NEW ISSUE
BOOK-ENTRY ONLY

Rating: Not Rated
(See "NO 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 2021 Junior Notes is excludable from gross income for federal income tax purposes. In addition, interest on the 2021 Junior Notes 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

$341,500,000
Junior Lodging Tax Notes, 2021 (Green Notes)

DATED: Date of Delivery **DUE: July 1, 2031, as shown on the inside cover**

The Washington State Convention Center Public Facilities District (the "District"), formed by and located in King County, Washington (the "County"), is issuing its Junior Lodging Tax Notes, 2021 (Green Notes) (the "2021 Junior Notes"). The 2021 Junior Notes 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 2021 Junior Notes. Individual purchases of the 2021 Junior Notes will be made in book-entry form in the principal amount of $100,000 or any integral multiple of $5,000 in excess thereof within a maturity. Purchasers of the 2021 Junior Notes (the "Beneficial Owners") will not receive certificates representing their beneficial ownership interests in the 2021 Junior Notes.

Interest on the 2021 Junior Notes is payable on January 1 and July 1, commencing January 1, 2022, until maturity or prior redemption, by U.S. Bank National Association, Seattle, Washington, as bond registrar and paying agent (the "Registrar"). As long as DTC or its nominee is the registered owner of the 2021 Junior Notes, such payments will be made by the Registrar 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 2021 Junior Notes as described herein in APPENDIX G—"Book-Entry Only System."

Maturity Date, Principal Amount, Interest Rate, Yield, Price and CUSIP® Number on Inside Cover

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The 2021 Junior Notes are being issued (a) to pay and/or reimburse a portion of the cost of an addition to the Washington State Convention Center located in Seattle, Washington (the "Convention Center"), (b) to fund a deposit to a debt service reserve, (c) to capitalize a portion of the interest on the 2021 Junior Notes, and (d) to pay expenses incidental to the issuance of the 2021 Junior Notes. See "PLAN OF FINANCE—Sources and Uses of Note Proceeds."

The 2021 Junior Notes are subject to redemption prior to their stated dates of maturity as further described herein. See "THE 2021 JUNIOR NOTES—Redemption Provisions."

The 2021 Junior Notes are being issued pursuant to Revised Code of Washington ("RCW") 36.100.060, RCW 36.100.040, Chap. 39.50 RCW, Chap. 39.46 RCW, and Resolution No. 2021-07 (the "Note Resolution"), adopted on March 23, 2021 by the Board of Directors of the District. The 2021 Junior Notes are general obligations of the District. The District has pledged its full faith, credit and resources to the payment of the principal of and interest on the 2021 Junior Notes and Pledged Lodging Tax Revenues (as defined in the Note Resolution). The pledge of Pledged Lodging Tax Revenues to pay and secure the 2021 Junior Notes is junior and subordinate to the pledge of those components of Lodging Tax Revenues to pay and secure First Priority Bonds, Subordinate Priority WSCC Obligations, and payments required to be made to the State of Washington (the "State") all as set forth in the Master Trust Agreement, between the District and U.S. Bank National Association, as Trustee, dated as of August 1, 2018, as amended (the "2018 Master Agreement"). The 2021 Junior Notes are issued on a parity with the Note (the "2018 Junior Note") evidencing the District's obligations to King County pursuant to the Purchase and Sale Agreement dated as of July 25, 2017. **The Pledged Lodging Tax Revenues have been acutely affected by the COVID-19 pandemic.** As a result, the District has had to apply Additional Lodging Tax Revenues to pay a portion of the debt service on First Priority Bonds and Subordinate Priority WSCC Obligations (incurring a Repayment Deficiency Loan to the State) and has applied unrestricted cash to meet debt service obligations, significantly reducing its available unrestricted cash. The District expects to continue to apply Additional Lodging Tax Revenues (and incur additional Repayment Deficiency Loans), interest on the 2021 Junior Notes funded with 2021 Junior Note proceeds, and unrestricted cash to meet its debt service obligations pending the expected recovery of Lodging Tax Revenues following the COVID-19 downturn in these revenues. **Interest on the 2021 Junior Notes is expected to be paid from proceeds of the 2021 Junior Note through July 1, 2023. The District is relying on recovery from the pandemic and growth in the Pledged Lodging Tax Revenues to pay debt service thereafter on the 2021 Junior Notes and bonds issued to refinance the 2021 Junior Notes at or prior to their maturity.**

The District has reserved the right in the 2018 Master Agreement to issue additional First Priority Bonds and Subordinate Priority WSCC Obligations and to incur additional loan repayment obligations to the State. Pursuant to the Note Resolution, the District has reserved the right to issue additional Junior Bonds as defined in the Note Resolution on a parity with the 2018 Junior Note and the 2021 Junior Notes. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2021 JUNIOR NOTES."

The 2021 Junior Notes 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 2021 Junior Notes are payable only from the Pledged Lodging Tax Revenues described in the Note Resolution. 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 2021 JUNIOR NOTES" herein.

The 2021 Junior Notes 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 2021 Junior Notes in book-entry form will be ready for delivery to the Registrar on behalf of DTC by Fast Automated Securities Transfer on or about April 14, 2021.

J.P. MORGAN **CITIGROUP** **GOLDMAN SACHS & CO. LLC**

Date of Official Statement: March 31, 2021

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

Maturity Schedule

$341,500,000
Junior Lodging Tax Notes, 2021 (Green Notes)

$341,500,000, 4.00%, due July 1, 2031, yield 2.750%, at a price of 111.061%, CUSIP No. 93976ACR1*

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 2021 Junior Notes, 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 2021 Junior Notes 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.

The outbreak of the 2019 novel coronavirus ("COVID-19") pandemic is a significant event that has had and could have ongoing, material effects on the finances and operations of the District. Certain historic information in this Official Statement about the finances and operations of the District predate the outbreak of COVID-19, and should be considered in light of the possible or probable negative effects the COVID-19 pandemic may have on the current and future finances and operations of the District and economy of the State of Washington. See "COVID-19 PANDEMIC" for a discussion of the effects, and potential future effects, of COVID-19 on the District.

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 2021 JUNIOR NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE NOTE RESOLUTION HAS NOT 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 2021 JUNIOR NOTES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE 2021 JUNIOR NOTES 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 2021 JUNIOR NOTES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

This Official Statement is not to be construed as a contract or agreement between the Underwriters, the District and purchasers or owners of any of the 2021 Junior Notes.

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.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

ANY REFERENCES IN THIS OFFICIAL STATEMENT TO THE “ISSUER” MEAN THE DISTRICT AND REFERENCES TO “2021 JUNIOR NOTES” OR “SECURITIES” MEAN THE JUNIOR LODGING TAX NOTES, 2021 (GREEN NOTES) OFFERED HEREBY. **NEITHER THE ISSUER NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE CONTENTS OF THIS SECTION.**

MINIMUM UNIT SALES

THE 2021 JUNIOR NOTES WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $100,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS TWO UNITS (BEING 2021 JUNIOR NOTES IN AN AGGREGATE PRINCIPAL AMOUNT OF $200,000).

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA (“EEA”) OR THE UNITED KINGDOM

THE 2021 JUNIOR NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, A “RETAIL INVESTOR” MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “MIFID II”); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE “INSURANCE DISTRIBUTION DIRECTIVE”), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (THE “PROSPECTUS REGULATION”). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE “PRIIPS REGULATION”) FOR OFFERING OR SELLING THE 2021 JUNIOR NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE 2021 JUNIOR NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THE 2021 JUNIOR NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM. FOR THESE PURPOSES, A “RETAIL INVESTOR” MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (“EUWA”); (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE “FSMA”) AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (THE “UK PRIIPS REGULATION”) FOR OFFERING OR SELLING THE 2021 JUNIOR NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE 2021 JUNIOR NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE 2021 JUNIOR NOTES TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) OF THE PROSPECTUS REGULATION OR SECTION 86 OF THE FSMA (IN EACH CASE AS APPLICABLE) FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE 2021 JUNIOR NOTES. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OR THE UNITED KINGDOM OF THE 2021 JUNIOR NOTES SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF 2021 JUNIOR NOTES THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE 2021 JUNIOR NOTES CONTEMPLATED IN THIS OFFICIAL STATEMENT.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF SECURITIES TO THE PUBLIC" IN RELATION TO THE 2021 JUNIOR NOTES IN ANY MEMBER STATE OF THE EEA OR THE UNITED KINGDOM MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE 2021 JUNIOR NOTES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE 2021 JUNIOR NOTES OR SUBSCRIBE FOR THE 2021 JUNIOR NOTES.

