the TPSS MOU, the "TPSS and Infrastructure Work") (b) Buyer, Seller and Sound Transit determining the schedule for completing the TPSS and Infrastructure Work, and (c) Seller and Sound Transit determining the allocation and reimbursement of costs between them. Buyer and Seller acknowledge and agree that Seller and Sound Transit must reach agreement with respect to certain matters described in this Section before Buyer and Seller may enter into the TPSS MOU Amendment, and Seller shall use commercially reasonable efforts to resolve expeditiously such matters with Sound Transit prior to Closing. Both the TPSS MOU Amendment and the Sound Transit agreement shall be subject to a thirty day review period by the Council. Prior to execution, the Executive shall submit an electronic copy to the Clerk of the Council who will distribute a copy to all Councilmembers and the Director of Legislative Analysis or designee. If the Council does not pass an ordinance objecting to the agreement(s) during the review period, the Executive shall be authorized to execute the agreement(s).

Notwithstanding anything to the contrary in the current TPSS MOU, and until a TPSS MOU Amendment is executed, Buyer shall have no right to perform any demolition or construction work or require Seller to perform any demolition or construction work contemplated by this Section 18.4 to be included in the TPSS MOU Amendment except such work authorized by Seller that does not interrupt Seller's use of the DSTT. Additionally, until a TPSS MOU Amendment is executed,

Buyer shall be liable to Seller for any loss or damage to Seller's equipment, loss or impairment of Seller's use of such equipment or interruption of Seller's use of the DSTT, unless authorized by Seller, resulting from Buyer's demolition or construction activity on the Project.

18.5 WSDOT Lease. Seller is a party to that certain lease dated as of June 29, 1987, for that certain real property labeled as Parcel 11 on Exhibit A-3 (the "**Seller WSDOT Lease**"). Upon Seller's abandonment of the Seller WSDOT Lease, Buyer intends to enter into a lease with WSDOT for Parcel 11 and all or some portion of that certain real property labeled as Parcel 12 on Exhibit A-3 (the "**Buyer WSDOT Lease**"). At such time that Seller is no longer using the Seller WSDOT Lease area Seller shall promptly provide notice to WSDOT and Buyer of its intent to abandon the Seller WSDOT Lease. The above sequencing notwithstanding, Seller agrees to cooperate in good faith with Buyer if Buyer is able to reach agreement with WSDOT to acquire interest in Parcel 11 from WSDOT prior to Seller's abandonment, provided that Buyer will provide Seller with access and use of Parcel 11 pursuant to the same rights and interests that Seller has under the existing Seller WSDOT Lease until Seller no longer requires use of Parcel 11, as contemplated and set forth in the Temporary Joint Use Agreement.

18.6 Affordable Housing. The Buyer acknowledges that both the Seller, as a regional leader in creating opportunities for affordable housing, and the City of Seattle ("City") have an interest in seeing more affordable housing being built as a result of this Project. To provide for, satisfy and support Seller's interest, goal and requirement to make the Property available for affordable housing, Buyer shall contribute Five Million Dollars (\$5,000,000) to the King County Department of Community and Human Services to be used by the agency to support and provide affordable housing in King County. This contribution must be made at Closing.

18.7 Project Conditions. Buyer agrees to comply with the following requirements during the construction of the Project:

(a) Buyer shall use a Project Labor Agreement with terms similar to the terms set forth in that certain Project Labor Agreement for the Brightwater Conveyance System dated June 20, 2005 provided the Seattle Building Trades Unions will agree to such terms.

(b) Buyer shall use apprentices during construction of the Project.

(c) Buyer shall use good faith efforts to implement the use of local hiring preferences during construction of the Project.

(d) Buyer shall be responsible for obtaining all permits necessary to complete the construction of the Project, the King County Site Work, the DSTT Access work, and the TPSS and Infrastructure Work unless otherwise contemplated in this Agreement.

(e) During construction of the Project, Buyer shall permit a representative of Seller to have access to the Property for purposes of monitoring transit access, attending significant Project design and construction meetings which materially affect Metro's access to the DSTT, and approving timeline and construction thresholds related to access to the DSTT and public transit through the Property, which approval shall not be unreasonably withheld, conditioned or delayed. Such access shall be subject to all reasonable construction rules and security and safety requirements established by Buyer or its contractor.

18.8 Sales Tax Deferral. In the event Buyer obtains a construction sales tax deferral or exemption, that portion of construction sales tax that otherwise would have been received by King County in connection with construction of the Project shall be added to principal on the Note in the years that such sales tax revenue would have been received as reasonably estimated by Buyer, and if a sales tax deferral, then the principal of the Note shall be reduced by the amount and at such time as Seller actually receives the amount of such deferred sales tax.

19. Notices. All notices, demands, requests, consents and approvals which may, or are required to, be given by any Party to any other Party hereunder shall be in writing and shall be deemed to have been duly given if (a) delivered personally, (b) sent by a nationally recognized overnight delivery service, or (c) if mailed or deposited in the United States mail and sent by registered or certified mail, return receipt requested, postage prepaid to:

SELLER: King County
Chinook Building
401 5th Ave Ste 810
Seattle, WA 98104
Attention: Director: Performance, Strategy and Budget

with a copy to: Cairncross & Hempelmann
524 Second Avenue, Suite 500
Seattle, Washington 98104
Attention: Matt Hanna

Washington State Convention Center Public Facilities District:
800 Convention Place
Seattle, Washington 98101-2350
Attention: Jeff Blosser, President and CEO

With a copy to: Pine Street Group L.L.C.
1500 Fourth Avenue, Suite 600
Seattle, Washington 98101
Attention: Matt Griffin and Matt Rosauer

Either Party hereto may by proper notice made by the other Party designate such other address for giving of notices. All notices shall be deemed given on the day such notice is delivered (or if refused, the date of such refusal).

20. Assignment.

20.1 Buyer's Assignment. Buyer may not assign its rights under this Agreement without Seller's prior written consent, which consent may be withheld or conditioned in Seller's sole discretion.

20.2 Seller's Assignment. Seller may not assign its rights under this Agreement without Buyer's prior written consent, which shall not be unreasonably withheld, delayed or conditioned.

21. Dispute Resolution. In the event of a dispute between the Parties during the Term of the Agreement, the following terms and conditions shall apply:

21.1 Buyer's designee and the King County Executive, or its designee (the "Designated Representatives"), shall confer to resolve disputes that arise under this Agreement as requested by either Party. The Designated Representatives shall use their best efforts and exercise good faith to resolve such disputes. The following individuals are hereby designated as the Designated Representatives of the Parties for the purpose of resolving disputes that arise under this Agreement, and dispute resolution notices shall be sent to:

Buyer: Chairman, WSCC Board of Directors
800 Convention Place
Seattle, Washington 98101

Seller: Deputy King County Executive
Chinook Building
401 Fifth Avenue, Suite 800
Seattle, Washington 98104

If the Parties are still unable to resolve the dispute, then either Party may pursue any right or remedy available under applicable law.

22. Further Assurances. In addition to the acts and deeds recited herein and contemplated to be performed at the Closing, Seller and Buyer agree to perform such other acts, and to execute and/or deliver such other instruments and documents, as either Seller or Buyer, or their respective counsel, may reasonably require in order to effectuate the intents and purposes of this Agreement. The provisions of this Section shall survive Closing.

23. Exhibits. All exhibits attached hereto or referenced herein are incorporated in this Agreement.

24. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such provisions had not been contained herein.

25. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs and assigns to the extent permitted hereunder.

26. Entire Agreement. This Agreement contains the entire understanding between the parties and supersedes any prior agreements between them respecting the subject matter hereof.

27. Recording. This Agreement shall not be recorded, but either Party may record a memorandum of the agreement including Seller's rights to payments under the Note.

28. Time of the Essence. Time is of the essence of this Agreement.

29. Computation of Time. If a deadline arises or performance is due on a day that is a Saturday, Sunday or other legal holiday in the State of Washington, the actual deadline for performance shall be extended to the next succeeding business day.

30. Force Majeure. Neither Party shall be liable for delays in performance resulting from causes, including third parties and acts of God, beyond such Party's reasonable control, and the time for such performance shall be extended by the number of days such performance is delayed by such causes.

31. Counterparts. This Agreement may be executed in several counterparts, which shall be treated as originals for all purposes, and all counterparts so executed shall constitute one agreement, binding on all the parties hereto, notwithstanding that all the parties are not signatory to the original or to the same counterpart. Any such counterpart shall be admissible into evidence as an original hereof against the person who executed it.

[Signatures only follow.]

DATED as of the day and year first above written.

SELLER: KING COUNTY, a home-rule charter county and political subdivision of the State of Washington

By: _____
Name: _____
Its: _____

Approved as to form:

By: _____

BUYER: WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT,
a King County public facilities district

By: _____
Name: Frank Finneran
Its: Chairman of the Board of Directors

Approved as to form:

By: _____
Matthew R. Hendricks, General Counsel

Exhibits

Exhibit A-1	Description of Property
Exhibit A-2	Legal Description of Property
Exhibit A-3	Parcel Map
Exhibit B	Bargain and Sale Deed
Exhibit C-1	Form of Note
Exhibit C-2	2010 Bond Resolution
Exhibit D-1	Financing Plan
Exhibit D-2	Financing Contingency Plan
Exhibit E	Temporary Layover Space
Exhibit F	Special Use Permit
Exhibit G	TPSS MOU
Exhibit H	King County Site Work
Exhibit I	Sidewalk Art and Tree Grates

EXHIBIT A-1
TO
PURCHASE AND SALE AGREEMENT

Description of Parcels

Parcel	Address	Parcel Number	Area	Zoning
A	906 Pine St	0660001025	123,747 SF	Downtown Mixed Commercial 340/290-400
B	1620 9 th Ave	0660001700	54,287 SF	Downtown Mixed Commercial 340/290-400

EXHIBIT A-2
TO
PURCHASE AND SALE AGREEMENT

Legal Description

PARCEL A:

LOTS 1 THROUGH 12, INCLUSIVE, BLOCK 32 AND LOTS 4 THROUGH 6, INCLUSIVE, BLOCK 44, 2ND ADDITION TO THE TOWN OF SEATTLE, AS LAID OFF BY THE HEIRS OF SARAH A. BELL (DECEASED) COMMONLY KNOWN AS HEIRS OF SARAH A. BELLS 2ND ADDITION TO THE CITY OF SEATTLE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 1 OF PLATS, PAGE 121, IN KING COUNTY, WASHINGTON; EXCEPT THE SOUTHERLY 7 FEET OF LOTS 1 AND 12 CONDEMNED UNDER SUPERIOR COURT CAUSE NO. 57057 FOR PINE STREET. TOGETHER WITH THE ALLEY IN BLOCK 32 AND THAT PORTION OF TERRY AVENUE VACATED BY CITY OF SEATTLE ORDINANCE 124728.

PARCEL B:

THOSE PORTIONS OF PINE STREET AND TERRY AVENUE AND OF LOTS 1, 2, 3, 10, 11, AND 12 AND THE ALLEY ADJOINING THERETO, ALL IN BLOCK 44, SECOND ADDITION TO THE TOWN (NOW CITY) OF SEATTLE AS LAID OFF BY THE HEIRS OF SARAH A. BELL (DECEASED) , ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 1 OF PLATS, PAGE 121, RECORDS OF KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEASTERLY CORNER OF SAID LOT 10; THENCE SOUTH 30°38'18" EAST, ALONG THE EASTERLY LINE OF SAID LOTS 10, 11 AND 12, TO A POINT OPPOSITE HIGHWAY ENGINEER'S STATION 2233+60± ON THE LINE SURVEY OF SR 5, SEATTLE FREEWAY: JACKSON ST. TO OLIVE WAY AND 110 FEET NORTHWESTERLY THEREFROM; THENCE SOUTH 16°54'20" WEST, PARALLEL WITH SAID LINE SURVEY, TO A POINT ON A LINE THAT IS PARALLEL WITH AND 18 FEET NORTHWESTERLY OF, MEASURED AT RIGHT ANGLES TO, THE CENTERLINE OF PINE STREET; THENCE SOUTH 59°21'55" WEST, ALONG SAID PARALLEL LINE, A DISTANCE OF 153.07 FEET TO THE CENTERLINE OF TERRY AVENUE; THENCE SOUTH 59°21'30" WEST, ALONG SAID PARALLEL LINE, A DISTANCE OF 33 FEET TO THE SOUTHEASTERLY PROLONGATION OF THE WESTERLY MARGIN OF TERRY AVENUE; THENCE NORTH 30°37'28" WEST, ALONG SAID WESTERLY MARGIN, A DISTANCE OF 194.93 FEET; THENCE NORTH 59°22'07" EAST, A DISTANCE OF 66 FEET TO THE NORTHWESTERLY CORNER OF SAID LOT 3; THENCE NORTH 59°22'21" EAST, ALONG THE NORTHERLY LINE OF SAID LOTS 3 AND 10, A DISTANCE OF 256.09 FEET TO THE POINT OF BEGINNING. SITUATE IN THE CITY OF SEATTLE, COUNTY OF KING, STATE OF WASHINGTON.

EXHIBIT A-3
TO
PURCHASE AND SALE AGREEMENT

Parcel Map

Parcel A	123,747 sf
Parcel B	54,287 sf (parcels 6, 7, 8, 9 and 10)
Total	178,034 sf



EXHIBIT B
TO
PURCHASE AND SALE AGREEMENT

FILED FOR RECORD AT REQUEST OF
AND WHEN RECORDED RETURN TO:

BARGAIN AND SALE DEED

Grantor:

Grantee:

Abbreviated

Legal Description: _____
complete legal description appears on Exhibit A hereto).

Assessor's Tax

Parcel No.: _____

The Grantor, _____, a _____, for good
and valuable consideration in hand paid, the receipt and sufficiency of which are hereby
acknowledged, bargains, sells, and conveys to _____,
_____, the following described real estate, situated in the County of
_____, State of Washington:

The real property described on Exhibit A attached hereto, subject to the permitted
exceptions described on Exhibit B attached hereto, together with all and singular the
tenements, hereditaments and appurtenances thereunto belonging or in anywise
appertaining.

This Deed may be executed in one or more counterparts, each of which shall be an original,
but which together shall constitute one and the same instrument.

DATED as of _____, 20__.

[**ADD ACKNOWLEDGEMENTS AND EXHIBITS**]

EXHIBIT B

NOTE: Calculations to be updated for initial year after Closing Date is established.

EXHIBIT C-1
TO
PURCHASE AND SALE AGREEMENT
FORM OF NOTE

PROMISSORY NOTE

\$141,010,940 (U.S.)
_____, 201_

Seattle, Washington

FOR VALUE RECEIVED, the undersigned Washington State Convention Center Public Facilities District, a King County public facilities district, ("Maker"), promises to pay to the order of King County, a home-rule charter county and political subdivision of the State of Washington ("Holder"), at its office at _____, or at such other place as the Holder may from time to time designate in writing, the sum of ONE HUNDRED FORTY ONE MILLION TEN THOUSAND NINE HUNDRED FORTY DOLLARS (\$141,010,940) in lawful money of the United States.

SECTION 1. Interest Rate.

This Note shall bear interest prior to maturity or acceleration during the term of this Note as provided in this Section 1 (the "Note Rate"). From twelve (12) months before the first payment date in Section 2 until the June 30 that is six (6) years later (the "Initial Note Rate Period"), the Note Rate shall be one percent (1.0%). After the Initial Note Rate Period until the Maturity Date, the Note Rate shall be four and 25/100 percent (4.25%). In the event of a default under this Note, interest shall begin to accrue at the Default Rate set forth in Section 7 below. Interest shall compound annually and be paid annually in accordance with Section 2 below.

SECTION 2. Annual Payments.

Payments shall be due and payable to Holder in accordance with this Section 2. On the June 30 that first occurs after Closing and each June 30th thereafter for a period of five (5) years, interest only payments shall be due and payable to Holder in the amount of ONE MILLION FOUR HUNDRED TEN THOUSAND ONE HUNDRED NINE DOLLARS (\$1,410,109) for a total of six payments of this amount (the "Initial Payment Period"). On each June 30th thereafter until the Maturity Date, amortizing installments of principal and interest in the amounts set forth on the amortization table attached hereto as Schedule A will be due and payable to Holder. To the extent Closing occurs less than a full year before the first payment is due, a portion of the first payment will be interest and a portion will be principal. The interest portion shall be calculated

based on the actual number of days remaining between the Closing and the first payment divided by 365 and multiplied by \$1,410,109. The remaining amount of the first payment will be applied to principal. As a condition of Closing, Maker and Holder will update this Note to reflect the expected Closing Date and the subsequent reduction in future payments due to the foregoing principal payment.

SECTION 3. Maturity.

Unless sooner repaid, the entire unpaid principal balance of this Note, plus all accrued but unpaid interest, and all other amounts owing hereunder shall be due and payable on the June 30 that occurs thirty (30) years after the first payment date in Section 2 (the "Maturity Date").

SECTION 4. Application of Payments.

Payments shall be applied: (a) first, to the payment of accrued interest, to the extent applicable; (b) second, at the option of Holder, to the payment of any late charges due hereunder; and (c) third, to the reduction of principal of this Note.

SECTION 5. Prepayment.

Maker does not have the sole right to prepay its obligation under this Note in full or in part at any time prior to June 30, 2035 (the "Prepayment Date"). Nevertheless, if either Maker or Holder believes it is in their mutual interest to pay off the obligations, that party may make a proposal to the other party for consideration. As of the Prepayment Date, and any June 30 thereafter, Maker may pay off the entire note by paying an additional 5% of the outstanding principal at the payoff. Maker must provide Holder with one year notice of its intent to pay off the remaining balance. In addition to the above described prepayment options, Maker has the right at any time to establish an escrow fully funding all interest, principal and redemption premium on the Note through June 30, 2035. Upon funding such escrow with permitted investments (US Treasury obligations or, upon approval of Holder, equivalent), the Note will be considered legally defeased and all restrictions on the issuance of additional indebtedness by the Maker described herein shall no longer be in force.

SECTION 6. Late Charge.

If any payment under Section 2 above is paid more than three (3) business days after the due date thereof, Maker promises to pay a late charge of three percent (3%) of the delinquent amount as liquidated damages for the extra expense in handling past due payments.

SECTION 7. Default; Remedies.

If Maker fails to make payment of any amount payable hereunder within thirty (30) days of when due, or in the event this Note is not repaid in full by the Maturity Date, the entire unpaid balance of this Note, including all accrued but unpaid interest, shall thereafter bear interest at a rate of two percent (2%) per annum above the Note Rate, compounded annually (the "Default Rate").

SECTION 8. Attorneys' Fees.

Holder shall be entitled to its reasonable attorneys' fees and other costs and expenses in enforcing or interpreting its rights under this Note, including attorneys' fees in both trial and appellate courts and in any bankruptcy or reorganization proceeding.

SECTION 9. Miscellaneous.

- (a) Every person or entity at any time liable for the payment of the indebtedness evidenced hereby waives presentment for payment, demand and notice of nonpayment of this Note.
- (b) The headings to the various sections have been inserted for convenience of reference only and do not define, limit, modify, or expand the express provisions of this Note.
- (c) This Note is made with reference to and is to be construed in accordance with the laws of the state of Washington.
- (d) This Note is for business or commercial purposes and is not for personal, family or household purposes.

SECTION 10. Security.

- (a) Maker hereby irrevocably covenants and agrees for as long as its obligations under this Note (the "Obligations") are outstanding that each year it will continue to impose the Lodging Tax pursuant to RCW 36.100.040(4) and (5), as the same may be amended from time to time or any successor statute (the revenues from such Lodging Tax are hereinafter referred to as the "Lodging Tax Revenues"), to the extent permitted by applicable law. Maker hereby irrevocably obligates and binds itself to set aside and pay from Lodging Tax Revenues the amount necessary to pay the Obligations as and when due, from amounts available after payments have been made as described as priorities First through Seventh in the Flow of Funds set forth in Section 9(c) of Resolution No. 2010-12 of Maker adopted on November 12, 2010 (the "2010 Bond Resolution"), a copy of which is attached to the Purchase and Sale Agreement, executed by Maker as Buyer and Holder as Seller, ("PSA") as Exhibit C-2 subject to the amendments described in the PSA including the obligation of Maker as Buyer set forth in Section 18.1(c) of the PSA. The foregoing sentence shall constitute a pledge of Lodging Tax Revenues to the payment of the Obligations, as authorized by RCW 36.100.040(7).
- (b) Maker shall cause the Lodging Tax Revenues so pledged for payment of the Obligations to be deposited monthly into an account identified and maintained by Holder from amounts available after payments have been made as described as priorities First through Seventh in the Flow of Funds set forth in Section 9(c) of the 2010 Bond Resolution of Maker, subject to the amendments described in the PSA including pursuant to the obligation of Maker as Buyer set forth in Section 18.1(c) of the PSA. The Obligations shall not be subject to acceleration.
- (c) Maker will exercise due regard for the anticipated financial requirements to be satisfied as priorities First through Seventh of Section 9(c) of the 2010 Bond Resolution each Fiscal Year prior to authorizing or making any disbursement of Lodging Tax Revenues for payment of its Obligations as set forth in the PSA. Maker shall not issue Additional First Priority Bonds or

Subordinate Priority WSCC Obligations without Holder's consent except as permitted under the PSA.

(d) Capitalized terms used but not defined herein have the meanings set forth in the 2010 Bond Resolution. In lieu of providing a Bond Trust Agreement the foregoing provisions are intended to confirm the priority of the payment of the Obligations from the Lodging Tax Revenues on the terms set forth in the PSA. The conditions to subordination of Seller (Holder herein) set forth in Section 18.1(b) of the PSA are incorporated herein by reference.

SECTION 11. Right of Offset. Pursuant to that certain Temporary Joint Use Agreement dated as of even date herewith by and between Maker and Holder, Maker has the right to offset certain obligations of Holder against the interest owed pursuant to this Note.