EACH SUBSCRIBER FOR OR PURCHASER OF THE 2021 JUNIOR NOTES IN THE OFFERING LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED IN THE PROSPECTUS REGULATION AND IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

ADDITIONAL NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA") AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "FINANCIAL PROMOTION ORDER"), (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR A SOLICITATION TO PURCHASE OR INVEST IN THE 2021 JUNIOR NOTES. THE 2021 JUNIOR NOTES MAY NOT BE PUBLICLY OFFERED, DIRECTLY OR INDIRECTLY, IN SWITZERLAND WITHIN THE MEANING OF THE SWISS FINANCIAL SERVICES ACT ("**FINSA**") AND NO APPLICATION HAS OR WILL BE MADE TO ADMIT THE 2021 JUNIOR NOTES TO TRADING ON ANY TRADING VENUE (EXCHANGE OR MULTILATERAL TRADING FACILITY) IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE 2021 JUNIOR NOTES CONSTITUTES A PROSPECTUS PURSUANT TO (I) THE FINSA OR (II) THE LISTING RULES OF THE SIX SWISS EXCHANGE AG OR ANY OTHER REGULATED TRADING VENUE IN SWITZERLAND AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE 2021 JUNIOR NOTES MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND. THIS OFFICIAL STATEMENT WILL NOT BE REVIEWED NOR APPROVED BY A REVIEWING BODY FOR PROSPECTUSES (*PRÜFSTELLE*).

NONE OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, THE ISSUER OR THE 2021 JUNIOR NOTES HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. IN PARTICULAR, THIS OFFICIAL STATEMENT WILL NOT BE FILED WITH, AND THE OFFER OF THE 2021 JUNIOR NOTES WILL NOT BE SUPERVISED BY, THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY ("**FINMA**"), AND THE OFFER OF 2021 JUNIOR NOTES HAS NOT BEEN AND WILL NOT BE AUTHORIZED UNDER THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES ("**CISA**"). ACCORDINGLY, INVESTORS DO NOT HAVE THE BENEFIT OF THE SPECIFIC INVESTOR PROTECTION PROVIDED UNDER THE CISA.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE INVESTMENT ADVICE. IT MAY ONLY BE USED BY THOSE PERSONS TO WHOM IT HAS BEEN HANDED OUT IN CONNECTION WITH THE 2021 JUNIOR NOTES AND MAY NEITHER BE COPIED NOR DIRECTLY OR INDIRECTLY DISTRIBUTED OR MADE AVAILABLE TO OTHER PERSONS.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE 2021 JUNIOR

NOTES. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS OFFICIAL STATEMENT HAS NOT BEEN REGISTERED BY THE REGISTRAR OF COMPANIES IN HONG KONG PURSUANT TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CHAPTER 32) OF THE LAWS OF HONG KONG ("C(WUMP)O").

ACCORDINGLY: (I) THE 2021 JUNIOR NOTES MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN TO PERSONS WHO ARE "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571) OF THE LAWS OF HONG KONG ("SFO") AND ANY RULES MADE UNDER THE SFO, OR IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS" AS DEFINED IN SECTION 2(1) OF THE C(WUMP)O OR WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE C(WUMP)O; AND (II) NO PERSON MAY ISSUE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE 2021 JUNIOR NOTES, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO 2021 JUNIOR NOTES WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE 2021 JUNIOR NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO. 25 OF 1948, AS AMENDED, THE "FIEA"). NEITHER THE 2021 JUNIOR NOTES NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE 6 OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE 2021 JUNIOR NOTES AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE 2021 JUNIOR NOTES MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA ("QIIS") IN RELIANCE ON THE QIIS-ONLY PRIVATE PLACEMENT EXEMPTION AS SET FORTH IN ITEM 2(I), PARAGRAPH 3, ARTICLE 2 OF THE FIEA. A QII WHO PURCHASED OR OTHERWISE OBTAINED THE 2021 JUNIOR NOTES CANNOT RESELL OR OTHERWISE TRANSFER THE 2021 JUNIOR NOTES IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE OFFER OF THE 2021 JUNIOR NOTES HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS, AND THE 2021 JUNIOR NOTES MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE 2021 JUNIOR NOTES MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY, TO THE EXTENT PERMITTED UNDER APPLICABLE LAWS AND REGULATIONS. ANY SUBSCRIPTIONS OF 2021 JUNIOR NOTES SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE ISSUER OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE ISSUER OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE 2021 JUNIOR NOTES SIGNED BY THE INVESTORS.

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

705 Pike Street
Seattle, Washington 98101
(206) 694-5000
www.wscc.com*

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/District Board Secretary
Jon Houg	Vice President of Operations
Samuel V. Hecker	Chief Financial Officer/Treasurer
Matthew Hendricks, Hendricks & Bennett	Legal Counsel

BOND AND DISCLOSURE COUNSEL

Pacifica Law Group LLP
Seattle, Washington

MUNICIPAL ADVISOR

PFM Financial Advisors LLC
Seattle, Washington

REGISTRAR

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

$341,500,000
Junior Lodging Tax Notes, 2021 (Green Notes)

INTRODUCTION

General

The Washington State Convention Center Public Facilities District (the "District") furnishes this Official Statement in connection with the offering of its Junior Lodging Tax Notes, 2021 (Green Notes) (the "2021 Junior Notes"). This Official Statement, which includes the cover page, inside cover page and appendices, provides information concerning the District, the 2021 Junior Notes, 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.

Note Authorization

The 2021 Junior Notes are issued pursuant to Chap. 39.50 RCW, Chap. 39.46, RCW 36.100.040, RCW 36.100.060 and Resolution No. 2021-07, adopted by the Board of Directors of the District (the "Board") on March 23, 2021, as amended by Resolution No. 2021-08 adopted by the Board on March 30, 2021 (together, the "Note Resolution"). The 2021 Junior Notes are issued pursuant to the Note Resolution. The District intends to issue First Priority Bonds and/or Subordinate Priority WSCC Obligations to pay the 2021 Junior Notes upon their maturity or earlier redemption. The District has covenanted in the Note Resolution to issue and sell First Priority Bonds and/or Subordinate Priority WSCC Obligations (or if necessary additional bond anticipation notes in the form of Additional Junior Bonds or other District obligations) that are general obligation bonds of the District in an amount at least sufficient to pay the principal of and interest on the 2021 Junior Notes or any additional bond anticipation notes issued to redeem the 2021 Junior Notes on or before maturity, to the extent not paid from other sources. See "THE 2021 JUNIOR NOTES—Bond Anticipation Notes."

U.S. Bank National Association is serving as Registrar for the 2021 Junior Notes pursuant to the Note Resolution. The Note Resolution is 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 Note Resolution.

Purpose

Proceeds of the 2021 Junior Notes will be used (a) to finance a portion of the cost of an addition to the Convention Center, (b) to fund a deposit to a debt service reserve, (c) to capitalize a portion of the interest on the 2021 Junior Notes, and (d) to pay expenses incidental to the issuance of the 2021 Junior Notes. See "PLAN OF FINANCE—Sources and Uses of Note Proceeds."

The District has designated the 2021 Junior Notes as "Green Notes." See "PLAN OF FINANCE: Environmental and Community Benefits."

Security and Sources of Payment

The 2021 Junior Notes are being issued as Junior Bonds under and as defined in the Note Resolution on a parity with the Note (the "2018 Junior Note") evidencing the District's obligations to the County pursuant to the Purchase and Sale Agreement dated as of July 25, 2017, outstanding in the aggregate principal amount of $140,918,221, and any Additional Junior Bonds that may be issued from time to time under the Note Resolution. See "HISTORICAL LODGING TAX REVENUES AND DEBT SERVICE COVERAGE—2018 Junior Note." The 2018 Junior Note, the 2021 Junior Notes and any Additional Junior Bonds are collectively referred to herein as "Junior Bonds."

The Junior Bonds are payable from the Available Balance transferred to the District under the Master Trust Agreement (the "2018 Master Agreement"), dated as of August 1, 2018, between the District and U.S. Bank National Association, Seattle, Washington (the "Trustee") securing the First Priority Bonds and Subordinate Priority WSCC Obligations, as provided in the Note Resolution. The Junior Bonds are not secured by the 2018 Master Agreement, and the Trustee is not the trustee for the Junior Bonds; the 2021 Junior Notes are issued pursuant to the Note Resolution.

The 2021 Junior Notes are payable from Pledged Lodging Tax Revenues pursuant to RCW 36.100.040 and chapter 39.46 RCW. The pledge of Pledged Lodging Tax Revenues (consisting of Regular Lodging Tax Revenues and Extended Lodging Tax Revenues) to pay and secure the Junior Bonds is junior and subordinate to the pledge of these components of Lodging Tax Revenues under the 2018 Master Agreement to pay and secure the First Priority Bonds, Subordinate Priority WSCC Obligations, and annual payment amounts and loan repayment amounts required under 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, and as further amended by the Second Amendment to Transfer Agreement dated as of March 26, 2021 (the "Transfer Agreement"). **The Pledged Lodging Tax Revenues have been acutely affected by the COVID-19 pandemic.** As a result, the District has had to apply Additional Lodging Tax Revenues to pay a portion of the debt service on First Priority Bonds and Subordinate Priority WSCC Obligations (incurring a Repayment Deficiency Loan to the State) and has applied unrestricted cash to meet debt service obligations, significantly reducing its available unrestricted cash. The District expects to continue to apply Additional Lodging Tax Revenues (and incur additional Repayment Deficiency Loans), interest on the 2021 Junior Notes funded with 2021 Junior Note proceeds, and unrestricted cash to meet its debt service obligations pending the expected recovery of Lodging Tax Revenues following the COVID-19 downturn in these revenues. **Interest on the 2021 Junior Notes is expected to be paid from proceeds of the 2021 Junior Note through July 1, 2023. The District is relying on recovery from the pandemic and growth in the Pledged Lodging Tax Revenues to pay debt service thereafter on the 2021 Junior Notes and bonds issued to refinance the 2021 Junior Notes at or prior to their maturity. See "COVID-19 PANDEMIC."**

Lodging Tax Revenues means the "Regular Lodging Tax Revenues," "Additional Lodging Tax Revenues," and "Extended Lodging Tax Revenues," defined in the 2018 Master Agreement and the Note Resolution as follows. The District is a taxing district that imposes lodging taxes within the boundaries, which correspond with the boundaries of the County. Pledged Lodging Tax Revenues consists of Regular Lodging Tax Revenues and Extended Lodging Tax Revenues but does not include Additional Lodging Tax Revenues.

- 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 taxing district that corresponds to the boundaries of the City of Seattle (the "City") taxing district and 2.8% in the remainder of the District taxing district (the "Regular Lodging Tax"). See "THE DISTRICT—District Map."

- 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 (including web-based and other short-term rentals) imposed by the District pursuant to RCW 36.100.040(5) at the rate of 2% within the portion of the District taxing district that corresponds to the boundaries of the City taxing district (the "Additional Lodging Tax"). Additional Lodging Tax Revenues are pledged to pay and secure the First Priority Bonds and Subordinate Priority WSCC Obligations. **Additional Lodging Tax Revenues are NOT expected to be available for payment of the Junior Bonds and are NOT included in Pledged Lodging Tax Revenues pledged to pay and secure the Junior Bonds.**

- 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 (including web-based and other short-term rentals) 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 taxing district that corresponds to the boundaries of the City taxing district and 2.8% in the remainder of the District taxing district, excluding the portion of the tax required by RCW 36.100.040(14) and (15) to be paid to the City and the County (the "Extended Lodging Tax").

The Junior Bonds are payable from and secured by Pledged Lodging Tax Revenues on a junior and subordinate basis as provided in the Note Resolution. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2021 JUNIOR NOTES—Lodging Tax Revenues." The Junior Bonds are a general obligation of the District. The District has pledged its full faith, credit and resources for the payment of the principal of and interest on the Junior Bonds.

The 2021 Junior Notes 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 2021 Junior Notes are not 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 2021 JUNIOR NOTES."

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the 2021 Junior Notes 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.

Projected Lodging Tax Revenues

CBRE Hotels Advisory (the "Independent Revenue Consultant") prepared a Forecast of Lodging Tax Revenues as of July 18, 2018 in connection with the District's issuance of Lodging Tax Bonds, 2018 and Subordinate Lodging Tax Bonds, 2018. For the purposes of internal planning, the District's Municipal Advisor, on behalf of the District, requested an update to the July 2018 report to address the negative impact the COVID-19 pandemic has had on the hotel and travel industries and the resulting impact on the forecasted tax collection revenues generated by the hotels within the District. The Independent Revenue Consultant subsequently prepared its Updated Forecast of Lodging Tax Revenues dated as of October 22, 2020 (the "Forecast of Lodging Tax Revenues" or the "2020 Report"), which is included in Appendix A with the consent of the Independent Revenue Consultant. The Independent Revenue Consultant was tasked in the 2020 Report with projecting District lodging tax revenues beginning with year-end 2020 and through year-end 2049, and reflecting the impact that the COVID-19 Pandemic is forecasted to have on the hotel industry. **The 2020 Report is dated as of October 22, 2020 and its analysis considers available information as of September 2020 (and earlier dates depending on the data source). The 2020 Report has not been updated for the purpose of this Official Statement <u>and subsequent events have occurred</u>.** The District has used and continues to use the 2020 Report for its cash flow planning (see "TABLE 8: WASHINGTON STATE CONVENTION CENTER 2021-2031 PROJECTED LODGING TAX REVENUES, DEBT SERVICE COVERAGE AND ANNUAL CASHFLOW").

In preparing its 2020 Report, the Independent Revenue Consultant relied upon its then existing general knowledge of the City and County lodging markets; 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 and by the District; and a review of market performance of hotels in the County. The 2020 Report constitutes a "forward-looking statement." The 2020 Report should be read in its entirety for a full understanding of information reviewed, the date of each information source, the Independent Revenue Consultant's analysis and the basis for its conclusions. The 2020 Report is addressed solely to the District's Municipal Advisor (PFM Financial Advisors, LLC) and may not be relied upon by any other person to establish an estimated value of the 2021 Junior Notes or for any other purpose. The 2020 Report does not constitute a recommendation to any person to purchase or sell the 2021 Junior Notes. The conclusions reached in the 2020 Report are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth in the 2020 Report. In addition, the engagement agreement under which the 2020 Report was issued includes a provision indemnifying the Independent Revenue Consultant against certain liabilities arising out of its engagement to provide the 2020 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 2020 Report. See "FORECAST OF LODGING TAX REVENUES" and Appendix A. **The District makes no representation or warranty as to the correctness of the 2020 Report or the conclusions set forth therein.**

As presented in Table 8 herein, the District and its Municipal Advisor have calculated projected annual debt service coverage for the years 2021 through 2031, and have based projected Lodging Tax Revenues on the projections in the 2020 Report. See "TABLE 8: WASHINGTON STATE CONVENTION CENTER 2021-2031 PROJECTED LODGING TAX REVENUES, DEBT SERVICE COVERAGE AND ANNUAL CASHFLOW" and "FORECAST OF LODGING TAX REVENUE." **In addition to the typical limitations of any forecast, the 2020 Report and the projections included in Table 8 and elsewhere in this Official Statement also are subject to the additional uncertainties associated with preparing projections regarding the impact of the COVID-19 pandemic during the course of the pandemic and in the context of the evolving public health response.**

Statutory Review. 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 public facilities districts in the state. The statutory review requires, among other things, the examination of potential costs to be incurred by a public facilities district and the adequacy of revenues or expected revenues to meet those costs. Pursuant to this requirement, E. D. Hovee & Company, LLC (the "State Consultant") has completed two prior reports on the Addition Project, in 2015 and 2018, and has delivered a third report dated January 14, 2021, as updated by a Report Addendum dated March 24, 2021 in connection with completion financing of the Addition Project (the third report is referred to herein as the "2021 Statutory Report"). The 2021 Statutory Report was prepared solely for the purpose of meeting the requirements of State law, and it does not provide an independent forecast of Lodging Tax Revenues, but rather relies upon information provided by the District and its Municipal Advisor including the 2020 Report of the Independent Consultant for its assessment of the adequacy of revenues to meet costs. The 2021 Statutory Report summarizes information provided by the District, notes risk factors and potential options for mitigating noted risks and aims to comment on the adequacy of information received as a reasonable basis for proceeding with the Addition Project. The District has reviewed the 2021 Statutory Report, however, because of the limited statutory purpose and scope of the report, as well as the fact that the report is based on information provided by the District, its Municipal Advisor and the projections set forth in the 2020 Report of the Independent Consultant, the District is not relying on the 2021 Statutory Report for its cash flow planning or other purposes. See "FORECAST OF LODGING TAX REVENUE—State Consultant."

Investment Considerations

The 2021 Junior Notes may not be suitable for all investors. Prospective purchasers of the 2021 Junior Notes 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 2021 Junior Notes. The COVID-19 pandemic has acutely affected the tourism and convention sectors and has materially adversely affected Pledged Lodging Tax Revenues. See "COVID-19 PANDEMIC."

A number of risk factors, including factors relating to the COVID-19 pandemic, 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 "COVID-19 PANDEMIC" and "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 2021 Junior Notes, the Note Resolution, the 2018 Master Agreement, and the Purchase and Sale Agreement between the District and the County, dated July 25, 2017 (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 Note Resolution.

COVID-19 PANDEMIC

Overview

COVID-19 is a global pandemic that has been declared a national and public health emergency for the United States and a state of emergency for Washington State. On March 18, 2020, the Governor's issued a proclamation suspending interest on tax payments including lodging taxes, and subsequently issued several extensions of the suspension. On March 23, 2020, the Governor issued a statewide "Stay Home, Stay Healthy" proclamation, requiring individuals to stay home except for essential activities, banning social and other gatherings, and closing all businesses with certain exceptions for essential businesses. Since May 31, 2020, the State has been following phased re-opening and recovery plans. Under the most recent plan, a county may move into a new phase (forward or backwards) depending upon whether metrics measuring the county's community disease levels and health system capacity meet State Department of Health criteria.