SECTION 12. Modifications. Maker, and by acceptance of this Note, Holder, acknowledge that certain provisions of the PSA may require modifications to this Note to adjust the principal amount, the calculation of interest payable hereon or the timing of payments under this Note. At any time, and from time to time, upon request by the other party, this Note will be modified accordingly.

DATED as of the day and year first above written.

PLEASE BE ADVISED THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

Maker:

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, a King County public facilities district

By: _____

Name: Frank Finneran

Its: Chairman of the Board

Approved as to form:

By: _____

Matthew R. Hendricks

General Counsel

SCHEDULE A TO PROMISSORY NOTE

Year ending
June 30 after the
Initial Payment

Period	Beg Yr Bal	Interest	Payment	End Yr Bal
Year 7	141,010,940	5,992,965	6,770,381	140,233,524
Year 8	140,233,524	5,959,925	6,973,492	139,219,957
Year 9	139,219,957	5,916,848	7,182,697	137,954,108
Year 10	137,954,108	5,863,050	7,398,178	136,418,980
Year 11	136,418,980	5,797,807	7,620,123	134,596,663
Year 12	134,596,663	5,720,358	7,848,727	132,468,294
Year 13	132,468,294	5,629,903	8,084,189	130,014,008
Year 14	130,014,008	5,525,595	8,326,714	127,212,889
Year 15	127,212,889	5,406,548	8,576,516	124,042,921
Year 16	124,042,921	5,271,824	8,833,811	120,480,934
Year 17	120,480,934	5,120,440	9,098,826	116,502,548
Year 18	116,502,548	4,951,358	9,371,790	112,082,116
Year 19	112,082,116	4,763,490	9,652,944	107,192,662
Year 20	107,192,662	4,555,688	9,942,532	101,805,818
Year 21	101,805,818	4,326,747	10,240,808	95,891,757
Year 22	95,891,757	4,075,400	10,548,033	89,419,124
Year 23	89,419,124	3,800,313	10,864,474	82,354,963
Year 24	82,354,963	3,500,086	11,190,408	74,664,641
Year 25	74,664,641	3,173,247	11,526,120	66,311,768
Year 26	66,311,768	2,818,250	11,871,904	57,258,115
Year 27	57,258,115	2,433,470	12,228,061	47,463,524
Year 28	47,463,524	2,017,200	12,594,903	36,885,821
Year 29	36,885,821	1,567,647	12,972,750	25,480,719
Year 30	25,480,719	1,082,931	13,361,932	13,201,717
Year 31	13,201,717	561,073	13,762,790	0

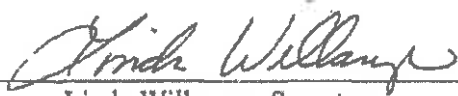
EXHIBIT C-2
TO
PURCHASE AND SALE AGREEMENT

2010 Bond Resolution
(which is the next 40 pages with no
revision date)

CERTIFICATE REGARDING RESOLUTION

I, Linda Willanger, Secretary of the Board of Directors of the Washington State Convention Center public facilities district (the "District"), do hereby certify that the attached is a full, true and correct copy of Resolution No. 2010-12 adopted on November 12, 2010 by the Board and authorizing the issuance and sale of Lodging Tax Bonds of the District in the aggregate principal amount of not to exceed \$335,000,000 to finance the costs of acquiring and improving the Washington State Convention Center; funding a reserve fund and to pay costs of issuance; delegating authority for the sale of the bonds and the preparation and dissemination of a preliminary official statement and final official statement; providing for continuing disclosure; providing for a negotiated sale of the bonds to CitiGroup Global Markets Inc., Goldman, Sachs & Co., Morgan Stanley & Co. Incorporated, Loop Capital Markets LLC and Piper Jaffray & Co., and that such resolution has not been amended or superseded and is in full force and effect as of the date hereof.

Dated this 30th day of November, 2010.


Linda Willanger, Secretary
Washington State Convention Center
public facilities district

RESOLUTION NO. 2010-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF LODGING TAX BONDS OF THE PUBLIC FACILITIES DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$335,000,000 TO FINANCE THE COSTS OF ACQUIRING AND IMPROVING THE WASHINGTON STATE CONVENTION CENTER, FUNDING A RESERVE FUND AND TO PAY COSTS OF ISSUANCE; DELEGATING AUTHORITY FOR THE SALE OF THE BONDS AND THE PREPARATION AND DISSEMINATION OF A PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT; PROVIDING FOR CONTINUING DISCLOSURE; PROVIDING FOR A NEGOTIATED SALE OF THE BONDS TO CITIGROUP GLOBAL MARKETS INC., GOLDMAN, SACHS & CO., MORGAN STANLEY & CO. INCORPORATED, LOOP CAPITAL MARKETS LLC AND PIPER JAFFRAY & CO.

ADOPTED: NOVEMBER 12, 2010

Prepared by:

K&L GATES LLP
Seattle, Washington

WASHINGTON STATE CONVENTION CENTER
PUBLIC FACILITIES DISTRICT
RESOLUTION NO. 2010-12
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^{*} Neither this Table of Contents nor the preceding cover page is a part of this resolution.

November 12, 2010

**RESOLUTION NO. 2010-12
OF THE
WASHINGTON STATE CONVENTION CENTER
PUBLIC FACILITIES DISTRICT**

A RESOLUTION OF THE BOARD OF DIRECTORS OF WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF LODGING TAX BONDS OF THE PUBLIC FACILITIES DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$335,000,000 TO FINANCE THE COSTS OF ACQUIRING AND IMPROVING THE WASHINGTON STATE CONVENTION CENTER, FUNDING A RESERVE FUND AND TO PAY COSTS OF ISSUANCE; DELEGATING AUTHORITY FOR THE SALE OF THE BONDS AND THE PREPARATION AND DISSEMINATION OF A PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT; PROVIDING FOR CONTINUING DISCLOSURE; PROVIDING FOR A NEGOTIATED SALE OF THE BONDS TO CITIGROUP GLOBAL MARKETS INC., GOLDMAN, SACHS & CO., MORGAN STANLEY & CO. INCORPORATED, LOOP CAPITAL MARKETS LLC AND PIPER JAFFRAY & CO.

WHEREAS, in 1982, with the support of the Washington state legislature, a nonprofit corporation was established to design, construct, promote and operate the Washington State Convention Center ("WSCC"); and

WHEREAS, in 2010, the state Legislature enacted Substitute Senate Bill 6889 (the "Convention Center Act"), which authorized King County (the "County") to create a public facilities district to acquire, own and operate a trade and convention center transferred from a public nonprofit corporation; and

WHEREAS, the Washington State Convention Center public facilities district (the "District") was formed by the County, pursuant to Ordinance 16883, adopted on July 19, 2010, for the specific purpose of acquiring, owning and operating the WSCC; and

WHEREAS, in order to finance the costs of acquisition of and improvements to the WSCC, the District is authorized by RCW chs. 36.100.060, 36.100.040 and 39.46 to issue bonds payable from tax receipts of the District; and

WHEREAS, the bonds authorized herein shall be sold pursuant to negotiated sale as herein provided;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, as follows:

Section 1. Definitions and Interpretation.

Capitalized terms, unless some other meaning is plainly intended, used in this resolution have the meanings given such terms in Appendix A to this resolution or in Section 20, and the rules of interpretation also are set forth in Appendix A.

Section 2. Authorization of Bonds.

The District hereby authorizes the issuance and sale of Bonds for the purposes of paying the costs of acquisition of the WSCC and undertaking certain capital improvements, funding a reserve and for the additional purpose of paying the expenses incidental to the issuance of the Bonds.

The Bonds shall be in the aggregate principal amount of not to exceed \$335,000,000 and shall be issued in one or more series, as determined by the Authorized Representative pursuant to the authority granted in Section 17 of this resolution.

Section 3. Bond Details.

The Bonds shall be designated as "Washington State Convention Center Public Facilities District Lodging Tax Bonds, 2010" and if issued in more than one series, shall have the additional identifying designations set forth in the Bond Purchase Contract approved pursuant to Section 17 of this resolution. The Bonds of each series shall be registered as to both principal and interest, shall be issued in the aggregate principal amount set forth in the Bond Purchase Contract and the Trust Agreement, and shall be numbered separately in the manner and with any additional designation as the Trustee deems necessary for purposes of identification, shall be dated their date of delivery, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000 within each series and maturity, and shall bear interest from their date of delivery until the Bonds bearing such interest have been paid or their payment duly provided for. The Bonds of each series shall bear interest at the per annum rates, payable on the interest payment dates and shall mature or be subject to prior redemption, in the principal amounts on the principal payment dates set forth in the Bond Purchase Contract and the Trust Agreement and as approved by the Authorized Representative pursuant to Section 17 of this resolution.

The Bonds shall be First Priority Bonds and shall be payable and secured as provided herein and in the Trust Agreement.

Section 4. Redemption and Purchase.

(a) *Optional Redemption.* The Bonds of each series may be subject to optional redemption and/or extraordinary optional redemption on the dates, at the prices and under the terms set forth

in the Bond Purchase Contract and the Trust Agreement and as approved by the Authorized Representative pursuant to Section 17 of this resolution.

(b) *Mandatory Redemption.* The Bonds of each series may be subject to mandatory redemption and/or extraordinary mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract and the Trust Agreement and as approved by the Authorized Representative pursuant to Section 17 of this resolution.

(c) *Purchase of Bonds.* The District may acquire Bonds by purchase of Bonds offered to the District at any time at such purchase price as the District deems appropriate, or by gift at any time on terms as the District deems appropriate. The District hereby reserves the right to use at any time any Lodging Tax Revenues available after providing for the payments required by paragraph First through Seventh of Section 9(c) of this resolution to purchase any of the Bonds.

Section 5. Registration, Exchange and Payments.

(a) *Trustee/Bond Register.* The Board hereby authorizes the Designated District Representative (i) to specify and adopt the system of registration and transfer for the Bonds approved by the Washington State Finance Committee from time to time through the appointment of state fiscal agencies for the purposes of registering and authenticating the Bonds, maintaining the Bond Register and effecting transfer of ownership of the Bonds, or in the alternative (ii) to appoint the Trustee to act in the capacity of registrar, authenticating agent and paying agent. If the Trustee is appointed as the Registrar, the manner of registration, exchange and payment of the Bonds shall be as set forth in the Trust Agreement. The Trustee is hereby appointed as the initial Registrar for the Bonds.

Section 6. Form of Bonds.

The Bonds shall be in substantially the following form:

NO. _____ \$ _____

UNITED STATES OF AMERICA
WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT
LODGING TAX BOND, 2010[_____]

INTEREST RATE: % MATURITY DATE: CUSIP NO.:

Registered Owner: CEDE & CO.

Principal Amount:

The Washington State Convention Center Public Facilities District (the "District"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, but solely from the Bond Fund, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from

_____, 2010, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on July 1, 2011, and semiannually thereafter on the first day of each succeeding January and July. Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the District to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the corporate trust office of U.S. Bank National Association, as trustee (the "Trustee").

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington, Resolution No. 2010-12 duly adopted by the Board of Directors of the District (the "Board") on November 12, 2010 (the "Bond Resolution") and the Trust Agreement, dated _____, 2010, between the District and the Trustee. Capitalized terms used in this bond have the meanings given such terms in the Bond Resolution.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution or the Trust Agreement until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Trustee.

This bond is one of an authorized issue of bonds of like date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of \$ _____ and is issued pursuant to the Bond Resolution for providing funds to pay the cost of acquiring and improving the Washington State Convention Center ("WSCC"), to fund the Reserve Fund, and to pay costs of issuance. Simultaneously herewith, the District is issuing its Washington State Convention Center Public Facilities District Lodging Tax Bonds, 2010[_____] (the "2010[] Bonds"). [Insert reference to Build America Bonds, as applicable.]

The bonds of this issue maturing on and prior to _____ are not subject to redemption prior to their stated maturities. The bonds of this issue maturing on and after _____ are subject to redemption at the option of the District on and after _____ in whole or in part on any date (with maturities to be selected by the District), at a price of par plus accrued interest to the date fixed for redemption.

[The bonds of this issue maturing on _____, 1, ____ shall be redeemed by the District on _____ 1 of the following years in the following principal amounts at a price of par plus accrued interest to the date fixed for redemption:

Redemption Dates	Amounts
	\$

• Final Maturity}

The bonds of this series are not private activity bonds. The bonds of this series are not "qualified tax exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

The District hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond, the Trust Agreement and the Bond Resolution.

The District does hereby pledge and bind itself to set aside from Lodging Tax Revenues, and to pay into the Bond Fund and the Reserve Fund the various amounts required by the Bond Resolution and the Trust Agreement to be paid into and maintained in said Funds, all within the times provided by said Trust Agreement and the Bond Resolution.

Said amounts so pledged to be paid out of Lodging Tax Revenues and the Trust Estate into the Bond Fund and the Reserve Fund are hereby declared to be a prior charge upon the Lodging Tax Revenues equal in rank to the priority upon such Lodging Tax Revenues of the amounts required to pay and secure the payment of the 2010[] Bonds and any bonds of the District hereafter issued on a parity with the bonds of this issue.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the District may incur.

IN WITNESS WHEREOF, the Washington State Convention Center Public Facilities District has caused this bond to be executed by the manual or facsimile signatures of the Chair and Secretary of the Board of Directors, and the seal of the District to be impressed, imprinted or otherwise reproduced hereon, as of this _____ day of _____, 2010.

WASHINGTON STATE
CONVENTION CENTER PUBLIC
FACILITIES DISTRICT

(SEAL)

/s/ facsimile or manual signature

Chair, Board of Directors

ATTEST:

/s/ facsimile or manual signature

Secretary, Board of Directors

The Trustee's Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Resolution and Trust Agreement and is one of the Lodging Tax Bonds, 2010[] of the Washington State Convention Center Public Facilities District, dated _____, 2010.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____

Section 7. Execution of Bonds.

The Bonds shall be executed on behalf of the District with the manual or facsimile signatures of the Chair of the Board of Directors, attested by the Secretary of the Board, and the corporate seal of the District shall be impressed, imprinted or otherwise reproduced thereon.

In case either or both of the officers who shall have executed the Bonds shall cease to be an officer or officers of the District before the Bonds so signed shall have been authenticated or delivered by the Trustee, or issued by the District, such Bonds may nevertheless be authenticated, delivered and issued, and upon such authentication, delivery and issuance, shall be as binding upon the District as though those who signed the same had continued to be such officers of the District. Any Bond also may be signed and attested on behalf of the District by such persons as at the actual date of execution of such Bond shall be the proper officers of the District although at the original date of such Bond any such person shall not have been such officer of the District.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this resolution.

Section 8. Lost or Destroyed Bonds.

If any Bonds are lost, stolen, mutilated or destroyed, the Trustee may authenticate and deliver a new Bond or Bonds of like series, amount, maturity and tenor to the Registered Owner upon the owner paying the expenses and charges of the Trustee and the District in connection with preparation and authentication of the replacement Bond or Bonds and upon his or her filing with the Trustee the mutilated Bond or filing with the Trustee and the District evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of his or her ownership, and upon furnishing the District and the Trustee with indemnity satisfactory to both.

Section 9. Trust Agreement; Lodging Tax Account; Funds; Flow of Funds.

(a) *Trust Agreement.* The District shall enter into a Trust Agreement (the "Trust Agreement") with U.S. Bank National Association, as trustee for the benefit of the owners and holders of the Bonds and Additional First Priority Bonds. A form of Trust Agreement has been provided to this Board, and the President of the Board is hereby authorized and directed to execute the Trust Agreement with such modifications as shall have been approved by him prior to its execution. Under the terms of the Trust Agreement, the Trustee shall establish and maintain the Lodging Tax Account, the Bond Fund and the Reserve Fund.

(a) *Lodging Tax Account.* A special fund of the District to be known as the "Washington State Convention Center PFD – Lodging Tax Account" (the "Lodging Tax Account") is hereby authorized and directed to be created and maintained in the office of the Trustee. For so long as the Bonds and any Additional First Priority Bonds remain Outstanding, all Lodging Tax Revenues shall be transferred to and deposited into the Lodging Tax Account upon their transfer from the State Treasurer. Within the Lodging Tax Account, the District shall create a subaccount to be designated as the Additional Lodging Tax Revenues Subaccount (the "Additional Lodging Tax Revenues Subaccount") for the purpose of holding and accounting for Additional Lodging Tax Revenues received by the District.

(b) *Other Funds and Accounts.* Pursuant to the terms of the Trust Agreement, the Trustee shall also establish the following funds and accounts for the purpose of paying and securing the payment of First Priority Bonds:

(1) "Washington State Convention Center Public Facilities District Lodging Tax Bond Fund" (the "Bond Fund") and therein a Principal Account and an Interest Account; and

(2) "Washington State Convention Center Public Facilities District Lodging Tax Bond Common Reserve Fund" (the "Common Reserve Fund").

Such funds and accounts shall be established and maintained as provided in the Trust Agreement.

(c) *Flow of Funds.* All Lodging Tax Revenues shall be disbursed to make the following payments in the following order of priority:

First, to make the Required Monthly Deposits and Required Supplemental Deposits into the Interest Account for the payment of upcoming interest on the Bonds and any Additional First Priority Bonds;

Second, to make the Required Monthly Deposits and Required Supplemental Deposits into the Principal Account for the payment of principal of the Bonds and any Additional First Priority Bonds maturing or being redeemed by sinking fund redemption prior to scheduled maturity;

Third, to make all payments required to be made into the Common Reserve Fund to maintain the Common Reserve Requirement – First Priority for Covered Bonds and into any other reserve fund established for Additional First Priority Bonds that are Uncovered Bonds;

Fourth, to make all payments required on a monthly basis or otherwise to be made into any other bond redemption fund and debt service account created to pay the principal of, premium, if any, and interest on any Subordinate Priority WSCC Obligations;

Fifth, to make all payments required to be made into any other reserve account created to secure the payment of the principal of and interest on any Subordinate Priority WSCC Obligations;

Sixth, to make the annual payment amount and any loan repayment amounts owed to the State as required by Section 5(6)(a) of the Convention Center Act and Section 2.3.3 of the Transfer Agreement;

Seventh, to pay operating expenses of the WSCC and to make payments into the Operating Reserve Account in order to maintain the required operating reserve balance therein as required by the policies established pursuant to Section 10 of this resolution; and

Eighth, to retire by redemption or purchase any outstanding bonds or other obligations of the District as authorized in the various resolutions of the Board authorizing their issuance or to make necessary additions, betterments, improvements and repairs to or extension and replacements of the WSCC or for any other lawful District purposes.

The District hereby covenants that it will exercise due regard for the anticipated financial requirements to be satisfied as priorities First through Seventh of this subsection (c) in each Fiscal Year prior to authorizing or making any disbursement of Lodging Tax Revenues for the purposes identified as the Eighth priority. Upon receipt by the District, Lodging Tax Revenues shall be invested by or at the direction of the District Treasurer in any legal investment for District funds, and interest earnings shall accrue and be credited to the account or accounts specified by the District. Funds or accounts held by the Trustee shall be invested as provided in the Trust Agreement.

Section 10. Operating Reserve Account.

A special fund of the District to be known as the "Operating Reserve Account" (the "Operating Reserve Account") is hereby created in the office of the District Treasurer. The Board shall establish policies from time to time with respect to operating reserves, including the required balance of the Operating Reserve Account, and shall establish procedures with respect to the management of its operating funds in order to maintain fund balances as set forth in the then effective Board policy. Such policy shall provide that the required balance in the Operating Reserve Account shall be not less than 100-days of budgeted operating expenditures. Funds may be withdrawn from the Operating Reserve Account to pay operating and other expenses of the WSCC, even if as a result of such withdrawal, the balance on hand is less than the required minimum balance, and the District thereafter, with available funds re-establishes the balance in the Operating Reserve Account.

Section 11. Pledge of Lodging Taxes and Credit.

The District hereby irrevocably covenants and agrees for as long as any of the First Priority Bonds are outstanding that each year it will continue to impose the Lodging Tax pursuant to RCW 36.100.040(4) and (5) and in the case of the Additional Lodging Tax during the time period permitted under RCW 36.100.040(5), as the same may be amended from time to time or any successor statute and to apply the Lodging Taxes as provided in this resolution and the Trust Agreement. All Lodging Taxes shall be collected and applied as provided in this resolution and the Trust Agreement for the repayment of the Bonds and as provided herein and therein.

The First Priority Bonds and the pledge created and established hereunder and under the Trust Agreement shall be payable solely from and secured solely by Lodging Tax Revenues and the Trust Estate; provided, however, that any series of First Priority Bonds also may be payable from and secured by a credit facility pledged specifically to or provided for that series of First Priority Bonds.

From and after the time of issuance and delivery of the First Priority Bonds of each series and so long thereafter as any of the same remain Outstanding, the District hereby irrevocably obligates and binds itself to set aside and pay into the special funds created for the payment of each series of First Priority Bonds out of Lodging Tax Revenues on or prior to the date on which the interest on or principal of and interest on the First Priority Bonds shall become due, the amount necessary to pay such interest or principal and interest coming due on the First Priority Bonds of such series. The foregoing sentence shall constitute a pledge of Lodging Tax Revenues and the Trust Estate to the payment of First Priority Bonds.

Said amounts so pledged to be paid into the Bond Fund and the Principal Account and Interest Account therein are hereby declared to be a prior charge upon the Lodging Tax Revenues superior to all other charges of any kind or nature whatsoever except for charges equal in rank that may be made thereon to pay and secure the payment of the principal of and interest on Additional First Priority Bonds issued under authority of a future resolution in accordance with the provisions of Section 15 of this resolution.

Any amounts pledged to be paid into a debt service fund and or reserve account created to pay and secure the payment of Subordinate Priority WSCC Obligations shall, subject to the provisions of the prior paragraph of this Section 11 and the Trust Agreement, have the priority with respect to Lodging Tax Revenues set forth in the resolution authorizing their issuance.