Governments throughout the world have taken action to limit, and in some cases prohibit, non-essential travel in response to COVID-19. Some countries have closed their borders to travelers from certain other counties and others have imposed entry requirements such as mandatory quarantine periods and/or proof of a negative COVID-19 test. For example, the Canadian government banned large cruise ships in Canadian waters. Washington's Governor has issued travel advisories recommending that people arriving in Washington from other states or countries, including returning Washington residents, self-quarantine for 14 days after arrival, with exceptions for essential travel. On December 21, 2020, the Governor prohibited travelers entering the State from any country where new COVID variants of greater potential transmissibility are circulating, unless such travelers meet certain protective conditions, including quarantine requirements. The scope and severity of COVID-19 travel restrictions and "stay at home" orders vary throughout the United States and the world, and governmental authorities continue to adjust and revise these restrictions from time to time.

Effective March 22, 2021, the District and the State moved to Phase 3 of the State's Healthy Washington - Roadmap to Recovery plan. Phase 3 allows for indoor activities, including dining, event spaces and more, at 50 percent capacity maximum, or 400 people, and permits large outdoor sporting venues at 25 percent capacity maximum, or 9,000 spectators. The State plan is a phased reopening plan. A county may progress to later phases or revert to earlier phases based on the plan's requirements. While some businesses began reopening in late May 2020, major area employers including employers in the technology industry, such as Amazon, allowed employees to continue working remotely and continued restrictions on non-essential travel.

The availability of the COVID-19 vaccine is expected to have a positive impact on re-opening plans, however, the rate and extent of the impact is unknown. The United States Food and Drug Administration has issued emergency use authorizations for COVID-19 vaccines developed by three manufacturers. Availability of the vaccine is nationally and locally regulated. The State Department of Health has begun distributing COVID-19 vaccines according to the State allocation and phased priority plan. The plan began in December 2020 with Phase 1A (focused on vaccinating high-risk healthcare workers, first responders and long-term care facility residents), then moved to Phase 1B (open to people 65 years or older, people 50 years or older in multigenerational households, educators and childcare workers). Effective March 17, 2021, the State moved to Phase 1B, Tier 2 (open to workers in agriculture, food processing, grocery stores, public transit, firefighters, and law enforcement, among others). The plan anticipates future phases throughout 2021 including opening eligibility to anyone 60 and older on March 31, 2021 and to anyone 16 and older on May 1, 2021. The District cannot predict the impact the availability of the vaccine will have on the rate of economic recovery in the region where the District is located, which may be influenced by the efficacy of the vaccines (including against COVID-19 variants), the rate of vaccinations globally, nationally and locally, and the impact on international and domestic travel, and consumer confidence, among other factors. As of March 22, 2021, 24.66 percent of Washington residents have initiated vaccination (e.g. had one shot of the vaccines requiring two doses) and 14.12 percent are fully vaccinated; these vaccination rates will continue to change. The State Department of Health updates this data on its COVID-19 dashboard available at https://www.doh.wa.gov/Emergencies/COVID19/DataDashboard (this website is included for convenience and is not incorporated herein).

Lodging Tax Revenues

Domestic and international travel has been acutely impacted by the COVID-19 pandemic and related travel and other public health restrictions. Tourism in Seattle is affected by international travel, in addition to domestic travel, and is particularly affected by the cruise industry. Airlines and cruise ships serving the region have reduced or cancelled flights and sailings, due to a severe drop in demand for domestic and international travel. Hotels in urban areas that are more dependent on conventions, sporting events, and other group functions have been affected more than hotels in other areas. Pledged Lodging Tax Revenues have declined significantly as has Convention Center activity. Generally, activity at resort and airport hotels has been less acutely affected than at urban downtown and other convention-oriented hotels. The decline in Pledged Lodging Tax Revenues has been more pronounced within Seattle than in the remainder of the District.

The following table shows monthly Regular Lodging Tax Revenues and Extended Lodging Tax Revenues accrued in 2020 as compared to 2019 based on unaudited results from reports of the Department of Revenue, and shows the significant negative impact of the COVID-19 pandemic on these Pledged Lodging Tax Revenues. In general, lodging taxes are actually received by the District two months after the taxable activity (and their accrual) with some variation, including delayed receipts as a result of the Governor's March 18, 2020 COVID-19 proclamation suspending interest on tax payments (and subsequent extensions of the proclamation).

TABLE 1:
WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITY DISTRICT
MONTHLY LODGING TAX REVENUES 2019 AND 2020[(1)]
(DOLLARS IN THOUSANDS, UNAUDITED)

Month	2020	2019	Percentage Change[(2)]
January	$5,366	$5,344	0.4%
February	2,320	5,502	(57.8)%
March	538	7,160	(92.5)%
April	2,902	6,778	(57.2)%
May	1,593	8,279	(80.8)%
June	923	10,436	(91.2)%
July	1,844	10,583	(82.6)%
August	1,583	10,920	(85.5)%
September	1,517	9,624	(84.2)%
October	1,443	8,075	(82.1)%
November	1,163	6,342	(81.7)%
December	1,021	5,277	(80.7)%
Total[(2)]	$22,211	$94,320	(76.5)%

(1) Includes Pledged Lodging Tax Revenues (e.g. Regular Lodging Tax Revenues and Extended Lodging Tax Revenues). Excludes Additional Lodging Tax Revenues. Based on reports from the Department of Revenue. Unaudited. Shown in the month of the taxable activity and accrued by the District. Because there generally is a two-month lag between the taxable activity, amounts collected by the District in Pledged Lodging Tax Revenues on a cash (and unaudited) basis were $93.26 million in 2019 million and $31.65 million in 2020 (a decrease of 66.07% from 2019 to 2020). The difference between the 2020 figures based on collection and accruals is significant because the collections figure includes two additional months of taxable activity (shown as November and December 2019 above) prior to the onset of the COVID-19 pandemic.

(2) Does not foot due to rounding.

Source: The District.

In addition to the Regular Lodging Tax Revenues and Extended Lodging Tax Revenues shown in the prior table, the District collects Additional Lodging Tax Revenues that are paid to the State on or before each June 30 unless these revenues are needed to pay debt service on First Priority Bonds and Subordinate Priority WSCC Obligation in which case the amount applied is deemed a loan from the State. The District incurred such a loan on June 30, 2020. As of June 30, 2020, the District incurred a Repayment Deficiency Loan under the Transfer Agreement in the amount of $14.3 million. The District expects to apply Additional Lodging Tax Revenues to pay debt service on First Priority Bonds and/or Subordinate Priority WSCC Obligations on June 30, 2021 through June 30, 2023 and therefore incur additional Repayment Deficiency Loans in an additional approximate principal amount of $23.8 million. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2021 JUNIOR NOTES—Lodging Tax Revenues," Table 8, and "FORECASTED LODGING TAX REVENUES."

Expense Reductions; Other Revenue Impacts

All events previously booked at the Convention Center from March 25, 2020 through December 31, 2020 were cancelled per the Governor's Stay Home, Stay Healthy proclamation. The following table shows operating results on a cash basis (excluding lodging tax revenues, amortization and depreciation) to illustrate the effects of COVID-19 and the related public health restrictions on operating revenues and expenses. The figures are cash based and unaudited. The result on operating revenue was a decrease of 74.9% or $27.8 million from 2019 to 2020. Operating expenses experienced a decrease of 53.0% or $19.6 million from 2019 to 2020. The effect on operating income was an increase in operating losses of $8.1 million (unaudited). However, net operating income was a positive $556,689 (see Table 2) due to $8.7 million interest and investment income (unaudited). The positive net operating income was due to interest earnings on bond proceeds (which is included as a source for the Addition Project) and other balances and also benefitted from significant reductions in salaries and wages and associated employee benefits while the District maintained core security and administration functions and necessary repair and maintenance schedules.

The District anticipates event revenues to continue to be affected for at least the first six months of 2021 or until the public health restrictions on indoor gatherings are lifted. The Convention Center expects to host events in the second half of 2021, although in a reduced amount and with fewer attendees than would have been expected prior to COVID-19.

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TABLE 2:
NET OPERATING INCOME[1]
2019 AND 2020

OPERATING REVENUES	**2020 (unaudited)**	**2019**
Building rent	$ 760,841	$ 4,263,280
Food service	4,950,410	23,085,555
Parking	2,147,140	3,897,330
Facility services	738,068	3,535,662
Retail leases	370,107	823,020
Other	312,670	1,493,478
Total Operating Revenues	9,279,236	37,098,324
OPERATING EXPENSES		
Salaries and wages	5,203,789	9,168,321
Employee benefits	3,348,677	5,331,519
Professional and other services	1,692,990	2,688,111
Food service	3,321,623	13,761,126
Supplies	342,984	585,368
Utilities	1,912,186	3,272,140
Repair and maintenance	1,497,710	1,840,824
Other administrative and contingency	79,561	376,795
Total Operating Expenses	17,399,521	37,024,204
OPERATING INCOME (LOSS)	(8,120,284)	74,120
NONOPERATING REVENUES (EXPENSES)		
Interest and investment income	8,676,974	22,872,700
NET OPERATING INCOME (LOSS)	$ 556,689	$ 22,946,820

(1) Unaudited, cash basis.
Source: The District.