The First Priority Bonds shall not in any manner or to any extent constitute general obligations of the County or of the state of Washington, or of any political subdivision of the state of Washington.

Section 12. Defeasance.

Any Bonds shall be deemed to have been paid and not Outstanding under this resolution and shall cease to be entitled to any benefit or security of this resolution and any money and

investments held hereunder, except the right to receive the money and the proceeds and income from Government Obligations set aside and pledged in the manner hereafter described, if:

(a) in the event that any or all of Bonds are to be optionally redeemed, the District shall have given to the Trustee irrevocable instructions to give such notice of redemption of such Bonds as may be required by the provisions of this resolution or the Trust Agreement; and

(b) there shall have been made an Irrevocable Deposit, in trust, with the Trustee or with another corporate fiduciary, of money in an amount that shall be sufficient and/or noncallable Government Obligations maturing in such amounts and at such time or times and bearing such interest to be earned thereon, without considering any earnings on the reinvestment thereof, as will provide a series of payments that shall be sufficient, together with any money initially deposited, to provide for the payment of the principal of and premium, if any, and the interest on the defeased Bonds, when due in accordance with their terms, or upon the earlier prepayment or redemption thereof in accordance with a refunding plan; and such money and the principal of and interest on such Government Obligations are set aside irrevocably and pledged in trust for the purpose of effecting such payment, redemption or prepayment.

Nothing contained in this Section 12 shall be construed to prohibit the partial defeasance of the pledge of this resolution and the Trust Agreement providing for the payment of one or more, but not all of the Outstanding Bonds. In the event of such partial defeasance, this resolution and the Trust Agreement shall be discharged only as to the Bonds so defeased.

The District shall cause notice of defeasance of Bonds to be provided to Registered Owners of Bonds being defeased and to each party entitled to receive notice in accordance with Section 18 of this resolution.

Section 13. Transfer Agreement; Reserve Fund; Project Fund; Application of Bond Proceeds.

The proceeds of sale of the Bonds shall be disbursed as provided in the closing memorandum for the Bonds approved by the Designated District Representative.

(a) *Common Reserve Fund.* A dollar amount equal to the Common Reserve Requirement – First Priority shall be remitted to the Trustee for deposit to the Common Reserve Fund.

(b) *Transfer Agreement.* Pursuant to the Convention Center Act, the District has negotiated the terms of a Transfer Agreement pursuant to which all lands, facilities, equipment, assets, other interests in real, personal, and intangible property, and interests under contracts, leases, licenses and agreements of the public corporation that own and operate the WSCC under RCW 67.40.020 shall be transferred to the District. Under the terms of the Transfer Agreement, *inter alia*, the District is obligated to make a payment to the State in consideration of the transfer, and the dollar amount of that payment will be set forth in the closing memorandum for the Bonds approved by the Designated District Representative.

(c) *Project Costs.* There is hereby authorized to be created an account of the District known as the "WSCC Project Fund" (the "Project Fund"), which fund is to be drawn upon for the purpose of paying costs of issuance of the Bonds and capital project costs for the WSCC.

The Bond proceeds deposited in the Project Fund or any subaccount therein and any investment earnings thereon shall be used to pay costs of issuance of the Bonds, then to pay costs of capital project costs and to pay arbitrage rebate if and to the extent attributable to earnings on moneys in the Project Fund as required under the Tax and Arbitrage Certificate.

Section 14. Covenants.

The District hereby makes the following covenants and agreements with the owners and holders of each of the First Priority Bonds for as long as any of the same remain Outstanding.

(a) *Maintenance of the WSCC.* The District will at all times keep and maintain or cause to be maintained the WSCC in good repair, working order and condition, and will at all times operate the same and the business or businesses in connection therewith in an efficient manner and at a reasonable cost.

(b) *Property and Liability Insurance.* The District will keep all operating facilities insured, if such insurance is obtainable at reasonable rates and upon reasonable conditions, against such risks, in such amounts, and with such deductibles as the Board or the Designated District Representative shall deem necessary for the protection of the District.

(c) *Books and Records.* The District will keep and maintain proper books of account and accurate records of all of its revenue, including tax receipts; Regular Lodging Tax Revenues and Additional Lodging Tax Revenues, received from any source whatsoever, and of all costs of administration and maintenance and operation of all of its business that are in accordance with generally accepted accounting principles as in effect from time to time. Additional Lodging Tax Revenues shall be deposited and accounted for separately from other amounts received by the District. On or before 120 days after the end of each fiscal year, the District will prepare or cause to be prepared an operating statement of all of the business of the District for such preceding fiscal year. Each such annual statement shall contain a statement in detail of the Lodging Tax Revenues collected, received and applied for such fiscal year and shall contain a statement as of the end of such year showing the status of all funds and accounts of the District pertaining to the operation of the WSCC and the status of all of the funds and accounts created by various resolutions of the Board authorizing the issuance of outstanding bonds and other obligations payable from the Lodging Tax Revenues. Copies of such statements shall be placed on file in the main office of the District, and shall be open to inspection at any reasonable time by the owners of First Priority Bonds.

(d) *Interlocal Agreement.* The District shall observe and enforce the provisions of the Interlocal Agreement.

Section 15. Additional Obligations.

(a) *Conditions upon the Issuance of Additional First Priority Bonds.* As long as any Bonds remain outstanding, the District hereby further covenants and agrees that it will not issue any Additional First Priority Bonds except in accordance with the conditions of this Section 15. The District hereby reserves the right to issue additional obligations that will be payable from Lodging Tax Revenues and the Trust Estate as provided in this Section. The issuance of Additional First Priority Bonds shall be authorized by a resolution of the Board, which resolution shall (1) designate the Additional First Priority Bonds as Covered Bonds or Uncovered Bonds and (2) include the covenants set forth in Section 14 of this resolution. If the Additional First Priority Bonds are Covered Bonds, the Common Reserve Requirement – First Priority shall be fully funded no later than the date of issuance of the Additional First Priority Bonds. The resolution authorizing Additional First Priority Bonds may provide for the appointment of a trustee or may provide for a supplement or amendment to the Trust Agreement as permitted under the Trust Agreement. The Trust Estate held by the Trustee under the Trust Agreement is held by the Trustee for the benefit of all First Priority Bonds, as provided therein.

The District hereby further covenants and agrees with the owners and holders of each of the First Priority Bonds for as long as any of the same remain Outstanding that it will not issue any First Priority Bonds that constitute a charge upon the Lodging Tax Revenues and the Trust Estate equal to the priority thereon of Outstanding First Priority Bonds, unless at the time of the issuance of such First Priority Bonds

(A) the District is not in default under this resolution, and

(B) unless the District meets the conditions set forth in subsection (b) below, there shall have been delivered prior to or on the date of the issuance of the First Priority Bonds, a certificate prepared as provided below and executed by the Designated District Representative stating that Regular Lodging Tax Revenues during the Base Period were at least equal to 175 percent of Annual Debt Service in each year following the issuance of the proposed Additional First Priority Bonds with respect to all First Priority Bonds then Outstanding and then proposed to be issued.

The Designated District Representative's certificate shall be based upon the financial statements of the District for the Base Period, corroborated by the certified statements of the Division of Municipal Corporations of the State Auditor's office of the State of Washington, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period. In the event that the tax rate for Regular Lodging Tax Revenues has been increased and such increase is pledged (and the definition of Regular Lodging Tax Revenues has been amended to take such increase into account) to the repayment of First Priority Bonds, then such increase may be reflected as if it had been fully collected during the Base Period.

Compliance with the coverage requirements of this Section 15(a) shall be demonstrated conclusively by a certificate delivered in accordance with this subsection (a).

(b) *No Certificate Required.* A certificate shall not be required as a condition to the issuance of Additional First Priority Bonds if the Additional First Priority Bonds are being issued for refunding purposes upon compliance with the provisions of subsection (c)(1)(A) or (B) or (c)(2) of this section.

(c) *Additional First Priority Bonds For Refunding Purposes.* The District may issue Additional First Priority Bonds for refunding purposes, as follows:

(1) Additional First Priority Bonds may be issued at any time for the purpose of refunding (including by purchase) First Priority Bonds including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date fixed for redemption (or purchase), any deposits to a reserve account or to purchase a Qualified Letter of Credit or Qualified Insurance, and the expenses of issuing the Additional First Priority Bonds and of effecting such refunding upon delivery of a certificate as provided in subsection (a) above. Such refunding Additional First Priority Bonds also may be issued without a certificate if:

(A) the latest maturity of the Additional First Priority Bonds to be issued is not later than the latest maturity of the First Priority Bonds to be refunded (were such refunding not to occur), and the increase in Annual Debt Service as a result of such refunding in any year is less than the greater of (i) \$25,000 or (ii) 5% of such Annual Debt Service on the First Priority Bonds to be refunded; or

(B) the latest maturity of the Additional First Priority Bonds to be issued is later than the latest maturity of the First Priority Bonds to be refunded (were such refunding not to occur), and the Maximum Annual Debt Service on all First Priority Bonds to be Outstanding after the issuance of the refunding First Priority Bonds shall not be greater than Maximum Annual Debt Service were such refunding not to occur.

(2) First Priority Bonds may be issued without the requirement of a certificate pursuant to this section for the purpose of refunding (including by purchase) any First Priority Bonds at any time within one year prior to their maturity or mandatory redemption date if sufficient Lodging Tax Revenues or other moneys are not expected to be available for payment at maturity or mandatory redemption.

(d) *Priorities Subordinate to First Priority Bonds.* Nothing herein contained shall prevent the District from issuing revenue bonds or other obligations that are a charge upon the Lodging Tax Revenues junior or inferior to the payments required by this resolution to be made out of such Lodging Tax Revenues to pay and secure the payment of any First Priority Bonds. Such junior or inferior obligations shall not be subject to acceleration. This prohibition against acceleration shall not be deemed to prohibit mandatory tender or other tender provisions with respect to variable rate obligations or to prohibit the payment of a termination amount with respect to a Derivative Product.

Section 16. Tax Covenants; Special Designation.

(a) *Tax Covenant.* The District covenants to undertake all actions required to maintain the tax-exempt status of interest on the Bonds issued as tax-exempt bonds under Section 103 of the Code as set forth in the Tax and Arbitrage Certificate and will comply with its additional representations and covenants set forth in the Tax and Arbitrage Certificate with respect to tax-advantaged bonds.

(b) *No Bank Qualification.* The Bonds shall not be qualified tax-exempt obligations pursuant to Section 265(b) of the Code for investment by financial institutions.

Section 17. Sale of Bonds.

The Bonds shall be sold at negotiated sale to the Underwriters pursuant to the terms of the Bond Purchase Contract. The Chair or his designee, the President (the "Authorized Representative"), is hereby authorized to negotiate terms for the purchase of the Bonds and to execute the Bond Purchase Contract, with such terms pursuant to this section and consistent with this resolution. The Board has been advised by its financial advisor that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Board. The Board has determined that it would be in the best interest of the District to delegate to the Authorized Representative for a limited time the authority with respect to each series to approve the final series and designations, interest rates, maturity dates, aggregate principal amount, principal amounts and prices of each maturity, redemption rights, and other terms and conditions of the Bonds. The Authorized Representative is hereby authorized to approve within each series, the final interest rates, maturity dates, aggregate principal amount, principal amounts of each maturity and redemption rights for the Bonds in the manner provided hereafter so long as the aggregate principal amount of the Bonds does not exceed the maximum principal amount set forth in Section 3 and so long as the true interest cost for the Bonds (in the aggregate and net of federal subsidy, if any) does not exceed 5.00%.

In determining the final interest rates, maturity dates, aggregate principal amount, principal maturities, redemption rights of the Bonds, the Authorized Representative, in consultation with District staff and the District's financial advisor, shall take into account those factors that, in his judgment, will result in the lowest true interest cost on the Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in terms and quality to the Bonds. Subject to the terms and conditions set forth in this section, the Authorized Representative is hereby authorized to execute the final form of the Bond Purchase Contract, upon the Authorized Representative's approval of the final interest rates, maturity dates, aggregate principal amount, principal maturities and redemption rights set forth therein. Following the execution of the Bond Purchase Contract, the Authorized Representative shall provide a report to the Board, describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Authorized Representative by this section shall expire on December 31, 2010. If a Bond Purchase Contract for the Bonds has not been executed by December 31, 2010, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale

approved unless the Bonds shall have been re-authorized by resolution of the Board. The resolution reauthorizing the issuance and sale of the Bonds may be in the form of a new resolution repealing this resolution in whole or in part (only with respect to the Bonds not issued) or may be in the form of an amendatory resolution approving a bond purchase contract or establishing terms and conditions for the authority delegated under this section.

Upon the adoption of this resolution, the proper officials of the District including the Authorized Representative and the Designated District Representative are authorized and directed to undertake all other actions necessary for the prompt execution and delivery of the Bonds to the Underwriters thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the Bond Purchase Contract.

The Authorized Representative and the Designated District Representative each is authorized to ratify and to approve for purposes of the Rule, on behalf of the District, the Official Statement (and any Preliminary Official Statement) and any supplement thereto relating to the issuance and sale of the Bonds and the distribution of the Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

The Authorized Representative and the Designated District Representative and other District officials, agents and representative are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Bonds to the Underwriters and for the proper application and use of the proceeds of sale of the Bonds. In furtherance of the foregoing, the Authorized Representative and the Designated District Representative authorized to approve and enter into agreements for the payment of costs of issuance, including Underwriters' discount, the fees and expenses specified in the Bond Purchase Contract, including fees and expenses of Underwriters and other retained services, including bond counsel, rating agencies, financial advisory services, Trustee fees, accounting and verification services and other expenses customarily incurred in connection with issuance and sale of bonds.

Section 18. Undertaking to Provide Ongoing Disclosure.

(a) *Contract/Undertaking.* This section constitutes the District's written undertaking for the benefit of the beneficial owners of the Bonds to assist the Underwriters in complying with the Rule. For purposes of this section, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

(b) *Financial Statements/Operating Data.*

(1) *Annual Disclosure Report.* The District covenants and agrees that not later than six months after the end of each fiscal year (the "Submission Date"), commencing June 30, 2012 for the fiscal year ending December 31, 2011, the District shall provide or cause to be provided to the MSRB an annual report (the "Annual Disclosure Report") that is consistent with the requirements of part (2) of this subsection (b). The District may adjust such date if the District

changes its fiscal year by providing written notice of the change of fiscal year and the new reporting date to the MSRB. The Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in part (2) of this subsection (b); provided that any audited annual financial statements may be submitted separately from the balance of the Annual Disclosure Report and later than the Submission Date if such audited financial statements are not available by the Submission Date. If the District's fiscal year changes, the District shall give notice of such change in the same manner as notice is to be given of the occurrence of an event listed in subsection 18(c) hereof, and if for any fiscal year the District does not furnish an Annual Disclosure Report to the MSRB, if any, by the Submission Date, the District shall send to the MSRB notice of its failure to furnish such report pursuant to subsection 18(d). For as long as the District continues to be obligated to make Annual Payments or to repay an Repayment Deficiency Loan (as such terms are defined in the Transfer Agreement), the District shall also file Annual Reports with the State Treasurer.

(2) *Content of Annual Disclosure Reports.* The District's Annual Disclosure Report shall contain or include by reference the following:

(A) *Audited financial statements.* Audited financial statements, except that if any audited financial statements are not available by the Submission Date, the Annual Disclosure Report shall contain unaudited financial statements in a format similar to the audited financial statements most recently prepared for the District, and the District's audited financial statements shall be filed in the same manner as the Annual Disclosure Report when and if they become available.

(B) *Operating Data and Financial Information.* Updated versions of the type of information contained in the Official Statement and identified in a closing certificate executed by the Designated District Representative and referencing this section.

In lieu of providing the information in such Annual Disclosure Report, the District may cross-reference to other documents available to the public on the MSRB's internet website and, if such document is a final official statement within the meaning of the Rule, available from the MSRB. The District shall identify clearly each document so included by reference.

(c) *Material Events.* The District agrees to provide or cause to be provided, in a timely manner to the MSRB notice of the occurrence of any of the following events with respect to the Bonds not in excess of ten business days after the occurrence of the event:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, 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 security, or other material or events affecting the tax-exempt status of the Bonds;
- Modifications to rights of owners if material;
- Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856, if material, and tender offers;
- Defeasances;
- Release, substitution or sale of property securing the repayment of the Bonds if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the District;
- The consummation of a merger, consolidation, or acquisition of the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement to undertake such an action, other than pursuant to its terms, if material; and
- Appointment of a successor or additional Trustee or the change of name of the Trustee, if material.

Solely for purposes of information, but without intending to modify this agreement, with respect to the notice regarding property securing the repayment of the Bonds, the District will state in its Preliminary and final Official Statements that there is no property securing the repayment of the Bonds. The District shall promptly determine whether the events described above are material.

(d) *Notice Upon Failure to Provide Financial Data.* The District agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the Submission Date.

(e) *Format for Filings with the MSRB.* All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(f) *Termination/Modification.* The District's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance (if notice of such defeasance is given as provided above) or payment in full of all of the Bonds. This section, or any provision hereof, shall be null and void if the District (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies the MSRB, if any, of such opinion and the cancellation of this section. Notwithstanding any other provision of this resolution, the District may amend this Section 18 (including the items in the closing certificate referenced above) and any provision of this Section 18 may be waived, in accordance with the Rule; *provided that* (A) if the amendment or waiver relates to the provisions of subsections (b)(1), (b)(2) or (c) above, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to

the Bonds, or the type of business conducted; (B) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (C) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the beneficial owners of the Bonds.

In the event of any amendment of or waiver of a provision of this Section 18, the District shall describe such amendment in the next Annual Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under subsection (c), and (ii) the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(f) *Registered Owner's and Beneficial Owners' Remedies Under this Section.* A Registered Owner's and the beneficial owners' right to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the District's obligations hereunder, and any failure by the District to comply with the provisions of this undertaking shall not be a default under this resolution. A default under this section shall not constitute a Default under this resolution.

(g) *Additional Information.* Nothing in this Section 18 shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Section 18 or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of a material event, in addition to that which is required by this Section 18. If the District chooses to include any information in any Annual Disclosure Report or notice of the occurrence of a material event in addition to that specifically required by this Section 18, the District shall have no obligation under this resolution to update such information or to include it in any future Annual Disclosure Report or notice of occurrence of a material event.

(h) *Disclosure Agent.* The District, at the option of the Designated District Representative, may enter into an agreement with the Trustee or any other agent to assist the District in complying with the terms of this undertaking.

Section 19. Interlocal Agreement.

The Board of Directors of the District hereby approves the Interlocal Agreement with the State Treasurer with respect to payment of Lodging Tax Revenues, substantially in the form presented to the Board on this date, and the President is hereby authorized and directed to execute and deliver the Interlocal Agreement and deliver the same to the State Treasurer. The Trustee and the Registered Owners shall be third party beneficiaries of the Interlocal Agreement.

Section 20. Derivative Products.

(a) ***General.*** To the extent permitted by state law, the District may enter into Derivative Products under which District Payments are secured and payable on a parity with the Outstanding First Priority Bonds, subject to the conditions provided in this Section. For purposes of this resolution the following terms have the following meanings:

Derivative Facility means a letter of credit, an insurance policy, a surety bond or other credit enhancement device, given, issued or posted as security for the District's obligations under one or more Derivative Products.

Derivative Payment Date means any date specified in the Derivative Product on which a District Payment is due and payable under the Derivative Product.

Derivative Product means a written contract or agreement between the District and a Reciprocal Payor that has (or whose obligations are unconditionally guaranteed by a party that has) (as of the date of the Derivative Product) at least an investment grade rating from a rating agency, (provided, however, that if the District's First Priority Bonds are rated by a Rating Agency, Reciprocal Payor shall have a rating by that Rating Agency at least as high as that of the District) which provides that the District's obligations thereunder will be conditioned on the performance by the Reciprocal Payor of its obligations under the agreement, and

(A) under which the District is obligated to pay, on one or more scheduled and specified Derivative Payment Dates, the District Payments in exchange for the Reciprocal Payor's obligation to pay or to cause to be paid to the District, on scheduled and specified Derivative Payment Dates, the Reciprocal Payments;

(B) for which the District's obligations to make District Payments are secured by a pledge and assignment of the Lodging Tax Revenues and the Trust Estate on an equal and ratable basis with the Outstanding First Priority Bonds;

(C) under which Reciprocal Payments are to be made directly into the Bond Fund;

(D) for which the District Payments are either specified to be one or more fixed amounts or are determined as provided by the Derivative Product; and

(E) for which the Reciprocal Payments are either specified to be one or more fixed amounts or are determined as set forth in the Derivative Product.

District Payment means any regularly scheduled payment (designated as such by a supplemental resolution) required to be made by or on behalf of the District under a Derivative Product and which is in an amount set forth, or determined according to a formula set forth, in the Derivative Product.

Reciprocal Payment means any payment designated as such by a supplemental resolution) to be made to, or for the benefit of, the District under a Derivative Product by the Reciprocal Payor.

Reciprocal Payor means a party (other than the District) to a Derivative Product that is obligated to make one or more Reciprocal Payments thereunder.

(b) *Conditions.* The following shall be conditions precedent to the use of any Derivative Product on a parity with any Bonds under this resolution:

(1) Derivatives Policy. Prior to entering into a Derivative Product, the District shall obtain the approval of its Board of Directors and shall adopt a formal derivatives policy.

(2) General Parity Tests. The Derivative Product must satisfy the requirements for Additional First Priority Bonds described in Section 15 of this resolution taking into consideration regularly scheduled District Payments and regularly scheduled Reciprocal Payments under the Derivative Product (in each case without regard to any termination payments and taking into consideration any basis risk). District Payments shall be added to interest payments on the related First Priority Bonds and the Reciprocal Payments shall be subtracted therefrom.

(3) Opinion of Bond Counsel. The District shall obtain an opinion of Bond Counsel on the due authorization and execution of such Derivative Product, the validity and enforceability thereof and opining that the action proposed to be taken is authorized or permitted by this resolution or the applicable provisions of any supplemental resolution and will not adversely affect the tax exempt of the interest on or tax advantaged status of any Outstanding First Priority Bonds.

(4) Payments. Each Derivative Product shall set forth the manner in which the District Payments and Reciprocal Payments are to be calculated and a schedule of Derivative Payment Dates.

(5) Supplemental Resolutions to Govern Derivative Products. Prior to entering into a Derivative Product, the District shall adopt a resolution, within the limitations set forth in Section 21, which shall:

(A) establish general provisions for the rights of providers of Derivative Products or Derivative Facilities; and

(B) set forth such other matters as the District deems necessary or desirable in connection with the management of Derivative Products as are not clearly inconsistent with the provisions of this resolution.

Section 21. Supplements and Amendments.

(a) *Without Consent of Owner.* This resolution and/or the Trust Agreement may be amended or supplemented from time to time, without the consent of the Registered Owners by a resolution or resolutions or amendatory or supplemental to this resolution adopted by the Board or by supplements or amendments for one or more of the following purposes:

- (1) to add additional covenants of the Board or to surrender any right or power herein or in the Trust Agreement conferred upon the District; provided that such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the District contained in this resolution or the Trust Agreement; or
- (2) to confirm as further assurance any pledge or provision for payment of the First Priority Bonds under and the subjection to any claim or pledge created or to be created by the provisions of this resolution and the Trust Agreement of the Lodging Tax Revenues and the Trust Estate or of any other moneys, securities or funds; or
- (3) to cure any ambiguity or to cure, correct or supplement any defective (whether because of any inconsistency with any other provision hereof or otherwise) provision of this resolution or the Trust Agreement in such manner as shall not be inconsistent with this resolution or to make any other provisions with respect to matters or questions arising under this resolution or the Trust Agreement, provided such action shall not impair the security hereof or thereof or materially and adversely affect the interests of the Registered Owners; or
- (4) to prescribe further limitations and restrictions upon the issuance of First Priority Bonds and the incurring of indebtedness by the District payable from the Lodging Tax Revenues and the Trust Estate that are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; or
- (5) to provide or modify procedures permitting Registered Owners to utilize a certificated system of registration for Bonds; or
- (6) to modify, alter, amend, supplement or restate this resolution and/or the Trust Agreement in any and all respects necessary, desirable or appropriate or in connection with the delivery of a Credit Facility, Liquidity Facility or other security or liquidity arrangement; or
- (7) to modify, alter, amend, supplement or restate this resolution and/or the Trust Agreement in any and all respects necessary, desirable or appropriate in order to satisfy the requirements of any Rating Agency which may from time to time provide a rating on the Bonds, or in order to obtain or retain such rating on any First Priority Bonds as is deemed necessary by the District;

provided such action shall not impair the security hereof or materially and adversely affect the interests of the Registered Owners; or

(8) to qualify this resolution and/or the Trust Agreement under the Trust Indenture Act of 1939, as amended; provided such action shall not impair the security hereof or materially and adversely affect the interests of the Registered Owners; or

(9) for any purpose, if such amendment becomes effective only following a mandatory tender or redemption of all First Priority Bonds for purchase; or

(10) to modify any of the provisions of this resolution and/or the Trust Agreement in any other respects; provided that such modifications shall not materially and adversely affect the rights of any First Priority Bondowners or that such modifications shall not take effect until all then Outstanding First Priority Bonds are no longer Outstanding; or

(11) in connection with the issuance of Additional First Priority Bonds or the entering into of Derivative Products.

Notwithstanding anything in this Section 21(a) to the contrary, without the specific consent of the Registered Owners of each First Priority Bond, no supplement, amendment or such resolution amending or supplementing the provisions hereof or of the Trust Agreement or of any resolution shall reduce the percentage of First Priority Bonds, the Registered Owners of which are required to consent to any such resolution amending or supplementing the provisions hereof; or give to any First Priority Bond or First Priority Bonds any preference over any other First Priority Bond or First Priority Bonds secured hereby. No supplement, amendment or resolution amending or supplementing the provisions hereof or any resolution shall change the date of payment of the principal of any First Priority Bond, or reduce the principal amount or Accreted Value of any First Priority Bond, or change the rate or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption or prepayment thereof, or advance the date upon which any First Priority Bond may first be called for redemption prior to its fixed maturity date (except as provided in the resolution authorizing the issuance of such First Priority Bond) without the specific consent of the Registered Owner of that First Priority Bond; and no such amendment shall change or modify any of the rights or obligations of any Trustee, paying agent or other agent for a series of First Priority Bonds without its written assent thereto.

(b) *Amendments with Consent.* This resolution and/or the Trust Agreement may be amended from time to time by a supplemental resolution or supplement or amendment to the Trust Agreement approved by the Registered Owners of a majority in aggregate principal amount or Accreted Value of the First Priority Bonds then Outstanding; provided, that (a) no amendment shall be made which affects the rights of some but fewer than all of the Registered Owners of the Outstanding First Priority Bonds without the consent of the Registered Owners of a majority in aggregate principal amount or Accreted Value of the First Priority Bonds so affected, and (b) except as expressly authorized hereunder, no amendment that alters the interest rates on any First Priority Bonds, the maturity date, interest payment dates, purchase upon tender or redemption provisions of any First Priority Bonds, this Section 21(b) without the consent of the

Registered Owners of all Outstanding First Priority Bonds affected thereby. For the purpose of consenting to amendments under this Section 21(b) except for amendments that alter the interest rate on any First Priority Bonds, the maturity date, interest payment dates, purchase upon tender or redemption of any Bonds, the Credit Facility Issuer shall be deemed to be the sole Registered Owner of the Bonds that are payable from or guaranteed by such Credit Facility and that are then Outstanding (but only if the then outstanding rating of the Credit Facility Issuer is higher than the then outstanding underlying rating of the District).

(c) *Effective Date of Modification.* Upon the adoption of any supplemental resolution pursuant to the provisions of this section, this resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the District under this resolution shall thereafter be determined, exercised and enforced thereunder, subject in all respect to such modification and amendments, and all the terms and conditions of any such supplemental resolution shall be deemed to be part of the terms and conditions of this resolution for any and all purposes. A copy of each supplemental resolution shall be provided to the owners of the Bonds.

Section 22. Resolution a Contract.

This resolution shall constitute a contract for the benefit of the Trustee and the owners of the Bonds, and its provisions may be enforced by the Trustee or any owner to the extent provided under the Trust Agreement.

Section 23. Defaults and Remedies.

The District hereby finds and determines that the deposit and disbursement of Lodging Tax Revenues are essential to the payment and security of the Bonds and the failure or refusal of the District or any of its officers to perform the covenants and obligations of this resolution will endanger the application of Lodging Tax Revenues and such other moneys, funds and securities to the purposes herein set forth. Accordingly, the provisions of this Section are specified and adopted for the additional protection of the owners from time to time of the Bonds. Any one or more of the following events shall constitute a "Default" under this resolution and under the Trust Agreement (but only with respect to the Bonds):

(a) The District shall fail to make payment of the principal of any Bonds when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity;

(b) The District shall fail to make payments of any installment of interest on any Bonds when the same shall become due and payable;

(c) The District shall default in the observance or performance of any other covenants, conditions, or agreements on the part of the District contained in this resolution or the Trust Agreement, and such default shall have continued for a period of 90 days; provided, however, that such default shall not constitute a Default unless the owners of at least a majority of the

principal amount of Outstanding Bonds have requested the Trustee to declare such default as a Default.

The Trustee may, upon the happening of a Default and during the continuance thereof, take such steps and institute such suits, actions or other proceedings in its own name, or as trustee, all as it may deem appropriate for the protection and enforcement of the rights of Bondowners to collect any amounts due and owing the District, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this resolution or the Trust Agreement, and exercise all rights and remedies provided in the Trust Agreement.

Nothing herein contained shall be deemed to authorize or empower the Trustee to consent to accept or adopt, on behalf of any owner of said Bonds or appurtenant coupons, any plan of reorganization or adjustment affecting the said Bonds or any right of any owner thereof, or to authorize or empower the Trustee to vote the claims of the owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the District shall be a party.

Nothing in this resolution or the Trust Agreement or in the Bonds shall affect or impair the obligation of the District, which is absolute and unconditional, to impose Lodging Taxes and to pay from Lodging Tax Revenues and the Trust Estate the principal of and interest on said Bonds to the respective owners thereof at the respective due dates therein specified, or affect or impair the right of action, which is absolute and unconditional, of such owners to enforce such payments.

The remedies herein conferred upon or reserved to the owners of the Bonds and to the Trustee are not intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. The privileges herein granted shall be exercised from time to time and continued so long as and as often as the occasion therefor may arise and no waiver of any default hereunder, whether by the Trustee or by the owners of Bonds, shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon. No delay or omission of the Bondowners or of the Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein.

Upon any such waiver, such default shall cease to exist, and any Default arising therefrom shall be deemed to have been cured, for every purpose of this resolution; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 24. Severability.

If any one or more of the covenants and agreements provided in this resolution to be performed on the part of the District shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and

shall be deemed separable from the remaining covenants and agreements of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

PASSED by a vote of 8 to 0 this 12th day of November, 2010.

WASHINGTON STATE CONVENTION
CENTER PUBLIC FACILITIES DISTRICT

BY: 

Frank K. Finneran, Chair



APPENDIX A

DEFINITIONS AND RULES OF CONSTRUCTION

Part I. Definitions

Except as otherwise defined elsewhere in the Bond Resolution and the Trust Agreement, the following words, terms and phrases shall have the following meanings, unless the context or use indicates another meaning or intent:

Accreted Value means (1) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the initial principal amount of such First Priority Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such First Priority Bonds plus the amount of discounted principal which has accreted since the date of issue. In each case the Accreted Value shall be determined in accordance with the provisions of the resolution authorizing the issuance of such First Priority Bonds.

Additional First Priority Bonds means any obligations incurred pursuant to Section 15 of the Bond Resolution.

Additional Lodging Tax means an excise tax on the sale of or charge made for the furnishing of lodging on any premises and located within the boundaries of the City of Seattle that are subject to tax under chapter 82.08 RCW at the rate of 2%.

Additional Lodging Tax Revenues mean the revenues generated by the Additional Lodging Tax imposed by the District pursuant to RCW 36.100.040 (5).

Additional Lodging Tax Revenues Subaccount means the subaccount of that name or similar designation maintained by the District for the purpose of holding and accounting for Additional Lodging Tax Revenues.

Annual Debt Service means the total amount of Debt Service for Outstanding First Priority Bonds in any Fiscal Year or Base Period.

Annual Disclosure Report has the meaning given such term in Section 18(b) of the Bond Resolution.

Authorized Representative means the Chair or his designee, the President.

Available Balance(s) means the dollar amount remaining on hand in the Lodging Tax Account after confirmation by the Trustee that the Required Monthly Deposit for that month has been made.

Balloon Maturity Bonds means any First Priority Bonds that are so designated in the resolution pursuant to which such First Priority Bonds are issued. Commercial paper (obligations with a maturity of not more than 270 days from the date of issuance) shall be deemed to be Balloon Maturity Bonds.

Base Period means any consecutive 12-month period selected by the Designated District Representative out of the 24-month period next preceding the date of issuance of an additional series of Additional First Priority Bonds.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any First Priority Bonds (including persons holding First Priority Bonds through nominees, depositories or other intermediary).

Board means the Board of Directors of the District, the general legislative body of the District, as constituted from time to time.

Bond Fund means the "Washington State Convention Center Public Facilities District Lodging Tax Bond Fund" established pursuant to Section 9(b) of the Bond Resolution and maintained with the Trustee.

Bond Purchase Contract means the purchase contract for the Bonds between the District and the Underwriters entered into pursuant to the terms of Section 17 of the Bond Resolution.

Bond Register means the registration books maintained by the Trustee for the purpose of identifying ownership of the Bonds.

Bond Resolution means Resolution No. 2010-12, adopted by the Board on November 12, 2010.

Bonds means the lodging tax bonds of the District issued pursuant to the Bond Resolution.

Build America Bonds means bonds issued under authority of Section 54AA of the Code, enacted by the American Recovery and Reinvestment Act of 2009.

Capital Appreciation Bonds means First Priority Bonds all or a portion of the interest on which is compounded, accumulated and payable only upon redemption, conversion or on the maturity date of such First Priority Bonds. If so provided in the resolution authorizing their issuance, First Priority Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which First Priority Bonds no longer are Capital Appreciation Bonds, they shall be deemed Outstanding in a principal amount equal to their Accreted Value.

Chair means the Chair of the Board.

Code means the Internal Revenue Code of 1986, as amended, and all applicable regulations and rulings relating thereto.

Common Reserve Fund means the "Washington State Convention Center Public Facilities District Lodging Tax Bond Common Reserve Fund" established pursuant to Section 9(b) of the Bond Resolution and maintained with the Trustee pursuant to Section 2.04 of the Trust Agreement.

Common Reserve Requirement – First Priority means the lowest of (i) maximum Annual Debt Service with respect to Outstanding Covered Bonds; (ii) 125% of average Annual Debt Service with respect to Outstanding Covered Bonds; and (iii) 10% of the initial principal amount of each series then Outstanding of Covered Bonds. The Common Reserve Requirement – First Priority shall be determined and calculated as of the date of issuance of each series of Covered Bonds (and recalculated upon the issuance of a subsequent series of Covered Bonds and also, at the District's option, upon the payment of principal of Covered Bonds) and provided that if, as a result of the issuance of Additional First Priority Bonds, the increase in the Common Reserve Requirement – First Priority of Additional First Priority Bonds would require that an amount be contributed to the Common Reserve Fund that is more than the Tax Maximum, the Common Reserve Requirement – First Priority shall be adjusted to require a contribution equal to the Tax Maximum.

Convention Center Act means Chapter 15, Washington Laws of 2010 (SSB 6889).

County means King County, Washington.

Covered Bonds means the Bonds and those Additional First Priority Bonds, designated in the resolution authorizing their issuance as Covered Bonds secured by the Common Reserve Fund.

A *Credit Event* occurs when (a) a Qualified Letter of Credit terminates, (b) the issuer of Qualified Insurance or a Qualified Letter of Credit shall become insolvent or no longer be in existence, or (c) the issuer of a Qualified Letter of Credit is no longer rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies or the issuer of the Qualified Insurance is no longer rated in one of the two highest Rating Categories by one or more of the Rating Agencies for unsecured debt or insurance underwriting or claims paying ability.

Credit Facility means a policy of municipal bond insurance, a letter of credit, surety bond, guarantee or other financial instrument or any combination of the foregoing, which obligates a third party to make payment or provide funds for the payment of financial obligations of the District, including but not limited to payment of the scheduled principal of and interest on First Priority Bonds.

Credit Facility Issuer means the issuer of any Credit Facility.

Date of Issue means the date on which the Bonds are executed and delivered to the Underwriters pursuant to the Bond Purchase Contract.

Debt Service means, for any period of time and for the purpose of determining compliance with the conditions for issuance of First Priority Bonds set forth in Section 15 of the Bond Resolution and for the purpose of calculating the Common Reserve Requirement -- First Priority and unless otherwise provided in Section 20 of the Bond Resolution,

(a) with respect to any Outstanding Original Issue Discount Bonds or Capital Appreciation Bonds that are not designated as Balloon Maturity Bonds in the resolution authorizing their issuance, the principal amount equal to the Accreted Value thereof maturing or scheduled for redemption in such period, including the interest payable during such period and unless otherwise provided in Section 20 of the Bond Resolution;

(b) with respect to any Outstanding Fixed Rate Bonds, an amount equal to (1) the principal amount of such First Priority Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (2) the amount of any payments required to be made during such period into any sinking fund established for the payment of the principal of any such First Priority Bonds, plus (3) all interest payable during such period on any such First Priority Bonds Outstanding and, with respect to First Priority Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such First Priority Bonds on the date specified in the resolution authorizing such First Priority Bonds; and

(c) with respect to all other series of First Priority Bonds Outstanding, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and First Priority Bonds bearing variable rates of interest, an amount for any period equal to the amount which would be payable (1) as principal on such First Priority Bonds during such period (computed on the assumption that the amount of First Priority Bonds Outstanding as of the date of such computation would be amortized in accordance with the mandatory redemption provisions, if any, set forth in the resolution authorizing the issuance of such First Priority Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance to provide for essentially level annual debt service during such period) plus (2) interest at an interest rate equal to (A) the 10-year average of the SIFMA Municipal Swap Index, plus (B) 1.5%.

With respect to any First Priority Bonds payable in other than U.S. Dollars, Debt Service shall be calculated as provided in the resolution authorizing the issuance of such First Priority Bonds.

Debt Service also shall be net of any principal and/or interest (not including any amount deposited in any reserve account for payment of principal and/or interest) funded from proceeds of any First Priority Bonds or from earnings thereon. For the purpose of determining compliance with the conditions for issuance of First Priority Bonds set forth in Section 15 of the Bond Resolution and for the purpose of calculating the Common Reserve Requirement – First Priority, Debt Service also shall be net of First Priority Debt Service Offsets.

Debt Service shall include reimbursement obligations (and interest accruing thereon) then owing to any Credit Facility Issuer or Liquidity Facility Issuer to the extent authorized in the Bond Resolution or in another resolution.

Debt Service Payment Date means an Interest Payment Date or a Principal Payment Date.

Default has the meaning given such term in Section 23 of the Bond Resolution.

Designated District Representative means the Board Chair, the Vice-Chair, the President and/or District Treasurer or their written designee.

District means the Washington State Convention Center public facilities district, a political subdivision duly organized and existing by virtue of the Constitution and laws of the State of Washington. From and after the Transfer Date, the District may do business as the Washington State Convention Center.

District Treasurer means the Director of Finance of the District, or any other public officer as may hereafter be designated pursuant to law to have the custody of District funds.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to the Trust Agreement.

First Priority Bonds means the Bonds and any Additional First Priority Bonds. The term *First Priority Bonds* may include reimbursement obligations of the District to the issuer of a Credit Facility.

First Priority Debt Service Offsets means receipts of the District from the federal government that are legally available and pledged by the District to pay debt service on First Priority Bonds. For purposes of the Bonds, the subsidy payments to be received for

Build America Bonds and identified on Exhibit A to the Trust Agreement, are First Priority Debt Service Offsets.

Fiscal Year means any 12-month period ending on December 31 or such other date as is authorized by statute and/or selected by the District.

Fitch means Fitch, Inc., organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, **Fitch** shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody's) designated by the Designated District Representative.

Fixed Rate Bonds means those First Priority Bonds other than Capital Appreciation Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds issued under a resolution in which the rate of interest on such First Priority Bonds is fixed and determinable through their final maturity or for a specified period of time. If so provided in the resolution authorizing their issuance, First Priority Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term. Fixed Rate Bonds also shall include two or more series of First Priority Bonds simultaneously issued under a resolution and which, collectively, bear interest at a fixed and determinable rate for a specified period of time.

Government Obligations has the meaning given such term in Chapter 39.53 RCW, as the same may be amended or restated from time to time.

Interlocal Agreement means the Interlocal Agreement dated November 30, 2010 between and among the District the State Treasurer and the State of Washington Department of Revenue.

Interest Payment Date means each date on which a payment of interest on the Bonds is due and payable.

Interest Account means the account of such name authorized to be created and maintained in the Bond Fund pursuant to Section 9(b) of the Bond Resolution and Section 2.01 of the Trust Agreement.

Irrevocable Deposit means the irrevocable deposit of money or Government Obligations in order to provide for the payment of all or a portion of the principal of, premium, if any, and interest on any Bonds in accordance with, and simultaneously meeting all the requirements of, Section 12 of the Bond Resolution.

Letter of Representations means the blanket issuer letter of representations from the District to DTC.

Liquidity Facility means a line of credit, standby purchase agreement or other financial instrument or any combination of the foregoing, which obligates a third party to make payment or to provide funds for the payment of the purchase price of First Priority Bonds.

Liquidity Facility Issuer means the issuer of any Liquidity Facility.

Lodging Tax Account means the special account authorized to be created and maintained in the office of the Trustee for the purpose of receiving all Lodging Tax Revenues pursuant to Section 9(a) of the Bond Resolution and the Trust Agreement.

Lodging Tax Revenues means the Regular Lodging Tax Revenues and the Additional Lodging Tax Revenues.

Moody's means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term ***Moody's*** shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or S&P) selected by the Designated District Representative.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions. Until otherwise designated by the MSRB or the SEC, any information, reports or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org.

Operating Reserve Account means the account of such name created pursuant to Section 10 of the Bond Resolution.

Original Issue Discount Bonds means First Priority Bonds which are sold at an initial public offering price of less than 95% of their face value and which are specifically designated as Original Issue Discount Bonds in the resolution authorizing their issuance.

Outstanding, when used as of any particular time with reference to Bonds, means all Bonds theretofore executed by the District and authenticated and delivered by the Trustee under the Trust Agreement which have not been paid or cancelled by the Trustee or surrendered to the Trustee for cancellation, the payment of which has not been fully provided for pursuant to Section 12 of the Bond Resolution and with respect to Additional First Priority Bonds, shall have the meaning given such term in the resolution authorizing their issuance.

President means the President/Chief Executive Officer of the WSCC or the successor in function to the President/Chief Executive Officer.

Principal Account means the account of such name authorized to be created and maintained in the Bond Fund pursuant to Section 9(b) of the Bond Resolution and the Trust Agreement.

Principal Payment Date means each date on which a payment of principal of the Bonds is due and payable, whether at maturity or upon a mandatory redemption date.

Project Fund means the "WSCC Project Fund" established pursuant to Section 13 of the Bond Resolution.