On February 18, 2021, the District was approved for and funded a Payroll Protection Program loan (the "PPP Loan") from First Federal, in the principal amount of approximately $2.9 million. The PPP Loan has a term of five years, bears interest at 1%, and is fully amortizing if not fully forgiven. Pursuant to the requirements of the Payroll Protection Program, the District has eight to 24 weeks to use the funds, with 60% to be used towards payroll (salary, wages, vacation, parental, family, medical, or sick leave and health benefits) and 40% towards other eligible costs (including eligible utility and operating expenditures). After the 8 to 24 week period, the District has 10 months to apply for full or partial forgiveness. If the Program requirements for loan forgiveness, including maintaining required employee and compensation levels are satisfied, and the PPP Loan is fully forgiven, the U.S. Small Business Administration pays all accrued interest. The District plans to apply for full PPP Loan forgiveness.

Addition Project

The net proceeds of the 2021 Junior Notes are to be applied to pay costs of the Addition Project. The Convention Center addition project (the "Addition Project") is underway. Construction on the Addition Project began in July 2018; completion (subject to the availability of interim financing) is targeted for mid-2022. The Addition Project is over 50% complete (with 99% of the materials ordered). Prior to the COVID-19 pandemic, the District had been planning to issue completion bonds in 2020/2021 in an estimated principal amount of approximately $230 million and had projected cash resources of $50 million to fund the Addition Project.

During the COVID-19 pandemic, work on the Addition Project has continued as an essential activity under the Governor's proclamations, with adjustments pursuant to the contractor mitigation measures required by the public health emergency. In adherence with the Governor's proclamation the site was closed for four days for COVID-19 related issues including implementation of required safety measures. COVID-19 related protocols that have caused delays include daily safety checks of anyone who enters the site, impacts to worker productivity due to limiting occupants in elevator cabs during the morning rush, lunch, breaks and end of day, and the six-foot social distancing requirement, which has modified work methods and impacted worker productivity.

The District has been billed costs from the contractor for COVID-19-related costs. The bulk of those costs were in 2020. Together with other related costs (such as State sales tax), the total estimated additional COVID-19-related cost of the Addition Project as of March 23, 2021, is approximately $47 million. These costs are still under review by the District. The District expects to incur additional COVID-19-related costs.

Liquidity

The District maintains an Operating Reserve and a Capital Reserve, which have provided a source of funds to cover operating shortfalls and marketing needs until significant event activity can recommence. As of January 31, 2021, the funded balance of the Operating Reserve was $1.954 million, and the funded balance of both reserve accounts was $8.584 million.

Prior to the COVID-19 pandemic the District had not applied Additional Lodging Tax Revenues to any purpose other than remitting these revenues as the annual payment amount to the State. As shown in Table 1, Pledged Lodging Tax Revenues (as well as Additional Lodging Tax Revenues not shown on Table 1) have been acutely negatively affected by the COVID-19 pandemic. As a result, the District has had to apply Additional Lodging Tax Revenues to pay a portion of the debt service on First Priority Bonds and Subordinate Priority WSCC Obligations (incurring a Repayment Deficiency Loan to the State) and has applied unrestricted cash to meet debt service obligations. The District expects to continue to apply Additional Lodging Tax Revenues (and incur additional Repayment Deficiency Loans), capitalized interest on the 2021 Junior Notes, and unrestricted cash to meet its debt service obligations pending the expected recovery of Lodging Tax Revenues following the COVID-19 downturn in these revenues. As illustrated in "TABLE 8: WASHINGTON STATE CONVENTION CENTER 2021-2031 PROJECTED LODGING TAX REVENUES, DEBT SERVICE COVERAGE AND ANNUAL CASHFLOW)" the District will capitalize interest on the 2021 Junior Notes and also expects to apply unrestricted cash balances to the payment of a portion of debt service on outstanding obligations pending the anticipated recovery of Lodging Tax Revenues from the acute negative effects of the COVID-19 pandemic. The unrestricted surplus beginning balance for 2021 of $161.2 million is expected to decline to an ending unrestricted surplus balance for 2021 of $114.7 million and to further decline to an estimated ending balance of $36.1 million in 2022, before beginning to recover. See Table 8.

If Lodging Tax Revenues recover more slowly, or if the District is required to apply unrestricted funds to pay Addition Project or other costs (in addition to what is planned, see Table 8), these balances will be lower than projected. Approximately $25 million is expected to be applied to increase the District's liquidity (in addition to amounts to be applied to capitalize or fund interest) by paying Addition Project costs from 2021 Junior Note proceeds that had been previously been planned to be funded with unrestricted cash. The expected unrestricted cash balances shown in Table 8 includes these amounts.

THE 2021 JUNIOR NOTES

Principal Amount, Date, Interest Rate and Maturity

The 2021 Junior Notes will be dated and bear interest from their date of delivery. The 2021 Junior Notes will mature on July 1, 2031, and will bear interest payable semiannually on January 1 and July 1 (each, an "Interest Payment Date"), commencing January 1, 2022, at the rate set forth on the inside front cover of this Official Statement. Interest on the 2021 Junior Notes will be calculated on the basis of a 360-day year of twelve 30-day months.

Bond Anticipation Notes

The District is issuing the 2021 Junior Notes in anticipation of the issuance of First Priority Bonds and/or Subordinate Priority WSCC Obligations to pay the 2021 Junior Notes upon their maturity or earlier redemption. The District covenants in the Note Resolution to issue and sell First Priority Bonds and/or Subordinate Priority WSCC Obligations (or if necessary additional bond anticipation notes in the form of Additional Junior Bonds or other District obligations) that are general obligation bonds of the District in an amount at least sufficient to pay the principal of and interest on the 2021 Junior Notes or any additional bond anticipation notes issued to redeem the 2021 Junior Notes on or before maturity, to the extent not paid from other sources. See “CERTAIN INVESTMENT CONSIDERATIONS—Refinancing of the 2021 Junior Notes.”

The First Priority Bonds and/or Subordinate Priority WSCC Obligations shall be payable from and secured by Lodging Tax Revenues and any additional bond anticipation notes shall be payable from and secured by Pledged Lodging Tax Revenues. The full faith, credit and resources of the District are pledged for the prompt payment of principal and interest of such obligations.

Registration and Payment

DTC. The 2021 Junior Notes 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 2021 Junior Notes. Purchasers of the 2021 Junior Notes will not receive certificates representing their interests in the 2021 Junior Notes.

For so long as the 2021 Junior Notes are in fully immobilized form, payments of principal of and interest on the 2021 Junior Notes 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 2021 Junior Notes as they become due and payable, the District is required to remit principal and interest payments from the “Washington State Convention Center Public Facilities District Lodging Tax Junior Bond Fund” (the “Junior Bond Fund”) to the Registrar for payment 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. Payments by such DTC Participants to the Beneficial Owners of the 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 Registrar or the District.

For so long as any 2021 Junior Notes are held in fully immobilized form, DTC or its successor depository will be deemed to be the Registered Owner for all purposes under the Bond Resolution, 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 Registrar has any responsibility or obligation to DTC Participants or the persons for whom they act as nominees with respect to the 2021 Junior Notes 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 2021 Junior Notes, any notice which is permitted or required to be given to Registered Owners under the Bond Resolution (except such notices as are required to be given by the District to the Registrar 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 2021 Junior Notes 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 the sources indicated therein. The District makes no representation as to the accuracy or completeness thereof. Beneficial Owners of the 2021 Junior Notes should confirm its contents with the clearing systems.

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 2021 Junior Notes are no longer in fully immobilized form, interest on the 2021 Junior Notes shall be paid by check or draft mailed (or by wire transfer, without transfer fee, to a Registered Owner of the 2021 Junior Notes 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 Bond Resolution as the close of business on the day 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 2021 Junior

Notes shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Registrar.

Exchange and Transfer. Individual purchases of the 2021 Junior Notes will be made in book-entry form in the principal amount of $100,000 or any integral multiple of $5,000 in excess thereof within a maturity. Purchasers of the 2021 Junior Notes (the "Beneficial Owners") will not receive certificates representing their beneficial ownership interests in the 2021 Junior Notes. See "SECURITY AND SOURCES FOR PAYMENT OF THE 2021 JUNIOR NOTES – Additional Covenants –Application for Rating."

No Redemption Provisions

The 2021 Junior Notes are not subject to redemption.

Purchase of 2021 Junior Notes by the District

The District may acquire any 2021 Junior Notes by purchase of such 2021 Junior Notes 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. 2021 Junior Notes so acquired need not be surrendered to the Registrar for cancellation. Any 2021 Junior Notes so acquired by the District shall be disregarded for purposes of any Registered Owner consent, approval or direction under the Note Resolution. 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 2018 Master Agreement to purchase any of the 2021 Junior Notes. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2021 JUNIOR NOTES—District Lodging Tax Account; Flow of Funds."