Qualified Insurance means any non-cancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) (i) which insurance company or companies are rated in one of the two highest Rating Categories by one or more of the Rating Agencies for unsecured debt or insurance underwriting or claims paying ability or (ii) if as a result of the issuance of its policies, the obligations insured thereby to be rated in one of the two highest Rating Categories by one or more of the Rating Agencies.

Qualified Letter of Credit means any irrevocable letter of credit issued by a financial institution, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies.

Rating Agency means Fitch, Moody's or S&P.

Rating Category means the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

Registered Owner means the person named as the registered owner of the Bond in the Bond Register.

Registrar means, at the option of the Designated District Representative, either (i) the Trustee or (ii) the fiscal agency of the State of Washington, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting the transfer of ownership of the Bonds and paying interest on and principal of the Bonds or any Registrar hereafter appointed by the District Treasurer.

Regular Lodging Tax means the excise tax on the sale of or charge made for the furnishing of lodging on any premises having 60 or more units that is subject to tax under chapter 82.08 RCW at the rate of 7% within the portion of the District that corresponds to the boundaries of the City of Seattle and 2.8 percent in the remainder of the District

Regular Lodging Tax Revenues mean the revenues generated by the Regular Lodging Tax collected by the District at the rates in effect as of the Date of Issuance pursuant to RCW 36.100.040 (4).

Required Monthly Deposit means:

- (a) With respect to the Interest Account, an amount equal to one-sixth of the interest on Bonds coming due on the upcoming Interest Payment Date, net of First Priority Debt Service Offsets. In the case of the 2010B Bonds issued as Build America Bonds, the Required Monthly Deposit shall be equal to 65% of the interest coming due on the upcoming Interest Payment Date;
- (b) With respect to the Principal Account and commencing 12 months prior to the first scheduled Principal Payment Date, an amount equal to one-twelfth of the principal of Bonds coming due and payable on the upcoming Principal Payment Date; and
- (c) with respect to the Common Reserve Fund, the dollar amount required to establish or maintain the Common Reserve Requirement-First Priority at the times and amounts required in accordance with the terms of Section 2.04(b) of the Trust Agreement.

A schedule of Required Monthly Deposits to the Interest Account and the Principal Account shall be delivered to the Trustee on or prior to the date of issuance of each series of First Priority Bonds.

Required Supplemental Deposit means (a) the amount, if required, to pay the Required Monthly Deposits if the Trustee has not received a disbursement from the State Treasurer or other sources on or prior to the 24th day of any month sufficient to make the Required Monthly Deposits and (b) the amount, if required, to pay the principal of and/or interest on the Bonds coming due on an upcoming Debt Service Payment Date if and to the extent that the Trustee does not have on deposit in the Interest Account an amount sufficient to pay interest on Bonds coming due on the upcoming Interest Payment Date or does not have on deposit in the Principal Account an amount sufficient to pay principal of the Bonds maturing or coming due on the upcoming Principal Payment Date as of the 24th day of the month immediately prior to the Debt Service Payment Date.

Rule means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as amended from time to time.

SEC means the Securities and Exchange Commission.

SIFMA Municipal Swap Index means the Securities Industry and Financial Markets Association Municipal Swap Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc., or its successor, or as otherwise designated by the Securities Industry and Financial Markets Association;

provided, however, that, if such index is no longer produced by Municipal Market Data, Inc. or its successor, then SIFMA Municipal Swap Index shall mean such other reasonably comparable index selected by the Designated District Representative.

State Treasurer means the office of the state treasurer of the state of Washington.

Subordinate Priority WSCC Obligations mean obligations of the District secured by Lodging Tax Revenue and the Trust Estate and having a claim thereon subordinate to the claim of the First Priority Bonds.

Tax and Arbitrage Certificate means the federal tax certificate or certificates of the District pertaining to the tax exemption of interest on the Bonds issued on a tax-exempt basis, the qualification of Bonds issued on a tax-advantaged basis and the payment of any rebate amount to the United States.

Tax Maximum means the maximum dollar amount permitted by the Code, including applicable regulations thereunder, to be allocated to a bond reserve account from bond proceeds without requiring a balance to be invested at a restricted yield.

Term Bonds mean any Bonds identified as Term Bonds in the Bond Purchase Contract.

Transfer Agreement means the Transfer Agreement to be entered into between the State Treasurer and the District pursuant to Section 8 of the Convention Center Act.

Trust Agreement means the Trust Agreement dated as of November 1, 2010 between the District and the Trustee.

Trust Estate means the funds, accounts and rights identified in the granting clauses of the Trust Agreement.

Trustee means U.S. Bank National Association and shall include any successor as provided in the Trust Agreement.

Uncovered Bonds means Additional First Priority Bonds that will not be secured by the Common Reserve Fund.

Underwriters mean Citigroup Global Markets Inc., Goldman, Sachs & Co., Morgan Stanley & Co. Incorporated, Loop Capital Markets LLC and Piper Jaffray & Co.

WSCC means the Washington State Convention Center.

Part II. Rules of Construction.

In the Bond Resolution and the Trust Agreement, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in the Bond Resolution or the Trust Agreement, respectively, refer to the Bond Resolution or the Trust Agreement, respectively, as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of the Bond Resolution or the Trust Agreement, respectively.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the text of the several articles and Sections of the Bond Resolution and the Trust Agreement, respectively, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of the Bond Resolution, or the Trust Agreement, respectively, nor shall they affect its meaning, construction or effect.

(e) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses thereof.

(f) Whenever any consent or direction is required to be given by the District, such consent or direction shall be deemed given when given by the Designated District Representative or his or her designee, respectively, and all references herein to the Designated District Representative shall be deemed to include references to his or her designee, as the case may be.

CERTIFICATE

I, the undersigned, Secretary of the Board of Directors of Washington State Convention Center Public Facilities District (herein called the "Board") and keeper of the records of the District, DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 2010-12 of the District (herein called the "Resolution"), as finally adopted at a special meeting of the Board held on the 12th day of November, 2010, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that quorum of the Board was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of November, 2010.


Linda Willanger, Secretary of the Board

EXHIBIT D-1
TO
PURCHASE AND SALE AGREEMENT

FINANCING PLAN

The Buyer intends to issue Additional First Priority Bonds and/or Subordinate Priority WSCC Obligations to finance the Project. The following sets forth the requirements that must be satisfied in order for the First Issue and Later Issue to be issued as Additional First Priority Bonds and/or Subordinate Priority WSCC Obligations.

1. Buyer anticipates issuing two bond issues, with the majority of the bonds issued in 2017 or 2018 ("First Issue") and the remainder planned over the following approximately four (4) years later ("Later Issue," which may be multiple issues). This subsection is not a condition, just a statement of intent.
2. At least 50% of the bonds will be issued in the First Issue.
3. Buyer will establish that the First Issue DSCR (defined in Section 3(c) below) will be satisfied prior to the First Issue:
 - a. The Lodging Tax Revenues (as defined in Section 18.1(a) of the Agreement) used for the First Issue DSCR shall be the "Historical Revenues" defined as any 12 consecutive months of Lodging Tax Revenues out of the prior 24 months before issuance as selected by Buyer.
 - b. The "Annual Debt Service" used for this calculation means debt service payable in each fiscal year on the then-outstanding First Priority Bonds and on the First Issue, plus debt service payable in each fiscal year on any other then existing debt of Buyer of a higher priority than the Obligations (as defined in Section 18.1(a) of the Agreement). The First Issue and the Later Issue shall be long-term and fixed rate (i.e. no interim financing, no variable rate debt, no derivatives, etc.), issued as Additional First Priority Bonds or Subordinate Priority WSCC Obligations (as those terms are defined in the 2010 Bond Resolution), unless Seller consents to the use of some other type of debt structure. Notwithstanding the foregoing, in order to bridge Project budget issues, Buyer may issue as part of the First Issue or a Later Issue short term debt with a maturity date not exceeding five (5) years provided such indebtedness satisfies the requirements of the Transfer Agreement as may be modified and the First Issue DSCR or Later Issue DSCR, as applicable. If reasonable changes to such debt service coverage requirements applicable to the short term debt are approved by the bondholders, Seller will reasonably consider accepting these changes.
 - c. Based on the Historical Revenues and Annual Debt Service described in Sections 3(a) and 3(b) above (the "First Issue DSCR"):
 - i. At closing of the First Issue, Buyer shall satisfy a 1.25x debt service coverage ratio for each fiscal year through 2029 based on the Historical Revenues determined in Section 3(a). If the debt service coverage ratios are reduced to less than 1.25x for the period before 2030 by modification to the Transfer Agreement and by bondholders, Seller will consider a reduction in the 1.25x debt service coverage ratio accordingly.
 - ii. At closing of the First Issue, Buyer shall satisfy a 1.15x debt service coverage ratio for each fiscal year from 2030 and after based on the Historical Revenues determined in

Section 3(a).

iii. Given the reductions in Build America Bonds subsidies, if any such projected subsidies are included in the debt service coverage ratio calculations, Seller's approval (not to be unreasonably withheld) shall be required for the projected debt service coverage ratio to be used.

4. Buyer will establish that the "Later Issue DSCR" (as calculated below) will be satisfied prior to the Later Issue:

a. The Historical Revenues will be any 12 consecutive months of Lodging Tax Revenues out of the prior 24 months before issuance of the Later Issue as selected by Buyer.

b. If the Later Issue is in multiple issues, each may have its own base period for determining Historical Revenues, based on any 12 consecutive months of Lodging Tax Revenues out of the prior 24 months before issuance as selected by Buyer.

c. Based on the Historical Revenues for the later period described in Section 4(a) for the Later Issue(s), and the Annual Debt Service definition from Section 3(b) above, the required coverage ratios are the same as Section 3(c) above for this issue thru 2029 (1.25x) and after 2029 (1.15x).

5. At the time of the First Issue, Buyer will conduct a stress test ("Stress Test") to confirm that there is sufficient financial capacity for the Later Issue(s), a copy of which will be provided to Seller. This test will be based on Buyer's estimated development budget and schedule of the Project, the debt service coverage ratio required above, and estimates of Lodging Tax Revenues and debt service developed as follows:

a. Lodging Tax Revenues.

i. The growth in the Lodging Tax Revenues will be estimated from the growth in Lodging Tax Revenues in the preceding 36 months, provided that the parties will reasonably adjust the growth estimate by mutual agreement to account for approved legislative changes affecting Lodging Tax Revenues. This same growth will be used to forecast Lodging Tax Revenues available at the projected time(s) of the Later Issue(s). For example, if actual annual growth in Lodging Tax Revenues in the preceding 36 months has averaged 7.0%, an annual growth rate of 7.0% in Lodging Tax Revenues will be projected through the years up to the expected timing of the Later Issue(s).

ii. The growth in Lodging Tax Revenues will also be estimated from the latest PKF report.

b. Interest rate. The interest rates used for the Stress Test will be the most recent 5-year average for the 30-year AAA Municipal Market Data Index (the "MMD"), plus the appropriate credit spread determined by Buyer and approved by Seller such approval not to be unreasonably withheld. For guidance, the investment bankers for Buyer will give their estimate of the credit spread 120 days before the expected date of the First Issue. The Stress Test will be conducted with annual Lodging Tax Revenues 5% below the amounts in Section 5(a)(i) and 5% below the amounts in Section 5(a)(ii) to confirm at the time of the First Issue that the Later Issue(s) are financially viable with such lower Lodging Tax Revenues. In the event that the combined Stress test plus Added Stress Test Amount defined under 7 below fails (i.e., Lodging Tax Revenues are not sufficient to meet the required 1.25x and 1.15x debt service coverage ratios described in Section 3(c) above), Seller and Buyer will explore alternative financing methods as provided on Exhibit D-2.

6. At the time of the First Issue the Buyer's cash on hand, Lodging Tax Revenues during development, reimbursements, and the sources from these bond offerings should equal or exceed Buyer's development budget of uses, using a cash flow analysis across the projected development period.
7. In the event Buyer is unable to amend the 2010 Bond Resolution as provided in Section 18.1(c) above, Buyer must satisfy the following additional conditions (the "Additional Conditions"):
 - a. At the time of the First Issue, Buyer will conduct an additional stress test based on the Added Stress Test Amount (as hereinafter defined) as provided herein, a copy of which will be provided to Seller. The "Added Stress Test Amount" shall be based on the information and data from the HVS report on Financial Operations Analysis dated November 12, 2015 ("2015 HVS Report") or as it may be updated, and shall be the cumulative operating losses for the first ten (10) years of operations of Buyer after opening the Project (2020 – 2029). The operating losses will be calculated based on a 35% increase in operating revenue from the 2015 results, indexed at the inflation rate used in the 2015 HVS Report. Costs included in the development budget for the Project intended to be used to cover operating losses in early years shall be excluded from the operating loss calculation. Current estimate of the Added Stress Test Amount is \$19M. Buyer must show that its Lodging Tax Revenues projection is sufficient to cover this Added Stress Test Amount in addition to the Stress Test in Section 5.
 - b. Buyer shall adopt a new resolution to modify Resolution 2010-16 to limit operating reserves to no more than 100 days of budgeted operating expenses for establishing the operating reserve. Based on the 2016 operating budget the operating reserve would be \$9.4M. Buyer may elect to put additional funds into the operating reserve, but such additional funds (and any replacement thereof) shall be subordinate to the payment of the Obligations to Seller.
 - c. All marketing payments to Visit Seattle or any other similar marketing organization shall be subordinate to the payment of the Obligations.

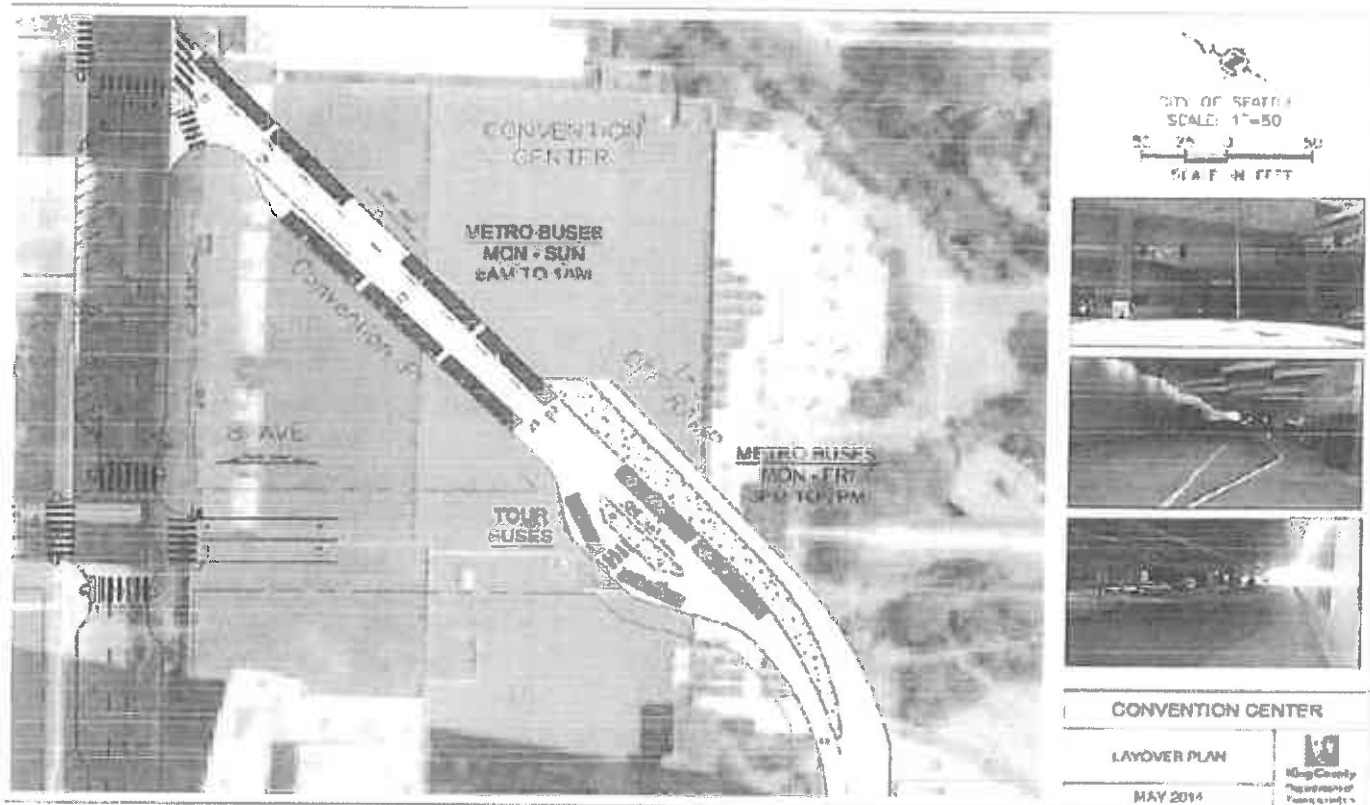
EXHIBIT D-2
TO
PURCHASE AND SALE AGREEMENT

FINANCING CONTINGENCY PLAN

Below is a list of financing options that could be utilized by Buyer to create more debt capacity, relative to the plan outlined in Exhibit D and could be considered by Buyer with consent of Seller.

Financing Capacity Options		
	Considerations	Estimated Impact
Modify Issue Structure	<ul style="list-style-type: none"> ▪ Increase annual debt service beyond 2029 ▪ Capture limited amount of projected lodging tax growth 	= \$50-mm
Longer Debt Maturity	<ul style="list-style-type: none"> ▪ Increase term of debt to as much as 40 years ▪ Market has been receptive to longer maturities ▪ Useful life test will apply 	= \$30-mm
Put Bonds	<ul style="list-style-type: none"> ▪ Long term debt but captures short end of yield curve ▪ Can be structured with both hard and soft puts (FRNs) ▪ Reset ranges from 3 – 5 years and requires remarketing 	=\$100-mm
Capital Appreciation Bonds	<ul style="list-style-type: none"> ▪ Provides ability to capture additional revenues beyond 2029 ▪ More expensive than regular current interest bonds ▪ Normally lack optional redemption flexibility 	=\$25-mm
Bond Anticipation Notes	<ul style="list-style-type: none"> ▪ May be the most cost effective alternative to provide flexibility ▪ Converted to long-term senior/subordinate debt when revenues allow ▪ Note on parity with payment obligations to King County note 	=\$75-mm

EXHIBIT E
TO
PURCHASE AND SALE AGREEMENT
Depiction of Temporary Layover Space



Revised June 22, 2017

EXHIBIT E

EXHIBIT F
TO
PURCHASE AND SALE AGREEMENT

FORM OF SPECIAL USE PERMIT
(which is the following
4 pages with no revision date)



King County

Facilities Management Division
Real Estate Services Section
King County Administration Building
500 Fourth Avenue ADM-ES-0830
Seattle, WA 98104

Permits 206-477-9350, FAX 206-296-0196

**SPECIAL USE PERMIT Use of
County Owned Property**

PERMIT NUMBER:		DATE:	
PERMITEE:			
DAY PHONE	OTHER PHONE	FAX	
PURPOSE:			
LEGAL DESCRIPTION:	Primary	Sec	Twp Rge Account No Kroll Page
EXPIRATION:			
Administrative Fee (New or Renewal)	\$500.00	Bond/Insurance Amount	\$5,000,000.00
PERMITEE MUST NOTIFY JENNIFER ASH DOT- TRANSIT AT: (206) 477-5975 AT LEAST 72 HOURS PRIOR TO PERFORMING ANY WORK AND IMMEDIATELY UPON COMPLETION			
Issued By:		Phone:	
By this permit King County authorizes the use of the above described property:			
Custodial Approval:		Date:	
Real Estate Services Approval:		Date:	
The Permittee agrees to comply with the terms and conditions contained herein.			
SEE REVERSE SIDE FOR TERMS AND CONDITONS.			
Signature of Permittee:		Date:	

NOTE: Permit not valid without all necessary signatures and expiration date.
King County Code 14.30

TERMS AND CONDITIONS

PERMIT REVOCATION: This Permit is revocable at any time by King County. The right to revoke is expressly reserved to King County.

INDEMNITY AND HOLD HARMLESS. The Permittee agrees to indemnify and hold harmless King County as provided herein to the maximum extent possible under law. Accordingly, the Permittee agrees for itself, its successors and assigns to defend, indemnify, and hold harmless King County, its appointed and elected officials, and employees from and against liability for all claims, demands, suits, and judgments including costs of defense thereof for injury to persons, death, or property damage which is caused by, arises out of, or is incidental to Permittee's exercise of rights and privileges granted by this Permit. The Permittee's obligation under this section shall include: a) Indemnification for such claims whether or not they arise from the sole negligence of either the County or the Permittee, the concurrent negligence of both parties, or the negligence of one or more third parties. b) The duty to promptly accept tender of defense and provide defense to the County at the Permittee's expense. c) Indemnification of claims made by the Permittee's own employees or agents. d) Waiver of the Permittee's immunity under the industrial insurance provisions of Title 51 RCW, which waiver has been mutually negotiated by the parties.

In the event it is necessary for the County to incur attorney's fees, legal expenses, or other costs to enforce the provisions of this section, such fees, expenses, and costs shall be recoverable from the Permittee.

In the event it is determined that RCW 4.24.115 applies to this agreement, the Permittee agrees to defend, hold harmless, and indemnify King County to the maximum extent permitted thereunder, and specifically for its negligence concurrent with that of King County to the full extent of Permittee's negligence. Permittee agrees to defend, indemnify, and hold harmless the County for claims by Permittee's employees and agrees to waive its immunity under Title 51 RCW, which waiver has been mutually negotiated by the parties.