Defeasance

Any 2021 Junior Notes will be deemed to have been paid and no longer Outstanding under the Note Resolution and shall cease to be entitled to any benefit or security of the Note Resolution 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 2021 Junior Notes are to be optionally redeemed, the District shall have given to the Registrar irrevocable instructions to give such notice of redemption of such 2021 Junior Notes, as may be required by the provisions of Note Resolution; and (b) there shall have been made an Irrevocable Deposit, in trust, with the Registrar 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 2021 Junior Notes 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 Note Resolution, "Government Obligations" means direct obligations of the United States and obligations unconditionally guaranteed by the United States.

HISTORICAL LODGING TAX REVENUES AND DEBT SERVICE COVERAGE

Lodging Tax Revenues History

The following table shows historical Lodging Tax Revenues of the District on an accrual basis. The revenues are generally received by the District two months following the taxable activity.

TABLE 3:
LODGING TAX REVENUES HISTORY
FOR FISCAL YEARS 2006 – 2020

Fiscal Year	Regular Lodging Tax Revenues ($)	Percent Increase/Decrease (%)	Extended Lodging Tax Revenues ($)	Additional Lodging Tax Revenues[3]($)	Totals ($)
2006[1]	40,445,950	N/A	N/A	9,068,417	49,514,367
2007[1]	45,770,495	13.16	N/A	10,223,552	55,994,047
2008[1]	50,304,646	9.91	N/A	11,158,692	61,463,338
2009[1]	46,763,890	(7.04)	N/A	10,488,751	57,252,641
2010[1]	41,447,755	(11.37)	N/A	9,362,155	50,809,910
2011[2]	48,409,316	16.80	N/A	11,050,910	59,460,226
2012[2]	52,718,482	8.90	N/A	11,931,047	64,649,529
2013[2]	56,972,604	8.07	N/A	13,056,786	70,029,390
2014[2]	65,526,961	15.01	N/A	15,251,036	80,777,997
2015[2]	73,153,004	11.64	N/A	17,064,837	90,217,841
2016[2]	77,163,096	5.48	N/A	19,055,235	96,218,331
2017[2]	83,649,573	8.41	N/A	20,945,872	104,595,445
2018[2]	89,843,281	7.40	N/A	19,766,380	109,609,661
2019[2]	92,400,448	2.85	1,917,849	23,814,231	118,132,528
2020[2]	21,305,053	(76.9)	906,466	5,257,744	27,469,243

(1) Revenues of the Nonprofit Corporation under former chapter 67.40 RCW during its fiscal years ended June 30.
(2) Revenues of the District under chapter 36.100 RCW during its fiscal years ended December 31.
(3) Additional Lodging Tax Revenues are not pledged to pay debt service on Junior Bonds. See "STATE AND COUNTY AGREEMENTS—Purchase and Sale Agreement."

Source: The District.

First Priority Bonds and Subordinate Priority WSCC Obligations

As of July 2, 2020, the District has outstanding $255,855,000 aggregate principal amount of its Lodging Tax Bonds, 2010B (Taxable Build America Bonds – Direct Payment) (the "2010 Bonds"), $598,485,000 aggregate principal amount of its Lodging Tax Bonds, 2018 and $404,430,000 aggregate principal amount of its Subordinate Lodging Tax Bonds, 2018. 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, interest subsidy payments continue to be reduced (by 5.7% in 2021).

2018 Junior Note

The District has entered into the Purchase and Sale Agreement with the County pursuant to which the District acquired the land on which the Addition Project is being constructed. Under the Purchase and Sale Agreement, the County sold 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 2018 Junior Note in 2018, with the balance of the Purchase Price payable over time. The District's payment obligation is evidenced by the 2018 Junior Note outstanding in the principal amount of $140,918,221 bearing interest at a rate of 1% per annum for the first six years and 4.25% per annum thereafter (the "Note Rate"). The 2018 Junior Note is subject to a scheduled maturity on or about July 25, 2049 and is not subject to prepayment prior to June 30, 2035.

The 2018 Junior Note is a Junior Bond, subordinate to the First Priority Bonds and Subordinate Priority WSCC Obligations. The District has pledged the Pledged Lodging Tax Revenues to the payment of the 2018 Junior Note on a parity with the pledge for the payment of the principal of and interest on the 2021 Junior Notes and any Additional Junior Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2021 JUNIOR NOTES—Lodging Tax Revenues" and "THE DISTRICT—Transfer Agreement." The 2018 Junior Note is not subject to acceleration. See "THE 2021 JUNIOR NOTES—Bond Anticipation Notes."

Historical Debt Service Coverage

The following table shows historical debt service coverage of the District for the fiscal years ended December 31, 2016 through 2019 (audited) and 2020 (unaudited). The historical results for periods occurring prior to the COVID-19 pandemic speak only as of their dates and for the periods shown and may not be indicative of future results or performance due to a variety of factors. See "COVID-19 PANDEMIC." On a cash (and also unaudited) basis the District received $30.7 million of Regular Lodging Tax Revenues, $0.9 million of Extended Lodging Tax Revenues, and $7.7 million of Additional Lodging Tax Revenues in 2020. See note 1 to Table 1.

TABLE 4:
WASHINGTON STATE CONVENTION CENTER
HISTORICAL DEBT SERVICE COVERAGE
(DOLLARS IN THOUSANDS)[1]

	Fiscal Year Ending December 31				
	2016	**2017**	**2018**	**2019**	**2020**
Regular Lodging Tax Revenues	$77,163	$83,650	$89,843	$92,400	$21,305
Additional Lodging Tax Revenues	19,055	20,946	19,766	23,814	5,258
Extended Lodging Tax Revenues	0	0	0	1,918	907
Total Lodging Tax Revenues	$96,218	$104,596	$109,609	$118,132	$27,469
First Priority Bond Debt Service[2]	$19,971	$19,975	$19,903	$45,144	$48,368
Lodging Tax Revenues Coverage of First Priority Bonds	4.82x	5.24x	5.51x	2.62x	0.58x
Subordinate Priority WSCC Obligations Debt Service	N/A	N/A	N/A	$16,986	$19,365
Aggregate First Priority and Subordinate Priority WSCC Obligations Lodging Tax Revenue Coverage	4.82x	5.24x	5.51x	1.9x	0.41x
Junior Bond Debt Service (the 2018 Junior Note)	-	-	-	$1,409	$1,409
Aggregate Debt Service Coverage	-	-	-	1.9x	0.40x[3]

(1) 2016-2019 historical Lodging Tax Revenues data is based on audited financial statements of the District. 2020 data is unaudited and reflects taxable activity in 2020.
(2) Debt service shown net of subsidy payments received for 2010 Bonds issued as Build America Bonds.
(3) See "COVID-19 PANDEMIC—Liquidity."
Source: The District.

PLAN OF FINANCE

The Addition Project

The 2021 Junior Notes are being issued to finance a portion of the costs of the Addition Project. The Addition Project 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 Project is expected to include a 155,000 square foot exhibition hall, 100,000 square foot flex hall, 62 meeting rooms totaling 100,000 square feet, and a 60,000 square foot ballroom. The Addition Project also is expected to include 20,000 square feet of retail and restaurant space, structured parking for approximately 715 vehicles, lobby, loading and marshalling spaces.

The Addition Project is located on an approximately 7.7-acre site bordered by Pine and Howell Streets and Ninth and Boren Avenues. The site is near the Convention Center and serves as a connection between downtown Seattle's retail core, South Lake Union, and the Capitol Hill neighborhoods. The District owns or has control over the parcels and has leased the air rights above the Boren Avenue and Pine Street corner of the site (the "Air Rights Lease") from the Washington State Department of Transportation ("WSDOT"). The alley and street vacations have been approved by the City and paid for by the District, but the District will not have title to the vacated property until completion of the Addition Project.

LMN Architects are serving as the architects for the Addition Project, and Pine Street Group L.L.C. is serving as development manager for the District on the Addition Project and is serving as development manager to the purchasers of the co-development components described below. 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. As of March 1, 2021, almost all of the costs defined in the contract are capped under the MACC. The MACC does not include a cap for certain changes, such as COVID-19-related costs, delays outside the contractor's control or District-requested changes. The District has incurred such costs, and expects additional uncapped costs to be incurred, including COVID-19 related costs. However, the District monitors such costs and looks to mitigate or avoid additional costs to the extent possible. See "COVID-19 PANDEMIC—Addition Project."

The master use permits for the Addition Project were received in 2018. A portion of the below-grade components of the Addition Project is being constructed on parcels that are located across Olive Way from the remainder of the Addition Project. The above-grade portion of these parcels will not be needed for the Addition Project and has been made available for two co-development components: (1) an office co-development for an office building of approximately 500,000 square feet on the block bounded by Olive Way, Boren Avenue, Howell Street, and Terry Avenue; and (2) a residential co-development for an approximately 400-unit apartment building on the block bounded by Olive Way, Terry Avenue, Howell Street, and Ninth Avenue. The District has obtained entitlements for a 16-story office building and a 29-story residential tower on the parcels. The District will own the loading dock facilities that start at grade and continue below the planned office and apartment buildings.