ANTI-DISCRIMINATION: In all hiring or employment made possible or resulting from this Permit, there shall be no discrimination against any employee or applicant for employment because of race, color, ancestry, religion, national origin, age, sex, sexual orientation, marital status, or the presence of any sensory, mental or physical handicap in an otherwise qualified handicapped person unless based upon a bona fide occupational qualification, and this requirement shall apply to but not be limited to the following: employment, advertising, lay-off or termination, fees of pay or other forms of compensation, and selection for training including apprenticeship. No person shall be denied, or subjected to discrimination in receipt of the benefit of any services or activities made possible by or resulting from this Permit on the grounds of race, color, ancestry, religion, national origin, age (except minimum age and retirement provisions), sex, sexual orientation, marital status, parental status, the presence of any sensory, mental or physical handicap, or the use of a trained guide-dog by a blind or deaf person. Any violation of this provision shall be considered a violation of a material provision of this Permit and shall be grounds for cancellation, termination or suspension in whole or in part of the Permit by the County, and may result in ineligibility for further County permits.

PERMITTED USE: Permittee shall limit its use of the property to only those activities specified in the Permit and its application for permit.

NON-EXCLUSIVE RIGHT: This Permit shall not be deemed or construed to be an exclusive right. It does not prohibit the County from granting any other permits to other public or private entities, nor shall it prevent the County from using any public place for any and all public use that affect its jurisdiction over any part of them.

ASSESSMENTS: Permittee shall be required to pay any general or special assessments incurred by King County which are directly attributable to or arising from any actions, occupancy, or usage authorized herein.

TERMINATION: The Permittee may terminate the Permit by written notice to the Manager of Real Estate Services Section. Upon revocation, termination, or abandonment, the Permittee shall remove at his expense all facilities placed on said property by the Permittee, and restore the premises to a condition which is equivalent in all respects to the condition existing prior to installation of the facilities, or to a condition which is satisfactory to the County. If the Permittee has not accomplished removal and restoration at the end of a ninety-day period following the effective date of revocation, termination, expiration, or abandonment, the County may accomplish all of the necessary work and charge all of the costs to the Permittee.

RESTORATION: After completion of work authorized by this Permit, the Permittee shall restore the property to a condition which is equivalent in all respects to the condition of the property prior to starting work, or a condition satisfactory to King County. If the Permittee delays restoration beyond expiration of the Permit, the County may accomplish all the necessary work and charge all the costs to the Permittee.

REPAIRING DAMAGE BY PERMITTEE: In the event that damage of any kind is caused by the Permittee in the course of performing work authorized by this Permit, Permittee will repair said damage at its sole cost and expense. Repair work shall begin without delay and continue without interruption until completed. If damage is extensive, the time allowed for repair will be prescribed by the County agent. If the County determines it is necessary, the County may accomplish the work and charge all the costs to the Permittee.

ABATEMENT OF UNSAFE CONDITIONS: The County representative may at any time, do, order, or have done all work considered necessary to restore to a safe condition any area described in Permit left by the Permittee in a condition dangerous to life or property. The Permittee shall pay, upon demand, to the County all costs of such work, materials, etc. Nothing in this section shall relieve the Permittee of duties under Terms and Conditions No. 2 above.

1. **RIGHTS RESERVED TO COUNTY - CONFORMANCE AND PAYMENT OF COST REQUIRED:** The County reserves the right to use, occupy, and enjoy its property for such purposes as it shall desire including, but not limited to, constructing or installing structures and facilities on the property, or developing, improving, repairing or altering the property. The Permittee, upon written notice, will at its own cost and expense remove, repair, relocate, change or reconstruct its installations to conform with the plans of work contemplated or ordered by the County according to a time schedule contained in the written notice.

2. **NOTICE:** Permittee agrees to obtain information from other utility operators regarding the location and current status of their installations before starting work. Property owners adjoining, or in proximity to, the project as described herein shall be notified by Permittee when such property is exposed to the possibility of injury or damage through performance of work on the project authorized by this Permit. Permittee shall make all advance arrangements necessary to protect such property or utility from injury or damage.

3. **OTHER APPLICABLE LAWS:** Issuance of this Permit does not in any way relieve the Permittee from complying with any other applicable laws in performing the work subject to this Permit.

4. **AMENDMENTS:** This Permit may only be amended by King County at any time or upon written request of the Permittee and written approval by King County. Amendments shall be issued in the same manner as a new Permit would be issued.

5. **TITLE:** This Permit grants only the right to use King County's interest in the herein described property, and the granting of this Permit is not a warranty that good title to any specific property is vested in King County.

6. **CONDITION OF PROPERTY:** The Permittee understands and agrees that the property is taken for its use "AS IS" and that King County has no obligation to the Permittee to make any changes, improvements, or to incur any expense whatsoever for environmental and/or other problems associated with the property to facilitate Permittee's authorized use of the property.

7. **ASSIGNMENT:** The Permittee may not assign any of its rights under this permit without the prior written consent of the County.

8. **SPECIAL TERMS AND CONDITIONS:** (SEE ATTACHED SHEET(S))

Special Use Permit SUPS17-XXXX
Special Terms and Conditions
Section 18(1) through 18(XX)

(1) (Insert special terms and conditions here)

(2) Environmental

- a. The Permittee understands and agrees that the Property is taken for use on an "as is" basis and that the County has no obligation to Permittee to clean, repair, make any changes, improvements or to incur any expenses whatsoever for environmental problems (as defined below) on the Property. Permittee shall notify the King County Real Estate Services Section Permit & Franchise Unit and any other public agency as required by law, in the event the Permittee or its contractors obtain knowledge of any environmental problems on the Property.
- b. The Permittee further agrees, for itself, its successors and assigns, to defend, indemnify and hold harmless King County from and against any and all environmental problems, including the cost of defense related thereto, which arise from, in connection with or incident to the acts or omissions of Permittee, its appointed and elected officials, employees, agents and contractors (hereinafter "Permittee actors") in the exercise of Permittee's rights and privileges granted by this Permit or the Permittee's use of, or activities on, the subject property or any surrounding County property. By way of example only, the obligation of the Permittee under this section shall include, but are not limited to, (a) the cost of removing and disposing of any pre-existing Hazardous Substances uncovered in the course of the activities by Permittee actors under this Permit, related permits or activities as may be required by law; (b) the cost of taking necessary penalties assessed for failure to comply with the provisions of any federal, state or local environmental statutes, ordinances or regulations.
- c. For purposes of this section, the term "environmental problems" shall mean any claim, complaint, demand, action, cause of action, suit, loss, contribution action, action by an instrumentality of a federal, state or local government, cost, damage, fine, penalty, expense, judgment or liability of any kind which directly or indirectly relates to noise or the existence, use, release, threatened release, leakage, spillage, discharge, disturbance, dispersal, movement, uncovering, treatment, handling, storage, transport, or disposal of Hazardous Substance(s), whether in, on, into, onto or from soil, surfaces, improvements, air, surface water or ground water.
- d. For purposes of this Permit, "Hazardous Substances" shall include:
- i. Any toxic substances or waste, sewage, petroleum products, radioactive substances, heavy metals, medical, corrosive, noxious, acidic, bacteriological or disease producing substances; or
 - ii. Any dangerous waste or hazardous waste as defined in:
 - a. Washington Hazardous Waste Management Act as now existing or hereafter amended (RCW Ch. 70.105); or
 - b. Resource Conservation and Recovery Act as now existing or hereafter amended (42 U.S.C. Sec. 6901 et seq.); or
 - iii. Any hazardous substance as defined in:
 - a. Comprehensive Environmental Response, Compensation and Liability Act as now existing or hereafter amended (42 U.S.C. Sec. 9601 et seq.); or
 - b. Washington Model Toxics Control Act as now existing or hereafter amended (RCW Ch. 70.105D); or
 - iv. Any other pollutants, contaminants, substances, or materials posing a danger or threat to public health or welfare, or to the environment, which are regulated or controlled by any federal, state and local laws and regulations now or hereafter amended.
- e. The Permittee's obligations contained in this section shall survive any termination or expiration of this permit and any subsequent transfer by King County of its interest in the subject property. In the event of a conflict between the provisions of this section and that certain Purchase and Sale Agreement between Permittee and the County dated _____, 2017, the Purchase and Sale Agreement shall control.

18(XX) Insurance

By the date of issuance of this permit, the Permittee shall procure and maintain, for the duration of this permit, insurance or coverage against claims for injuries to persons or damages to property which may arise from and in connection with the rights and privileges granted by this permit and/or the performance of work hereunder by the Permittee, his agents, representatives, employees and/or subcontractors.

By requiring such minimum insurance coverage, the County shall not be deemed or construed to have assessed the risks that may be applicable to the Permittee under this contract. The Permittee shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage.

Nothing contained within these insurance requirements shall be deemed to limit the scope, application and/or limits of the coverage afforded, which coverage will apply to each insured to the full extent provided by the terms and conditions of the policy(s). Nothing contained within this provision shall affect and/or alter the application of any other provision contained within this Agreement.

For All Coverages: The cost of such insurance shall be paid by the Permittee. Each insurance policy shall be written on an "Occurrence Form."

1. Minimum Scope and Limits of Insurance. Coverage shall be at least as broad as:

General Liability:

Insurance Services Office form number CG 0001 (Ed. 11-88) covering COMMERCIAL GENERAL LIABILITY. The Permittee shall maintain limits no less than \$5,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage.

AUTOMOBILE LIABILITY. Insurance Services Office form number (CA 00 01 Ed. 12-90 or its equivalent) covering BUSINESS AUTO COVERAGE, symbol 1 "any auto", or the combination of symbols 2, 8 and 9. Limits shall be no less than \$5,000,000 Combined Single Limit Bodily Injury and Property Damage.

WORKERS COMPENSATION. Workers Compensation coverage, as required by the Industrial Insurance Act of the

State of Washington, EMPLOYERS LIABILITY or "Stop-Gap". The protection by the Workers Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the "Stop Gap" endorsement to the General Liability policy. Limits shall be no less than \$5,000,000.

POLLUTION LIABILITY. Permittee shall provide Permittee's Pollution Liability coverage in the amount of \$5,000,000 per occurrence and in the aggregate to cover sudden and non-sudden bodily injury and/or property damage to include the destruction of tangible property, loss of use, clean-up costs and the loss of use of tangible property that has not been physically injured or destroyed. If Asbestos, Lead or PCB's are a potential exposure, such insurance shall not exclude pollution arising out of Asbestos, Lead and/or PCB operations. Evidence of insurance must specifically state that coverage is included.

2. Deductibles and Self-Insured Retentions. The deductible and/or self-insured retention of the policies shall not limit or apply to the Permittee's liability to the County and shall be the sole responsibility of the Permittee.
3. Other Insurance Provisions. The insurance policies required in this permit are to contain, or be endorsed to contain the following provisions
 - a. All Liability policies except Workers Compensation:
 1. The County, its officers, officials, employees and agents are to be covered as insured as respects liability arising out of activities performed by or on behalf of the Permittee in connection with this permit.
 2. Insurance coverage shall be primary insurance as respects the County, its officers, officials, employees and agents. Any insurance and/or self-insurance maintained by the County, its officers, officials, employees or agents should not contribute with the Permittee's insurance or benefit the Permittee in any way.
 3. The Permittee's insurance shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.
 - b. All Policies: Coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits prior to the expiration date of this special use permit, unless forty-five (45) days prior notice, return receipt requested, has been given to the County.
4. Acceptability of Insurers. Unless otherwise approved by the County, insurance is to be placed with insurers with A Bests' rating of no less than A: VIII, or, if not rated with Bests', with minimum surplus the equivalent of Bests' surplus size VII.
5. Verification of Coverage. The Permittee shall furnish the King County Real Property Division with certificates of insurance and endorsements required by this permit. The County reserves the right to require complete, certified copies of all required insurance policies at any time.
6. Municipal or State Agency Provision. If the Permittee is a Municipal Corporation or an agency of the State of Washington and is self-insured for any of the above insurance requirements, a certification of self-insurance shall be attached hereto and be incorporated by reference and shall constitute compliance with this section.
7. Sub-Contracting. If the Permittee sub-contracts out any of the work, the Permittee shall be responsible for ensuring that such Contractor is adequately insured and that King County is added as an additional insured to all of Contractor's liability policies except Workers Compensation.

EXHIBIT G
TO
PURCHASE AND SALE AGREEMENT

TPSS MOU
(which is the following
43 pages with no revision date)

EXHIBIT G
TO
PURCHASE AND SALE AGREEMENT

TPSS MOU

**Memorandum of Understanding
Between King County and Washington State Convention Center
Regarding Convention Place Station Property Replacement of Transit
Power Substation**

This Memorandum of Understanding ("MOU") is made and entered into as of this ~~22nd~~ day of ~~OCTOBER~~, 2015, by and between King County a home-rule charter county and political subdivision of the State of Washington (the "County"), acting through its Metro Transit division, and the Washington State Convention Center, a King County public facilities district ("WSCC").

INTENT

1. Washington State Convention Center ("WSCC") and King County ("KC") have been working collaboratively on a proposed WSCC addition ("Project") located on KC's Convention Place Station ("CPS") property.
2. WSCC and KC intend to execute a purchase and sale agreement ("PSA") of CPS property in Q3 2015.
3. WSCC has delegated to the Pine Street Group L.L.C. ("PSG") the authority to negotiate and coordinate all aspects of the work contemplated and covered in this MOU on its behalf pursuant to that certain Development Management Agreement between WSCC and PSG ("Management Agreement").
4. To the extent any terms of this MOU conflict with the PSA, the PSA shall govern if it is executed.
5. Early removal and replacement of KC's existing Olive Traction Power Sub Station ("TPSS"), located on CPS, is considered a critical early work scope in meeting WSCC's overall construction schedule (anticipated to start early 2017).
6. To meet WSCC schedule goals, Attachment B sets key schedule milestones for this work.
7. The existing TPSS currently serves overhead power to trolley-buses on surface streets of downtown Seattle. The replacement TPSS must serve the same trolley-bus system.
8. KC requires uninterrupted TPSS power. However, some limited, short-duration scheduled interruption is anticipated.
9. KC has determined that the final location of the TPSS is in the cut and cover portion of the Downtown Seattle Transit Tunnel ("DSTT" or "tunnel"). WSCC may elect to locate the TPSS on Sound Transit's parcel on Pine on an interim basis if WSCC finds that has a benefit to the project.
10. Given KC's contracting process, KC is unable to procure and install a replacement TPSS that meets WSCC's desired schedule.
11. WSCC has agreed to manage the procurement and installation of the TPSS to maintain the Project schedule.
12. WSCC and KC will jointly engage in the direction of design activities for a successful replacement TPSS as further established in Attachment A.

13. PSG acting for WSCC will be the project proponent and project manager. KC will be the project client and end user.
14. The Parties' respective and joint responsibilities are listed in Attachment A. It is not intended to be an exhaustive list of responsibilities and the parties agree to use all good faith efforts in order to successfully design, procure, deliver and install a replacement TPSS that meets the objectives and criteria of King County as the client (the "Work").

AGREEMENT

1. WSCC Responsibilities

WSCC will perform the responsibilities identified in Attachment A, in accordance with the schedule included as Attachment B.

2. King County Responsibilities

King County will perform the responsibilities identified in Attachment A, in accordance with the schedule included as Attachment B.

3. Cost Responsibility and Reimbursement

- A. WSCC will prepare a preliminary budget for the Work (the design and management costs are attached hereto as Attachment C) and WSCC will periodically update such budget as the Work progresses for KC approval, such approval not to be unreasonably withheld. The budget last approved by KC shall be referred to herein as the "Budget."
- B. KC will reimburse WSCC for all costs borne by WSCC directly associated with the Work as set forth in the Budget. The Budget will include, design, permitting, project management (at PSG's stipulated rates approved by WSCC) directly associated with the Work as certified by WSCC, and installation costs when bid, commencing May 1, 2015 and concluding upon the earlier of final acceptance of the Work by KC or December 31, 2016 subject to extension for causes beyond the reasonable control of WSCC or PSG.
- C. If the sale of the CPS property closes pursuant to the PSA, the dates of reimbursement and sums due are as follows:
 - 100% of reimbursable costs incurred by WSCC for the Work as of the date of closing of the sale of the CPS property shall be paid by KC to WSCC at closing.
 - Thereafter, KC shall make progress payments to WSCC 30 days following submission of requests for reimbursement by PSG less any retention withheld from contractors.
 - The estimated final reimbursement will be made within 30 days following the substantial completion of the Work. The final reimbursement will be determined by independent audit of actual final costs following completion, turnover, commissioning and acceptance of the Work by KC.

- D. Unless otherwise agreed to by the parties, if the PSA terminates prior to the closing of the sale of the CPS property or if KC and WSCC do not sign the PSA by September 30, 2015, and as a result the construction portion of the Work does not proceed, KC will pay 100% of the costs incurred for the Work to such date within 30 days following submission of request by WSCC, and in such event WSCC will assign to KC all of WSCC's right, title and interest in and to all plans and specifications related to the TPSS project. '
- E. Upon acceptance of the Work by KC, WSCC shall assign to KC all assurances, rights and warranties in all consulting, engineering, design, and construction contracts for the performance of the Work (the "Contracts") and shall transfer title to all equipment/improvements to KC.

4. Indemnification

Indemnification. Each Party shall protect, defend, indemnify and save harmless the other Party, its officers, officials, employees and agents while acting within the scope of their employment as such, from any and all suits, costs, claims, actions, losses, penalties, judgments, and/or awards of damages, of whatsoever kind arising out of, or in connection with, or incident to the services associated with this Contract caused by or resulting from each Party's own negligent acts or omissions. Each Party agrees that its obligations under this provision extend to any claim, demand, and/or cause of action brought by or on behalf of any of its employees, or agents. The foregoing indemnity is specifically and expressly intended to constitute a waiver of each Party's immunity under Washington's Industrial Insurance act, RCW Title 51, as respects the other Party only, and only to the extent necessary to provide the indemnified Party with a full and complete indemnity of claims made by the indemnitor's employees. Notwithstanding the foregoing, WSCC's obligations to defend, indemnify and save harmless KC shall not extend to any errors, failure to perform, suits, costs, claims, actions, losses, penalties, judgments, and/or awards of damages, of whatsoever kind arising out of, or in connection with, or incident to the Work caused by or resulting from the acts and omissions of WSCC's architect(s), designer(s), consultants, suppliers, contractor(s) and/or subcontractors, of any tier, that perform services or work or supply materials for the Work (collectively, the "TPSS Providers"). Liability of the TPSS Providers for errors, negligence or failure of performance shall not be imputed to WSCC or PSG, but rather and instead, in the event of such claim of error, negligence or failure of performance, WSCC shall either (a) assign to KC all of WSCC's rights as against said TPSS Provider(s) or (b) WSCC shall enforce such rights for the benefit of KC as KC shall direct and such enforcement costs shall be included in the Budget. WSCC shall use good faith efforts to include in the Contracts (c) commercially reasonable insurance limits in the TPSS Providers contracts as specified by KC, and (d) listing of KC as an additional insured with respect thereto. The Parties acknowledge that these provisions were specifically negotiated and agreed upon by them.

5. Term

The MOU term will expire upon delivery and turnover of fully commissioned replacement TPSS to KC and final payment of all reimbursable costs to WSCC.

6. **Dispute Resolution.** In the event of a dispute between the Parties during the Term of the MOU, the following terms and conditions shall apply:

- A. WSCC and the King County Executive, or their designees, shall confer to resolve disputes that arise under this MOU as requested by either Party. The Designated Representatives shall use their best efforts and exercise good faith to resolve such disputes.
- B. The following individuals are the Designated Representatives of the Parties for the purpose of resolving disputes that arise under this Agreement, and Dispute Resolution notices shall be sent to:

WSCC: Matt Griffin
c/o Pine Street Group L.L.C.
1500 Fourth Avenue, Suite 600
Seattle, Washington 98112

County: Chief of Staff to the King County Executive
Chinook Building
401 Fifth Avenue, Suite 800
Seattle, Washington 98104

If the Parties are still unable to resolve the dispute the ADR process outlined in the PSA will apply. If the PSA is not executed, the Parties will submit any unresolved disputes to binding arbitration, the costs of which will be split by the Parties equally.

7. Communication


Notices to the parties shall be made by and to the following:

County: Design and Construction Manager
Metro Transit Division
Department of Transportation
201 South Jackson Street, M.S. KSC-TR-0435,
Seattle, WA 98104-0431

WSCC: Pine Street Group L.L.C., Attn: Matt Rosauer
1500 Fourth Avenue, Suite 600
Seattle, WA 98112

Agreed and Accepted:

WASHINGTON STATE CONVENTION
CENTER PUBLIC FACILITIES DISTRICT, a
Washington municipal corporation

By: 
Its: Chairman of the Board
Date: 10/21/15

Agreed and Accepted:

King County:


By: Kevin Desmond
Its: KC Metro General Manager
Date: 7-29-2015

ATTACHMENT A
SPECIFIC SCOPE OF RESPONSIBILITIES OF THE PARTIES

WSCC:

PSG for WSCC will:

1. Keep KC reasonably apprised of needed decisions, schedule, costs, and information related to the Work in order to maintain schedule, quality and cost control, including providing KC with the updated Budget from time to time but not less than quarterly.
2. Provide reasonably complete and timely information to KC in advance of decisions requested, in accordance with schedule milestones in Attachment B, within the professional industry standard of care.
3. PSG will manage WSCC responsibilities.
4. PSG will facilitate the WSCC team and resources as necessary to carry out WSCC responsibilities.
5. Develop a Project Management Plan ("PMP") that establishes assumptions, scope, schedule, decision points, required permits/entitlements and budget.
6. Procure and manage the Work, design team, vendors and contractors in accordance with WSCC public processes and consult with KC with respect thereto.
7. Maintain responsibility for managing the Project schedule and the schedule implementation.
8. Coordinate work with Project early work and construction activities.
9. Coordinate work with 3rd parties including, but not limited to Sound Transit, City of Seattle, and WSDOT.
10. Obtain all required permits in coordination with and with the cooperation of KC.
11. Procure and manage the design and installation of the Work in accordance with KC written performance requirements, design criteria, and access and location requirements, including adequate access for routine maintenance and emergency conditions as reasonably established by KC. A basis of design will be provided in time to maintain schedule.
12. Procure and manage the testing and commissioning of the completed Work to the specifications outlined in the basis of design and coordinate with KC or its agents with respect thereto.
13. Provide documents for review at key milestones for KC sign-off & acceptance.
14. Provide sufficient access to or through the CPS site during construction for KC reviews.
15. Provide monthly status and forecast reporting on scope, schedule and expenditure/budget.

KC:

KC and/or its assigns will:

1. Serve as replacement TPSS project client and end user.
2. Provide complete and timely information and decisions in accordance with the schedule milestones in Attachment B and to a level of professional industry standard of care.

3. Coordinate with WSCC's designers, vendors, contractors, and agencies as needed and consult with WSCC on the selection of the designers, vendors and contractors.
4. Review and approve the PMP prepared by WSCC, in accordance with the attached schedule.
5. Provide load requirements for the replacement TPSS.
6. Provide KC performance requirements, design criteria and locational requirements.
7. Review and approve design (including plans and specifications) at appropriate stages of work, including all amendments or modifications to such plans and specifications.
8. Approve the replacement TPSS prior to installation thereof and review the progress of the installation of the Work and the commissioning thereof.
9. Accept the completed replacement TPSS, which shall not be unreasonably withheld.
10. Review and agree to a project cost of new TPSS.
11. Assist PSG with coordination and approvals with other transit agencies.

WSCC and KC:

1. Jointly engage in directing the design for a smooth and efficient design and implementation process of the Work with the parties leading various specific design elements as follows:
 - o WSCC will lead civil work;
 - o WSCC will lead elements relating to WSCC Addition, its constructability and construction phasing;
 - o KC will lead elements impacting transit operations;
 - o KC will lead TPSS equipment design criteria and WSCC will follow KC criteria;
 - o WSCC and KC will jointly lead electrical equipment elements and WSCC will follow KC elements;.
2. Hold and/or attend joint team meetings (including designers, vendors and contractors when appropriate) to coordinate the progress and direction of the Work;
3. Coordinate the Work with any/all existing or on-going KC functions and operations at CPS; and
4. Provide timely information and responses to requests and inquiries by the other party or their respective consultants.

**ATTACHMENT B
TPSS PROJECT SCHEDULE**

Key TPSS Milestone and Decision Dates:

KC NTP to WSCC to procure designer	12/12/14
KC Decision of Final TPSS Location	4/6/15
WSCC Decision on Use of Interim Location	12/31/15
WSCC NTP to commence design	5/4/15
Project Management Plan delivery to KC	12/31/15
KC final acceptance of fully commissioned TPSS	12/31/16

Production Schedule:

Refer to the following schedule titled "Olive TPSS Project Schedule", dated 6/4/15.
Schedule to be confirmed after selection of GC/CM and selected TPSS manufacturer.

ATTACHMENT C BUDGET

PINE STREET GROUP L.L.C.

1500 Fourth Avenue, Suite 900
Seattle, Washington 98101
T 206.340-9210
F 206.428-3000
metro@pinest.com

June 16, 2015

Randy Witt, Manager
Metro Transit Division
201 S. Jackson Street
Seattle, WA 98104-3856

RE: TPSS design and management costs

Dear Randy,

LMN has assembled the design cost estimate (approved by Ron Moattar) to replace the Olive TPSS on Convention Place Station with a new TPSS in the cut and cover. With Pine Street Group L.L.C. management costs, we estimate the total design and management costs will range between \$1.4mm to \$1.9mm.

Important notes:

- Costs are time and material reimbursements up to a maximum allowable amount.
- The scope assumes a prefabricated TPSS located in the cut and cover tunnel.
- The estimate is based on a 21 month schedule (ending December 2016).
- The estimate does not include the purchase of the TPSS, infrastructure, or installation costs.
- The Metro team agrees that LTK is an appropriate choice for the TPSS work.

Roles and responsibilities by both parties will follow the TPSS MOU (under review).

Please sign authorizing approval of the design and management costs.

Sincerely,



Matt Rösauer
Principal

Signed:

Randy Witt date
Manager

cc: Matt Griffin

\\MRKR\WPINEST\Project\WSSC\Project Administration\Early Work - Meeting Minutes\TPSS\PSO cover letter for TPSS costs 15-06-17.docx
6/16/2015 4:05 PM

Washington State Convention Center Addition Project
Pine Street Group L.L.C.
Metro - 2015 billable hourly rates

Annual
Increase
3.0%

Person	Title	Hourly Rate	2015 Rate
Matt Rosauer	Principal Project Manager	\$ 250 *	\$ 265 **
Matt Griffin	Manager's Representative	\$ 500 *	\$ 530 **
Ryan Keane	Project Manager	\$ 150	\$ 159 **
Chris Bischoff	Project Manager	\$ 150	\$ 159 **
Jason Foley	Project Manager	\$ 150 *	\$ 159 **
Andy Bench	Project Engineer	\$ 100 *	\$ 100
Alana Schult	Project Coordinator	\$ 60 *	\$ 64 **
Crystal Ng	Project Assistant	\$ 60	\$ 60

* Billing rates to WSCC

** Adjusted rates from April 2013 original agreement date

ALL: 6/16/2015\\PINEST\Projects\WSCC\Land\CPS\KC - Metro\Early Work including TPSS relocation\Cost proposal for TPSS relocation\TPSS Cost Summary
for Randy Witt\Metro hourly rates

801 Second Avenue, Suite 501

Seattle, Washington 98104

T 206 682 3460

F 206 343 9183

www.lmnarchitects.com

Architecture
Urban Design
Interiors

June 10, 2015

Matt Rosauer, Project Manager
Pine Street Group L.L.C
1500 Fourth Avenue, Suite 2912
Seattle, WA 98101

Re: TPSS Fee Proposal

Dear Matt:

This proposal is for design services regarding the TPSS (Traction Power Sub-Station) for King County Metro and is to be located adjacent to the Convention Center Place Station in the Cut and Cover tunnel. A detailed scope of work may be referenced in the attached proposals from LTK, MKA (Civil) and ARUP for the design and engineering of the new TPSS. The general scope assumptions are based on a pre-fabricated TPSS with primary power feeds from the existing Metro 26KV lines and auxiliary service from the existing SCL vault in Ninth Avenue. Our proposal assumes that any emergency power will be provided by Metro as desired.

LMN will be providing overall design coordination with the project stakeholders and the sub-consultant team outlined above and in the attached proposals. To simplify the contracting for this aspect of the work LTK will be a direct sub-consultant to LMN in lieu of the previous structure where LTK was a sub-consultant to ARUP. This new contract structure will initiate with June invoicing, any invoicing from LTK thru May 31 services will be billed under the ARUP interim agreement. The basis of compensation for this effort is hourly to a maximum and mirrors our contract agreement with Washington State Convention Center and is summarized below:

LMN Architects:	
Overall project coordination of project team, extending from preliminary design through construction.	\$98,000
LTK:	
Design and Engineering of TPSS and Power feeds *Services from May onward under LMN contract ** Includes Ground Testing Services \$5,000	\$850,202
MKA (Civil):	
Design and Engineering of TPSS grounding pad/foundation. Preparation of site construction documents and Utility Major Permit Drawings (if required)	\$45,000
ARUP:	
Design and Engineering of lighting and auxiliary systems described in attached proposal. *** Includes LTK effort and mark-up thru May 31, 2015	\$257,590

LMN



May 29, 2015
Page 2 of 2

Sub-Total Consultants	\$1,152,792
LMN Mark-Up (6%) per contract	\$69,168
Total Fee Estimate	\$1,221,960

LMN and the consultant team will need to coordinate this work with multiple city agency's including, Seattle City Light, Seattle Department of Transportation and the Fire Department. As a result there may be requirements placed on the installation of this unique piece of equipment in this unique location, the scope of which is not known.

Thru May 31, 2015 LMN has expended approximately 299hrs and \$53,660 of the above LMN fee total. LMN proposes to expend the remaining \$44,340 thru August 2016, tracking the schedule of the TPSS design by LTK. Our effort will consist of coordinating the process and documents:

- TPSS procurement
- Bid Support and Site Engineering (Including project specifications)
- Construction Administration (Incl. RFI and Submittal process)
- Expenses will be invoiced per our contract agreement with Washington State Convention Center
- Insurance coverages are per our contract agreement with Washington State Convention Center

The following items are assumptions and qualifications for this proposal:

- Proposal includes assisting Metro with providing more convenient and secure access to the existing 9th Avenue access. However, the proposal does not include design and documentation associated with a "dog-house" enclosure of existing 9th Avenue access.
- Proposal includes location and coordination of an emergency power demand in the cut and cover tunnel adjacent to the TPSS unit (with Metro/Sound Transit). However, the proposal does not include design and documentation of emergency power generator.
- Proposal includes slab remediation in the tunnel where trenching and connections are made to the existing services. However, the proposal does not include structural analysis or retrofitting of the DTSS tunnel structure if it is determined these required connections impact the structure.

If you have any questions regarding the scope, fee or schedule please contact me to review. We are eager to move this element of the project forward so if we can clarify any of our assumptions we would be happy to have a discussion.

Sincerely,

For Pine Street Group L.L.C.:

Chris Easeman
Principal
LMN Architects

Matt Rosauer
Pine Street Group L.L.C.

Date

Enclosures:

Cc:

LMN





Washington State Convention Center Addition Project

Olive Traction Power Substation Replacement

Scope of Work

May 26, 2015

Project Background

Washington State Convention Center (WSCC) is currently planning a facility addition on the Convention Place Station (CPS) site which is owned by King County (KC). WSCC and KC are in negotiations to transfer the ownership of CPS to WSCC for their facility addition project. This County-owned property, located one block from the current WSCC facilities, is now an active transit station, that may undergo significant operational transformation. Some transit uses may remain on the site, including access to the Downtown Seattle Transit Tunnel and the Interstate-5 express lanes, bus layover space, and a small number of transit support functions.

The King County's Olive Traction Power Substation (TPSS) located at CPS, however, must be replaced to accommodate the WSCC facility addition and allow for continued electric trolley bus (ETB) service. This document identifies the scope which includes the design for the replacement Olive TPSS to be located on a nearby site to be determined during the design process.

Scope of Work

The work for the Olive TPSS project is expected to begin in May 2015. The replacement TPSS will be a prefabricated TPSS suitable for providing power to KC's existing ETB system. Requirements of the Olive TPSS electrical design services include the following tasks:

Task 1 – Project Management

The Consultant will coordinate with LMN, WSCC, Metro, other consultants, or contractors as necessary in the completion of this effort. Consultant shall provide project management and contract administration services to facilitate the efficient progress of the work. Project Management services include invoicing, progress reporting, scheduling, project and team management, coordination, and meeting attendance as needed.

Deliverables:

- Monthly Invoices
- Monthly Progress Reports

Page 1 of 4

Task 2 – Design TPSS Procurement Documents

Consultant shall provide electrical design services for preparing drawings and technical specification for the procurement of a prefabricated TPSS to replace the existing Metro Olive TPSS. The consultant shall perform data collection and field investigations as needed of the proposed TPSS site in preparation of the design. The Consultant shall participate in a design review with stakeholders following the 85 percent milestone and continue the 85 percent design for development of the 100 percent submittal. The design shall assume one site plan for the TPS procurement which will be determined by others. The surveying and base mapping required for the TPSS drawings is assumed to be provided by others.

Consultant shall also provide permit support, SCL service request support, and bid support services for the TPS procurement contract. Consultant shall assist others in preparing final technical documents for advertisement of the procurement documents.

Consultant shall participate in a 100 percent design review with LMN and then with other stakeholders for the 100 percent milestone.

CAD drawings shall utilize KC Metro Standards.

Consultant shall provide bid support services and respond to RFIs by bidders and assist with bid selection during the bid period.

Deliverables:

- 85 Percent Design
 - Participate in Design Review
- 100 Percent Design
 - TPS Drawings
 - Site layout plan, one line diagram, sectionalizing diagram, equipment layout, equipment elevation, communication block diagram, SCADA points list.
 - Electronic, PDF, plotted half size
 - TPS Specifications
 - Electronic, PDF, plotted letter
- Provide permit support by preparing drawings for plan review
- Bid Support – Respond to RFIs

Task 3 – Design Site Engineering

Consultant shall provide electrical design services for preparing drawings, technical specifications, and cost estimates for the civil related electrical infrastructure required to accommodate the installation of the TPSS and its tie in with the existing electric trolley bus (ETB) traction power system. The electrical design work shall include the TPSS grounding, manholes, underground raceways for the AC utility feeders, raceways for DC positive and negative feeders, feeder conductors, feeder disconnect switches, and other raceways for tying into the existing Metro dc feeder infrastructure.

Consultant shall support others with the design of civil/structural related TPSS site work, including the TPSS foundation design, site clearances, site accommodations (fencing, gates, and driveway access) by providing site requirements needed to accommodate the TPSS and feeder infrastructure.

LTK

Page 2 of 4

Roadway/sidewalk demolition, excavation, restoration, utility locates, utility relocation, traffic control, drainage, architectural design, and other civil/structural design work is assumed to be by others.

Surveying and base mapping required for the TPSS drawings is assumed to be provided by others, and will be provided prior to the development of the design drawings.

Deliverables:

- 60 Percent Design
 - Site Drawings
 - Conduit layout plan, conductor schedule, conduit and raceway detail, manhole detail, grounding detail, and ground grid
 - Electronic, PDF, plotted half size
 - Site Specifications
 - Electronic, PDF, plotted letter
 - Cost Estimate
 - Participate In Design Review
- 90 Percent Design
 - Site Drawings
 - Conduit layout plan, conductor schedule, conduit and raceway detail, manhole detail, grounding detail, and ground grid
 - Electronic, PDF, plotted half size
 - Site Specifications
 - Electronic, PDF, plotted letter
 - Cost Estimate
 - Participate In Design Review
- 100 Percent Design
 - Site Drawings
 - Conduit layout plan, conductor schedule, conduit and raceway detail, manhole detail, grounding detail, and ground grid
 - Electronic, PDF, plotted half size
 - Site Specifications
 - Electronic, PDF, plotted letter
 - Participate In Design Review
- Issued for Construction IFC
 - Site Drawings
 - Conduit layout plan, conductor schedule, conduit and raceway detail, manhole detail, grounding detail, and ground grid
 - Hard Copy, half size bond, electronic sealed, 3 copies
 - Electronic, CAD files and xrefs
 - Site Specifications
 - Hard copy, letter size bond, electronic sealed, 3 copies
 - Electronic, PDF, plotted letter

Task 4 – Construction Administration TPS Procurement

Consultant shall provide construction administration support services for the TPS procurement. The services shall include reviewing RFIs, submittals, and final shop drawings by the manufacturer; performing factory inspections (two), witnessing the factory acceptance test, rain intrusion test, field acceptance test, and integrated testing; performing change order review and cost estimate preparation; and participating in weekly meetings with the Contractor.

Deliverables:

- Responses to submittals and RFIs
- Prepare change order cost estimates as needed
- Summary trip reports for factory inspections, rain test, factory acceptance test, field acceptance test, integrated test.

Task 5 – Construction Administration Site Engineering

Consultant shall provide construction administration support services for the construction of the civil related electrical infrastructure. The services shall include reviewing RFIs, submittals, performing field inspections as needed for the installation of the ground grid, underground raceways, and conductors. The inspections shall also include witnessing the electrical tests performed on the cables and inspecting the final conductor terminations at the TPSS and feeder poles. Consultant shall participate in meetings with the Construction Manager.

Deliverables:

- Response to submittals and RFIs
- Prepare inspection reports
- Review as-built record documents prepared by the Contractor.

Projected Schedule

See attached schedule.

Abstract

Model:
Legislative 2-26-15
Effective as Issued per WFOC Clerk's Office of March dated 3-26-15
Transferee CDOs for TPA assignments are \$14,000 (3 days, 5 days each, 10, including, normal, per day)
Current CDOs for assignments are \$14,000 (3 days, 5 days each, 10, including, normal, per day)
Ground Towing Surveys are \$1000.

●

Proposed Civil Engineering Traction Power Substation (TPSS) Design Approach

Washington State Convention Center Addition Seattle, Washington

May 1, 2015

As part of the demolition of existing King County Transit operational equipment at the site of the Washington State Convention Center Addition (WSCCA) project, a TPSS unit is required to be installed to replace the function of the existing system. It is Magnusson Klemencic Associates' (MKA's) understanding that the yet-to-be-determined sequencing of King County's transit revisions at the site dictates which of two TPSS unit location options will be pursued (depicted on the next page as Figure 1):

- Option A: West of the WSCCA site within the existing transit tunnel approximately under Ninth Avenue
- Option B: Within a Sound Transit triangular parcel for short-term operation with relocation to the Option A site as a permanent location.

It is also MKA's understanding that the decision whether to pursue Option A or Option B is controlled by King County and that decision is imminent. MKA is pleased to provide this civil engineering TPSS design approach and timeline for Option A, as Option B is unlikely to be pursued due to the expense to the County. The actual TPSS unit is to be designed by others but based on a March 13, 2015 scoping meeting, the unit is assumed to:

- Consist of a prefabricated steel container-type box
- Extend approximately 45 feet in length and 14 to 15 feet in width
- Require the ability to move (but not necessarily be mobile/wheel mounted)
- Require 4 feet of clear access to adjacent walls and 10 feet of clearance on the primary access side of the unit
- Demand ducted electrical service consisting of eight 4-inch conduits (26kV) to an SCL-accepted vault

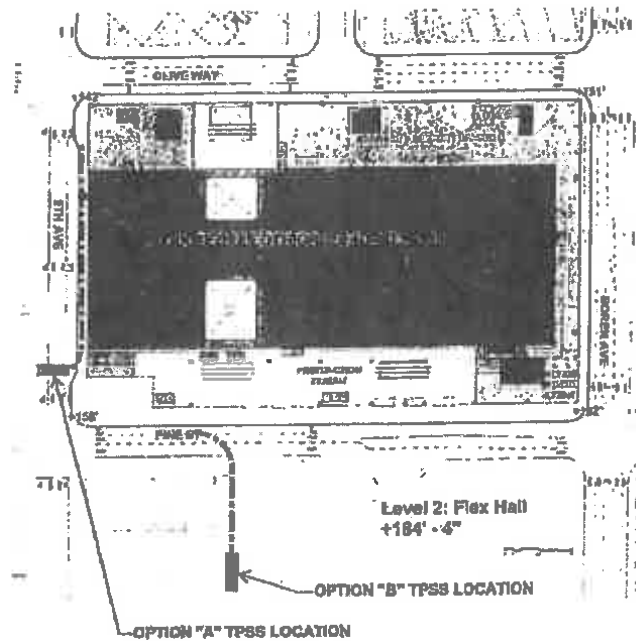


Figure 1: Option Layouts

For Option A, the TPSS unit would be installed on a widened sidewalk section south of the transit bus lanes within the existing transit tunnel west of the WSCCA portal. MKA would include in our scope of services the following efforts:

- Site visit.
- Investigation of adjacent buildings, City utilities, and King County Transit Tunnel as-built drawings.
- Coordination with TPSS specialty design firm, MEP, Architect, and Structural on the location and precise placement of the unit, considering proposed service access points and assuming this location is permanent.

- Coordination with SCL for service vault selection and duct bank penetration position. Early design indicates that the acceptable service vault will be SCL vault #M31, which exists on Ninth Avenue just south of Olive Way.
- Preparation of site construction drawings to include demolition, pad design and trenching for TPSS ground grid (with input from specialty design firm team and manufacturers), curb, gutter, sidewalk, vehicle pavement, fencing, driveway, security feature/gate, grounding restorations within the tunnel, utility relocations if needed, and in-ground utility structures required to convey service within the tunnel.
- Preparation of traffic control, phasing diagrams, and installation plans if needed for construction phase duration and transit re-routes (with input from Contractor).
- Preparation of Utility Major Permit drawings for team review and comment and submittal to the Seattle Department of Transportation, to include electrical service duct bank design and sidewalk and roadway feature restoration. It is anticipated that UMPs will be required at 30, 90, and 100 percent design completion for permitting.

Notable work items required by others include TPSS unit design, including access portals and structure; preparation and submittal of electrical service application to SCL; application for building permitting for tunnel modifications; design of fire suppression, smoke exhaust, or other life safety systems; and design of Ninth Avenue grating or ventilation systems.

CIVIL TPSS DESIGN TIMELINE

- May 2015: Data Gathering, Site Visit, and Early Coordination
- June – July 2015: 30% Construction Drawing and Utility Major Permit Prep with Team Review
- August 2015: Submit 30% UMP to SDOT (6+ week review)
- October 2015: Revise and Submit 90% UMP to SDOT (4+ week review)
- December 2015: Revise and Submit Final (100%) UMP to SDOT (4+ week review)
- January 2016: Permitting

MKA involvement beyond permitting to be determined by Owner, GC, and MKA based on bid and build approach.

CIVIL TPSS DESIGN FEE

MKA anticipates that the Utility Major Permit drawing preparation provides an opportunity for a MWBE firm to participate under MKA's guidance and supervision.

The hours and fee breakdowns for the MKA-specific tasks noted above were not specifically included in the previous MKA fee proposals, as the TPSS scope has only recently become known, although MKA civil

Proposed Approach – Civil TPSS Design
Washington State Convention Center Addition
Seattle, Washington
May 1, 2015
Page 4



did provide a general allowance for Early Work that assumed a limited amount of King County Transit relocation scope. It is anticipated that an effort of approximately 370 hours will be required in order for MKA to complete this scope of work, which translates to an estimated fee of roughly \$45,000. If this proposal is accepted, MKA's Early Work fee estimates would be partially reduced to offset the transfer of effort to the TPSS allocated fee. Additionally, if it is determined that the services for the TPSS unit do not trigger streetwork or ducting in a manner that requires a Utility Major Permit, the anticipated fee would be reduced to \$30,000.