The District has entered into an agreement with a public real estate investment trust for the sale of the plans and rights to build the office building above the District's loading dock facility. The sale is expected to close in late 2021 and, depending on the office market, construction of the office building is expected to commence sometime thereafter. The District did not receive a complete offer to purchase the residential co-development site. The District entered into an option agreement with a developer for the sale of the plans and rights to build the apartment building above the District's loading dock facility, with an estimated closing at the end of 2022, subject to extension including in the event that completion financing is delayed. The development entity includes local investor members, the Pine Street Group (the District's development manager for the Addition Project), and members who also are principals of the Pine Street Group. The development entity currently projects that 60% of the capital will come from an institutional investor and 40% from the local investment group. The majority of the sales proceeds from the sale of the co-development components is from the office building. In addition, the District anticipates selling another parcel that is not necessary for the Addition Project and applying the proceeds from the sale to pay a portion of the costs of the Addition Project.

The estimated total cost of the Addition Project is approximately $2.0 billion, including site acquisition, predevelopment costs, construction costs, contingency and other costs as shown in Table 5. The total estimated costs less reimbursement of costs from the County and Other Reimbursements and for Sale of Development Rights and Surplus Property (which are to be applied to reduce the net cost of the Addition Project) is approximately $1.9 billion.

These costs are subject to change. In addition, to other sources described in Table 5 below, the District expects to finance the remaining costs of the Addition Project primarily with the proceeds of the 2021 Junior Notes.

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

TABLE 5:
ESTIMATED ADDITION PROJECT SOURCES AND USES[1]
(in millions)

Sources of Funds	**Total**
Regular Lodging Tax Revenues Collected Prior to 2021 Junior Note Financing	$ 242.8
Projected Proceeds of Sale of Development Rights and Surplus Property[2]	95.6
Projected Investment Income[3]	36.0
Estimated State Reimbursement of COVID-19 Costs[4]	30.0
County and Other Reimbursements	29.4
Leasing of FF&E and Debt on Marshalling Yard	20.0
Items Delayed to Reduced Cash Flow	6.6
Total Other Sources	**$ 460.4**
2018 First Priority Bonds`	649.8
2018 Subordinate Priority WSCC Obligations	435.6
Release of 2010 Bond Debt Service Reserve Amount	19.4
2021 Junior Notes	340.0
2018 Junior Note	141.0
Total Financing Proceeds	1,585.8
Total Sources of Funds	**$ 2,046.2**
Uses of Funds	
Construction	$ 1,299.5
Land Acquisition	346.9
Washington State Sales Tax	125.4
Architecture and Engineering	109.7
Addition Project Administration	45.3
Miscellaneous	34.7
FF&E	18.8
Contingency	10.8
Bond Issuance Expenses	7.1
Leasing and Marketing	3.0
Financing	3.6
Total Uses of Funds	**$ 2,004.8**
Additional Funds available	**$ 41.4**

(1) Amounts shown in table are rounded. Assumptions for Addition Project costs, existing District cash transfers, other funding sources, and Lodging Tax Revenues based on estimates as of March 18, 2021.
(2) The sale of development rights is based on the option agreement for the residential co-development and the purchase and sale agreement for the office co-development (and are subject to the terms and conditions thereof). Sale of surplus property is based on estimated current market rates.
(3) Reflects $35.5 million in interest earnings on cash balances through December 31, 2020, plus additional earnings through project completion.
(4) Other reimbursements include estimated State reimbursement of COVID-19 costs. As of March 23, 2021, the District has submitted approximately $61.2 million of costs incurred and projected costs through the summer of 2021 in responding to COVID-19 and the public health restrictions including costs associated with delay resulting from the additional social distancing and other requirements. This includes $56.3 million of Addition Project costs and $4.9 million of operating costs. The District has no assurance that funding will be provided or will be provided in the amount submitted.

Source: The District.

Sources and Uses of Note Proceeds

Proceeds of the 2021 Junior Notes will be used (a) to pay and/or reimburse a portion of the cost of the Addition Project, (b) to fund the Reserve Requirement, (c) to capitalize a portion of the interest on the 2021 Junior Notes, and (d) to pay expenses incidental to the issuance of the 2021 Junior Notes.

The proceeds of the 2021 Junior Notes are estimated to be applied as follows:

TABLE 6:
ESTIMATED SOURCES AND USES OF FUNDS[1]

Sources of Funds	
Principal Amount	$ 341,500,000
Original Issue Premium	37,773,315
Total Sources of Funds	$ 379,273,315
Uses of Funds	
Addition Project Fund Deposit	$ 340,000,000
Reserve Deposit	6,830,000
Interest Deposit[2]	30,241,722
Issuance Costs[3]	2,201,593
Total Uses of Funds	$379,273,315

(1) Amounts shown in table are rounded to the nearest dollar.
(2) Includes capitalized interest for the period through six months following Addition Project completion and a cash contribution for the Interest Account (funded with 2021 Junior Note proceeds applied to reimburse prior costs) for the remaining period through July 1, 2023.
(3) Includes future rating application fees, underwriters' discount, third-party fees including legal fees and Municipal Advisor fees, Registrar fees, additional proceeds, and other costs incurred in connection with the issuance of the 2021 Junior Notes.

Debt Service Requirements

The table on the following page shows the scheduled debt service on the District's outstanding First Priority Bonds, Subordinate Priority WSCC Obligations and Junior Bonds. The following schedule includes the Outstanding Repayment Deficiency Loan as well as the additional Repayment Deficiency Loans the District expects to incur through June 30, 2023. See Table 8.

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TABLE 7: FIRST PRIORITY BOND, SUBORDINATE PRIORITY WSCC OBLIGATIONS AND JUNIOR BOND DEBT SERVICE REQUIREMENTS

					2021 Junior Notes			
Fiscal Year[(1)]	First Priority Bond Total Debt Service[(2)]	Sub. Priority WSCC Obligations Total Debt Service[(2)]	Outstanding and Expected Repayment Deficiency Loans[(3)]	Junior Bond Debt Service	Principal	Interest[(4)]	Total	Total Bond Debt Service[(5)]
2021	$48,355,293	$19,366,500	$1,730,858	$1,409,182	-	-	-	$70,861,833
2022	48,356,089	19,366,750	2,444,382	1,409,182	-	-	-	71,576,403
2023	48,357,583	19,366,000	3,947,567	1,409,182	-	-	-	73,080,332
2024	48,360,291	19,364,250	4,616,515	1,409,182	-	$13,660,000	$13,660,000	87,410,239
2025	48,363,281	19,361,500	4,616,515	6,765,929	-	13,660,000	13,660,000	92,767,225
2026	48,365,643	19,362,750	4,616,515	6,968,907	-	13,660,000	13,660,000	92,973,815
2027	48,366,444	19,362,750	4,616,515	7,177,974	-	13,660,000	13,660,000	93,183,683
2028	48,369,775	19,361,500	4,616,515	7,393,313	-	13,660,000	13,660,000	93,401,103
2029	48,369,498	19,369,000	4,616,515	7,615,113	-	13,660,000	13,660,000	93,630,126
2030	48,374,682	25,259,750	4,616,515	7,843,566	-	13,660,000	13,660,000	99,754,513
2031	48,373,915	25,259,500	2,885,657	8,078,873	$341,500,000	13,660,000	355,160,000	439,757,945
2032	48,381,334	25,258,000	2,172,134	8,321,239	-	-	-	84,132,707
2033	48,380,257	25,259,500	668,949	8,570,876	-	-	-	82,879,582
2034	48,384,818	25,258,000	0	8,828,003	-	-	-	82,470,821
2035	48,388,381	25,257,750	-	9,092,843	-	-	-	82,738,974
2036	48,389,580	25,257,750	-	9,365,628	-	-	-	83,012,958
2037	48,397,028	25,257,000	-	9,646,597	-	-	-	83,300,625
2038	48,398,839	25,259,500	-	9,935,995	-	-	-	83,594,334
2039	48,403,670	25,259,000	-	10,234,075	-	-	-	83,896,745
2040	48,404,678	25,259,500	-	10,541,097	-	-	-	84,205,275
2041	48,410,250	25,259,750	-	10,857,330	-	-	-	84,527,330
2042	48,410,250	25,258,500	-	11,183,050	-	-	-	84,851,800
2043	48,407,750	25,259,500	-	11,518,541	-	-	-	85,185,791
2044	48,410,250	25,256,250	-	11,864,097	-	-	-	85,530,597
2045	48,409,750	25,257,500	-	12,220,020	-	-	-	85,887,270
2046	48,408,500	25,261,500	-	12,586,621	-	-	-	86,256,621
2047	48,408,500	25,261,500	-	12,964,220	-	-	-	86,634,220
2048	48,411,500	25,256,000	-	13,353,146	-	-	-	87,020,646
2049	48,409,000	25,258,500	-	13,753,741	-	-	-	87,421,241
2050	48,407,750	25,261,750	-	-	-	-	-	73,669,500
2051	48,410,200	25,256,900	-	-	-	-	-	73,667,100
2052	48,411,050	25,254,700	-	-	-	-	-	73,665,750
2053	48,407,350	25,258,700	-	-	-	-	-	73,666,050
2054	48,411,050	25,257,050	-	-	-	-	-	73,668,100
2055	48,408,500	25,258,500	-	-	-	-	-	73,667,000
2056	48,411,500	25,256,200	-	-	-	-	-	73,667,700
2057	48,411,050	25,258,650	-	-	-	-	-	73,669,700
2058	48,408,550	25,258,850	-	-	-	-	-	73,667,400
Total	**$1,838,913,829**	**$906,776,550**	**$46,165,152**	**$252,317,522**	**$341,500,000**	**$109,280,000**	**$450,780,000**	**$3,494,953,054**