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**LMN Architects
Washington State Convention
Center Addition
Traction Power Sub-Station Support
Engineering**

Rev B | June 4, 2015

*This report takes into account the particular
instructions and requirements of our client.
It is not intended for and should not be relied
upon by any third party and no responsibility
is undertaken to any third party.*


Job number 242684

**Arup North America Ltd
219 Second Avenue
Suite 400
Seattle WA 98104
United States of America
www.arup.com**

ARUP

Document Verification

ARUP

Job title		Washington State Convention Center Addition		Job number 242684	
Document title		Traction Power Sub-Station Support Engineering		File reference	
Document ref					
Revision	Date	Filename	2015-05-11 WSCCE TPSS fee proposal wo LTK.docx		
Draft 1	May 11, 2015	Description	First draft		
			Prepared by	Checked by	Approved by
		Name	Peter Alspach	Cornac Deavy	Cornac Deavy
		Signature			
Issue	May 26, 2015	Filename	2015-05-26 WSCCE TPSS fee proposal wo LTK - Issue.docx		
		Description	Issue		
			Prepared by	Checked by	Approved by
		Name	Peter Alspach	Cornac Deavy	Cornac Deavy
		Signature			
Rev A	Jun 3, 2015	Filename	2015-06-03 WSCCE TPSS fee proposal wo LTK - Rev A.docx		
		Description	Revised LTK fee cap, electrical scope revision		
			Prepared by	Checked by	Approved by
		Name	Peter Alspach	Peter Alspach	Peter Alspach
		Signature			
Rev B	Jun 4, 2015	Filename	2015-06-04 WSCCE TPSS fee proposal wo LTK - Rev B.docx		
		Description	Fee updates		
			Prepared by	Checked by	Approved by
		Name	Peter Alspach	Peter Alspach	Peter Alspach
		Signature			

| Rev B | June 4, 2015 | Arup North America Ltd

ARUP NORTH AMERICA LTD. 10000 LEBANON AVENUE, SUITE 1000, LEBANON, OHIO 44530-1000, USA. TEL: 216.440.1000. FAX: 216.440.1001. WWW.ARUP.COM. ARUP NORTH AMERICA LTD. IS AN EQUAL OPPORTUNITY EMPLOYER. ARUP NORTH AMERICA LTD. IS AN EQUAL OPPORTUNITY EMPLOYER. ARUP NORTH AMERICA LTD. IS AN EQUAL OPPORTUNITY EMPLOYER.

Issue Document Verification with Document



1 Rev/B (June 4, 2015) | Any North America Ltd
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Appendices

Appendix A

Scope of Work

[Rev B] June 4, 2015 | Group Health Association Ltd
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1 Overview

Arup North America, Ltd. (Arup) is pleased to provide this fee proposal for the performance of engineering design and consulting services for the proposed Washington State Convention Center Addition project in Seattle, WA.

Our scope of work in this proposal includes the following:

- Mechanical, Electrical and Plumbing (MEP) Design Engineering
- Fire Protection Engineering
- Code consulting services
- Traction Power Sub-station Design Engineering (limited scope and duration)

Our MEP scope of work extends from the Preliminary Design phase through Construction Administration for the overall development.

Our Traction Power Sub-station scope of work extends from 3/13/2015 through May 31, 2015 under the terms of Arup's interim agreement with LMN and includes project management and design engineering services provided by LTK Engineering. Post May 31, 2015 our Traction Power Sub-station scope of work will be terminated and LTK Engineering will be re-assigned as a direct sub-consultant to LMN Architects.

Details of our Scope of Work, including key tasks and deliverables for each discipline, are listed in Appendix A.

2 Project Scope

The project consists of the design engineering of a replacement traction power substation (TPSS) for King County metro at the Convention Place Station site. The existing TPSS is located within the Convention Place Station site and needs to be removed in advance of construction of the new Washington State Convention Center Addition.

The new TPSS will be located within the cut and cover tunnel underneath 9th Avenue. The TPSS re-location will occur in three phases of operation:

- Phase 1: Under initial operating conditions the TPSS site will be open to the current CPS site. Arup's scope of work relates to MEP modifications to existing systems required by the TPSS re-location.
- Phase 2: Once the TTCA is constructed and fully enclosed as a tunnel the TPSS will be only connected to open air via the TTCA. Arup's scope of work relates to modifications of existing systems and review of code requirements under this operating configuration.

- Phase 3: When the TTCA is demolished and removed, the TPSS will be enclosed within a rated enclosure underneath 9th Avenue. Arup's scope of work relates to changes to the existing and addition of required new lighting, fire protection, plumbing, and ventilation systems to accommodate that change to a sealed location.

The details of the Arup project scope are outlined in Appendix A.

2.1 Team Members

LMN is the architect for this project, and Arup will be a sub-consultant to LMN. LTK Engineering will perform the traction power sub-station design engineering. LTK was jointly selected by LMN, Arup, the Pine Street Group and King County Metro after the issuance of a public RFQ.

LTK Engineering is a sub-consultant to Arup through May 31, 2015. After that date LTK Engineering is a direct sub-consultant to LMN Architects and Arup has no further role in traction power sub-station design engineering.

Arup has engaged Pielow Consulting as a sub-consultant for Code Consulting as they are also performing the main WSCC code consulting scope of work.

Arup may engage FSi Engineers to perform some or all of the fire protection/suppression engineering work at our discretion. In that event, we understand that our maximum allowable fee will not be adjusted as a result of their project involvement.

We assume that other consultants who may form part of the team will be appointed at an appropriate time to enable overall team coordination with those scopes to occur in a timely manner in accordance with the project schedule. This will help the team achieve the overall project goals. It is our understanding that the following consultants are on the team:

- Magnusson Klemencic Associates -- Civil Engineer
- Magnusson Klemencic Associates -- Structural Engineer
- LTK Engineering: Traction Power Sub-station design engineering
- Gustafson Guthrie Nichol -- Landscape Architect

3 Fees & Schedule

We reserve the right to adjust our fees should the scope of project, schedule, or services change significantly from that described in this proposal.

3.1 Fees

These fees are based on the scope of the project described above, with our services as detailed in Appendix A.

Invoices will be issued monthly in accordance with LMN's invoicing schedule for the main Washington State Convention Center Addition project.

Arup Labor	Fee
Arup Labor Total	\$171,631
Piedmont Consulting Labor	Fee**
Piedmont Labor Total	\$15,133
LTK Engineering Labor	Fee*
LTK Labor Total	\$70,826
LTK Engineering Expenses	Fee*
LTK Expense Total	\$0
Total Fee To Maximize	\$257,590

** Includes Arup 1.06 mark-up

LTK's expense allowance is based on assumed scope of work through May 31, 2015.

Should circumstances change to indicate that we anticipate reimbursable expenses for Arup or our sub-consultants, we will notify LMN Architects ahead of incurring them.

3.3 Schedule

This proposal is based on the project schedule defined below:

TPSS Program Schedule (Phase 1) - LTR Scope only	
Authorization to proceed	March 13, 2015
85% Design Issue	May 29, 2015
85% Design Review Complete	June 12, 2015
100% Design Issue	July 10, 2015
Bid Period	July 13, 2015 - August 10, 2015
Manufacturing/Construction Administration	August 10, 2015 - August 29, 2016

Site Design Schedule - Initial TPSS Implementation (Phase 1)	
Conceptual Design Issue	May 22, 2015 - no Arup issue
Conceptual Design Review Complete	June 5, 2015
60% Design Issue	July 31, 2015
60% Design Review Complete	August 14, 2015
90% Design Issue	October 9, 2015
90% Design Review Complete	October 30, 2015
100% Design Issue	November 20, 2015
Site Bid Period	November 23, 2015 - December 11, 2015
Construction Administration	December 11, 2015 - July 29, 2016

Final Site Construction Schedule (Design & Construction) (Phase 2 & 3)	
Schematic Design	October 2015
Design Development	April 2016
Construction Documents	March 2017
Construction Administration	March 2017 - March 2018 (estimated duration for TPSS related work)

Arup and its sub-consultants shall not be responsible for schedule delays outside of our control, including delays resulting from delayed reviews, bidding, equipment procurement, site preparation, permitting, construction delays or other causes not directly due to the performance of the scope of work included herein.

4 Terms and Conditions

Terms and Conditions will be per Arup's existing Interim Agreement with LMN Architects until such time as a subsequent agreement is reached.

Arup shall not be held responsible for LTK Engineering work completed after May 31, 2015 as our contractual relationship with them shall terminate on that date.

5 Agreement

If you are in agreement with our proposal, please sign below and return a copy to us as our authorization to proceed.

Agreed and accepted by LMN Architects.

Signature

Name

Date

Appendix A
Scope of Work

A1 Arup

A1.1 Mechanical, Electrical and Plumbing and Fire Protection Engineering

A1.1.1 Mechanical Engineering

Phase 1

- No scope of work is anticipated

Phase 2

- No scope of work is anticipated

Phase 3

- Design of ventilation system for enclosed TPSS room under 9th Avenue that considers thermal and air quality requirements of the space and TPSS. For this proposal we assume that the TPSS room is treated as an electrical room by the code with commensurate ventilation requirements.
- Cooling requirements will be coordinated with the TPSS design and shop drawings. Heating requirements will be coordinated with other systems as required.

A1.1.2 Plumbing and Fire Protection Engineering

Fire suppression design will include the sprinkler and fire standpipe system design, excluding the design of systems within the TPSS itself. The location and specification of fire extinguishers is excluded from our scope.

Fire suppression system and sprinkler design will be to a performance base specification and schematic drawings only. It is assumed that the contractor will be responsible for final design of the system and will be the engineer of record for the fire suppression/protection systems.

No plumbing engineering scope of work is anticipated.

Phase 1

- Review of existing conditions and surveys relative to fire protection water service and routing within the cut and cover tunnel area of the TPSS
- Design of fire suppression system modifications required due to installation of the TPSS, including head relocation. This design assumes that the existing

deluge system serving the cut and cover tunnel remains as is from a functionality and zoning perspective.

- Design and coordination of new fire water service, if required. We assume that the civil engineer will be responsible for coordination and work outside the TPSS cut and cover site boundary (work in streets and right of ways or otherwise outside the cut and cover area).

Phase 2

- No scope of work is anticipated

Phase 3

- Design of fire suppression system modifications to support the final TPSS room, including an anticipated re-zoning of the deluge system to remove the TPSS room area from that system, fire suppression control revisions, and design of new fire suppression system for the TPSS room area.

A1.1.3 Electrical Engineering

Phase 1

- Lighting changes required by the installation of the TPSS within the cut and cover system

Phase 2

- No scope of work is anticipated

Phase 3

- Design of electrical systems to serve new mechanical and other loads added as a result of enclosure of TPSS room.

A1.1.4 Deliverables

For the noted scope of work, Arup will provide design drawings and/or narratives at the noted design stages. Construction administration support is based on the construction administration schedules noted above.

Specifications are assumed be on the drawings given the limited scope of the project. Full three part specifications are excluded from this proposal.

Phase 1

- Design deliverables to be provided at 60%, 90% and 100% milestones. We assume the 100% documents will be used for permitting, if required.

Phase 2 and 3

- Design deliverables for TPSS scope of work are to be provided at each milestone in alignment with main WSCC project schedule. Drawings, narratives, and deliverables will be separated from main WSCC deliverables (separate drawing sheets, etc). Deliverables will commence in Schematic Design.
- Our fee and scope assume that TPSS scope of work will not be broken out into multiple bid packages within itself, but recognize that final TPSS construction documents schedule may differ from main WSCC schedule to facilitate construction scheduling.

A1.1.5 Construction Administration

We assume that the WSCC general contractor and MEP/FP sub-contractors will be utilized for this work and will be engaged in typical GCCM/ECCM/MCCM pre-construction support for the TPSS work.

Our scope of work includes the following:

- Answer pre bid questions from bidders.
- Review shop drawings and submittals
- Respond to RFIs
- Carry out site visits to observe general compliance with design intent. We have anticipated the following site visits:
 - o Phase 1: 4 electrical and 4 plumbing/fire protection
 - o Phase 2: No site visits anticipated
 - o Phase 3: 4 visits each, mechanical, electrical, and plumbing/fire protection
- Review contractor's as-built drawings and operating manuals

A1.1.6 Record Drawings

At the completion of Phase 3, Arup will prepare a set of Record Drawings based on contractor mark-ups for the owner encompassing the final built condition.

A1.1.7 Meetings

Phase 1

- Weekly meetings through 60% site design. Bi-weekly through 100% site design.

Phase 2/3

- We assume that the Phase 1 TPSS meetings will include Phase 2 and 3 work through their duration (November 2015).

- From December 2015 through the end of construction documents we assume monthly TPSS meetings.
- We assume that OAC meeting participation will not be regularly required as part of the TPSS scope of work during any construction phase.

A1.1.8 Exclusions

- Demolition drawings/plans
- Contractor phasing drawings
- Engineering or provision of temporary services
- Preparation of record drawings for interim conditions
- Removal/salvage pop-up barriers and control cabinets.
- Roadway/sidewalk demolition, excavation, restoration for new electrical conduits and manholes for ac and dc feeders between replacement TPSS and interface points.
- Utility locates/potholes, utility relocation for drainage, water, sewer, steam, gas if needed.
- Permit acquisition (responsibility of the contractor)
- Bid administration (by the general contractor)
- Phasing plans/documents/scheduling for switch over from existing to new.
- Plans/documents/scheduling for de-construction and/or de-commissioning of existing TPS or other CPS site works or equipment

A2 Pielow Consulting

Pielow Consulting will provide the following services for the TPSS site, with guidance provided for each phase of operation noted above.

- Identification of main occupancy group and accessory use groups
- Construction classification
- Means of egress requirements (occupant loading, types and locations of means of egress, egress component capacity requirements, number of exit requirements, interior finish criteria, emergency lighting), excluding performance-based egress analysis
- Internal and external fire-resistive construction and fire separation requirements of different occupancies
- Occupancy and use separations
- Vertical opening protection

- Emergency power criteria
- Fire detection and occupant notification design criteria (not plans and specs)
- Automatic sprinkler criteria (not plans and specs)

A2.1 Exclusions

- Demolition drawings/plans/input
- Contractor phasing drawings, input or code review
- Evaluation of temporary services
- Evaluation of interim conditions except noted Phases
- Permit acquisition (responsibility of the contractor)

A3 LTK Engineering

LTK's scope of work has been amended from their full proposal to only include work anticipated through May 31, 2015. Work outside this period has been noted by strikethrough.

A3.1 Scope of Services

A3.1.1 Task 1 – Project Management

LTK will coordinate with Arup, LMN, WSCC, KC Metro, other consultants, or contractors as necessary in the completion of this effort. Consultant shall provide project management and contract administration services to facilitate the efficient progress of the work. Project Management services include invoicing, progress reporting, scheduling, project and team management, coordination, and meeting attendance as needed.

Deliverables:

- Monthly invoices
- Monthly Progress Reports

A3.1.2 Task 2 – Design TPSS Procurement Documents

LTK shall provide electrical design services for preparing drawings, and technical specification for the procurement of a prefabricated TPSS to replace the existing Metro Olive TPSS.

The Owner shall provide all necessary King County Metro performance requirements prior to the start of the work. LTK shall perform data collection and

The TPSS design shall have two milestones (85 percent and 100 percent). The design shall assume one site plan for the TPSS procurement which will be determined by others. LTK shall provide site selection support during the design process. Final site selection and determination of connecting SCI feed shall be complete at least four weeks prior to the issuance of the 85% design milestone. The surveying and base mapping required for the TPSS drawings is assumed to be provided by others. All survey information and base mapping shall be provided at least four weeks prior to the issuance of the 85% design milestone. The LTK shall participate in a design review with stakeholders following the 85 percent milestone.

CAD drawings shall utilize KC Metro Standards.

- **85 Percent Design**

- o TPSS Drawings
 - Site layout plan, one line diagram, sectionalizing diagram, equipment layout, equipment elevation, communication block diagram, SCADA points list
 - Electronic, PDF, plotted half size
- o TPSS Specifications
 - Electronic, PDF, plotted letter
- Participate in Design Review
- 100 Percent Design
 - o TPSS Drawings
 - Site layout plan, one line diagram, sectionalizing diagram, equipment layout, equipment elevation, communication block diagram, SCADA points list
 - Electronic, PDF, plotted half size
 - o TPSS Specifications
 - Electronic, PDF, plotted letter
- Provide permit support by preparing drawings for plan review
- Bid Support Respond to RFIs, attend a single pre-bid meeting

A3.1.3 Task 3 – Design Site Engineering

LTK shall provide electrical design services for preparing drawings, technical specifications, and cost estimates for the site related electrical infrastructure required to accommodate the permitting, installation of the TPSS and its tie in with the existing electric trolley bus (ETB) traction power system. The electrical design work shall include the TPSS ground grid, grounding, manholes, underground raceways for the AC utility feeders, raceways for DC positive and negative feeders, feeder conductors, and other raceways for tying into the existing Metro DC feeder infrastructure.

LTK shall support others in their design of civil/structural related TPSS site work, including the TPSS foundation design, site clearances, site accommodations (fencing, gates, and driveway access) by providing site requirements needed to accommodate the TPSS and feeder infrastructure.

Roadway/sidewalk demolition, excavation, restoration, utility locates, utility relocation, traffic control, drainage, architectural design, and other civil/structural design work is assumed to be by others.

Surveying and base mapping required for the TPSS drawings is assumed to be provided by others, and will be provided prior to the development of the design drawings in a timely fashion as required above.

Deliverables:

- Conceptual Design
 - Site Drawings
 - Site layout plans
 - Electronic, PDF, plotted half size
 - Site Specifications Outline
 - Electronic, PDF, plotted letter
 - Participate in Design Review
- 60 Percent Design
 - Site Drawings
 - Conduit layout plan, conductor schedule, conduit and raceway detail, manhole detail, grounding detail, and ground grid
 - Electronic, PDF, plotted half size
 - Site Specifications
 - Electronic, PDF, plotted letter
 - Provide Cost Estimate for LTK scope of work
 - Participate in Design Review
- 90 Percent Design
 - Site Drawings
 - Conduit layout plan, conductor schedule, conduit and raceway detail, manhole detail, grounding detail, and ground grid

- Page AB

A3.4.5—Task 5—Construction Administration Site Engineering

LTK shall provide construction administration support services for the construction of the civil-related electrical infrastructure. The services shall include reviewing and responding to RFIs, submittals, performing field inspections as needed for the installation of the ground grid, underground raceways, and conductors. The inspections shall also include witnessing the electrical tests performed on the cables and inspecting the final conductor terminations at the TPSS and feeder poles. LTK shall participate in meetings with the Construction Manager.

Deliverables:

- Response to submittals and RFIs
- Prepare inspection reports
- Review as-built record documents prepared by the Contractor.

- Page 11



King County

Department of Transportation
Metro Transit Division
General Manager's Office
201 S. Jackson Street
KSC-TR-0416
Seattle, WA 98104-3858

July 10, 2015

Matt Rosauer, Principal
Pine Street Group L.L.C.
1500 Fourth Avenue, Suite 600
Seattle, WA 98101

Replacement TPSS Design and Management Costs

Dear Mr. Rosauer:

Your proposal dated June 16, 2015 for services to be provided by the WSCC team which includes PSG, LMN, LTK, MKA and ARUP, has been reviewed.

King County Metro Transit (KCM) accepts your proposal with the following clarifications and/or exceptions:

1. The scope and costs are based on commencement of work May 1, 2015 and completion of all work by December 31, 2016.
2. You have stipulated a range of cost between \$1,400,000 and \$1,900,000, including a \$250,000 contingency. KCM expects the WSCC team to execute the work efficiently. Ryan Keane, PSG Project Manager, shall serve as project lead to manage the work.
3. The maximum allowable reimbursement of design and management costs is \$1,650,000, excluding the specifically proposed \$250,000 contingency and estimated as follows:

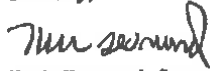
Design	\$1,320,000 maximum
Management	\$ 280,000 maximum
<u>Permits</u>	<u>\$ 50,000 maximum</u>
Total	\$1,650,000 maximum

4. KCM as the Client will hold a \$250,000 contingency to cover costs exceeding the maximum allowable reimbursement if the parties both agree to expend any portion of such contingency funds and how such funds would be allocated to consultants.

Replacement TPSS Design and Management Costs
July 10, 2015
Page 2

5. Construction Administration services will be provided by the WSCC team adequately to achieve successful project delivery and acceptance.
6. Reimbursements will be made to the WSCC team based on professional staff rates that are accepted by at least one other public agency and auditable as such.
7. This acceptance is contingent upon the parties' full execution of the referenced TPSS MOU.

Sincerely,



Kevin Desmond, General Manager
KC Metro Transit

EXHIBIT H
TO
PURCHASE AND SALE AGREEMENT

KING COUNTY SITE WORK

King County Site Work is early site work on and/or immediately adjacent to the Property that is necessary to prepare the Property for sale to Buyer. This work allows Buyer's contractor to proceed with commencement of its Project in a timely fashion after Closing while reducing impediments to the continued bus uses and transit operations on and through the Property after Closing.

The King County Site Work includes elements such as the following, which will be further defined in the Temporary Joint Use Agreement:

- a. Limited demolition of some existing structures along the 9th Avenue property line;
- b. Interim Access to DSTT;
- c. Temporary ramps between streets and the Property to provide bus operations on the Property during construction of the Interim Access to DSTT;
- d. Revised curb cuts for interim access to DSTT;
- e. Removal of overhead wires on the Property.

The cost for all such King County Site Work elements shall be reimbursed by Buyer to Seller except for the Interim Access to DSTT, the costs for which shall be paid pursuant to Section 18.2(a) of the Agreement.

The Temporary Joint Use Agreement will specify whether the passenger facility currently located on the Property is or is not an element of the King County Site Work.

EXHIBIT I
TO
PURCHASE AND SALE AGREEMENT

Example of Tree Grate



Example of Profile



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Washington State
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