(1) Ending December 31.
(2) Interest is net of interest payment subsidy and assumes sequestration of 5.7% of the interest payment subsidy.
(3) See Table 8 and "FORECASTED LODGING TAX REVENUES."
(4) Interest is net of capitalized and funded interest applied through July 1, 2023.
(5) Totals may not foot due to rounding.
Source: the District and the District's Municipal Advisor

SECURITY AND SOURCES OF PAYMENT FOR THE 2021 JUNIOR NOTES

General

The Junior Bonds, including the 2021 Junior Notes, are payable from and secured by a pledge of Pledged Lodging Tax Revenues. All Lodging Tax Revenues are pledged to the First Priority Bonds and the Subordinate Priority WSCC Obligations. The pledge of Pledged Lodging Tax Revenues (consisting of Regular Lodging Tax Revenues and Extended Lodging Tax Revenues, but excluding Additional Lodging Tax Revenues, which are not available for payment of Junior Bonds) to pay and secure the Junior Bonds is subordinate and junior to the pledge of Lodging Tax Revenues—as set forth in the 2018 Master Agreement—for the payment of principal and interest on First Priority Bonds, payments required to be made in connection with debt service reserves securing First Priority Bonds, payment of the principal of and interest on Subordinate Priority WSCC Obligations, payments required to be made in connection with debt service reserves securing Subordinate Priority WSCC Obligations, and annual payment amounts and loan repayment amounts owed to the State as required by Section 5(6)(a) of the Convention Center Act and Section 2 of the Transfer Agreement. The pledge of Pledged Lodging Tax Revenues to pay and secure the 2018 Junior Note and the 2021 Junior Notes is of equal priority to the payments required to be made to pay and secure the payment of the principal of and interest on Outstanding Junior Bonds and any Additional Junior Bonds, and superior to all other pledges of any kind or nature whatsoever.

The full faith, credit and resources of the District are irrevocably pledged for the prompt payment of the principal of and interest on the Junior Bonds when due.

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 (including web-based and other short-term rentals) 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 (including web-based and other short-term rentals) 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. Based on this statutory deadline, 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. **Additional Lodging Tax Revenues are not included in Pledged Lodging Tax Revenues.**

The District has irrevocably covenanted and agreed in the Note Resolution for as long as any of the Junior Bonds 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 pursuant to RCW 36.100.040 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 2018 Master Agreement, the Note Resolution and any resolution relating to the issuance of Junior Bonds.

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 2018 Master Agreement and the Note Resolution. See "—Lodging Tax Revenues."

The 2021 Junior Notes 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 2021 Junior Notes are not secured by a mortgage, deed of trust, lien or other security interest on or in the Convention Center.

Lodging Tax Revenues

The District's Lodging Tax Revenues are pledged under the 2018 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 the Purchase and Sale Agreement and has pledged the Lodging Tax Revenues to the payment of the 2018 Junior Note securing its obligation thereunder, on a basis subordinated to the First Priority Bonds, the Subordinate Priority WSCC Obligations, the Annual Payment Amount and any loan repayment obligation under the Transfer Agreement. The District has pledged the Pledged Lodging Tax Revenues to pay and secure the 2021 Junior Notes and any Additional Junior Bonds on a parity with the 2018 Junior Note. See "HISTORICAL LODGING TAX REVENUES AND DEBT SERVICE COVERAGE—County Note Obligation" and "SECURITY AND SOURCES OF PAYMENT FOR THE 2021 JUNIOR NOTES—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, <u>the Regular Lodging Tax may **not** be levied on any premises having fewer than 60 lodging units or classified as a hostel</u>. 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 area. 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.

"Regular Lodging Tax Revenues" mean the revenues generated by the Regular Lodging Tax that the District is entitled to collect. Regular Lodging Tax Revenues are pledged under the 2018 Master Agreement to pay principal of and interest on and to secure all First Priority Bonds and Subordinate Priority WSCC Obligations, and pledged on a subordinate and junior basis under the Note Resolution (and the Purchase and Sale Agreement) to pay principal of and interest on, and to secure, the Junior Bonds.

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 2018 Master Agreement and the Note Resolution to mean the excise tax on the sale of or charge made for the furnishing of lodging on any premises having <u>**fewer**</u> 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 2018 Master Agreement to pay principal of and interest on and to secure all First Priority Bonds and Subordinate Priority WSCC Obligations, and pledged on a subordinate and junior basis under the Note Resolution (and the Purchase and Sale Agreement) to pay principal of and interest on, and to secure, the Junior Bonds. 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 in the District Lodging Tax Account and therefore are not pledged to the payment of debt service on First Priority Bonds, Subordinate Priority WSCC Obligations or other obligations of the District including the Junior Bonds.

Revenues generated by the Extended Lodging Tax are 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 began collecting the Extended Lodging Tax on January 1, 2019, and the District began receiving revenues derived from the Extended Lodging Tax in March 2019. On January 1, 2019, DOR also began collecting the extended portion of the Additional Lodging Tax as described under the subheading "—*Additional Lodging Tax*" below and made 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 under the 2018 Master Agreement. The portion that is required to be paid to the County and the City (pursuant to the Extended Lodging Tax Legislation) is sent from the State Treasurer to the District, and the District in turn makes the distributions to the County and the City. This portion 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 to the District Lodging Tax Account and therefore are not pledged to the payment of debt service on First Priority Bonds and Subordinate Priority WSCC Obligations or other District obligations including the Junior Bonds. The pledged Extended Lodging Tax Revenues include only the revenues that are retained by the District after making the payments required to be made to the City and County under the Extended Lodging Tax Legislation.

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 the City. "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). **Additional Lodging Tax Revenues are not pledged to pay and secure the 2021 Junior Notes.**

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 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, 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 (a "Repayment Deficiency 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 2021 Junior Notes), as provided in the Transfer Agreement. See "THE DISTRICT—Transfer Agreement."

Under the terms of the Transfer Agreement, 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 10 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 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.

Pledge and Security of Pledged Lodging Tax Revenues. Pursuant to RCW 36.100.040 and the Note Resolution, the District has pledged the Pledged Lodging Tax Revenues to the payment of principal of and interest on and to secure all Junior Bonds as described under "—District 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 Registrar for District obligations. The District has directed that Lodging Tax Revenues be distributed to the Trustee under the 2018 Master Agreement. 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 Agreement 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 2018 Master Agreement, the District has assigned, pledged and granted 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, and pursuant to the Note Resolution, the District has pledged the Pledged Lodging Tax Revenues to pay and secure the 2021 Junior Notes on a junior and subordinated basis. The statute does not expressly state that the pledge constitutes a statutory lien. See "CERTAIN INVESTMENT CONSIDERATIONS."

District Lodging Tax Account; Flow of Funds

For the benefit of the Owners of all Junior Bonds, the District has established and is required to maintain the "Washington State Convention Center Public Facilities District – Junior Lodging Tax Account" (the "District Lodging Tax Account"). See "—*Lodging Tax Account*" below.

For the benefit of the Owners of all Junior Bonds, the District has established and is required to maintain the Junior Bond Fund, which includes therein the Interest Account and the Principal Account. The District has also established and is required to maintain the "Washington State Convention Center Public Facilities District Lodging Tax Junior Bond Common Reserve Fund" (the "Junior Common Reserve Fund") for the benefit of the Owners of all Junior Bonds secured by the Junior Common Reserve Fund (the "Covered Junior Bonds"), so long as any Covered Junior Bonds are Outstanding. See "Bond Funds for Junior Bonds" below.

Priority of Payments. Under the terms of the 2018 Master Agreement (as will be amended by the First Amendment to Master Trust 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 pay and secure the payment of the principal of and interest on all Outstanding Junior Bonds as provided by resolution of the Board;

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 2018 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 2018 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 2018 Master Agreement.

District Lodging Tax Account. For so long as any Junior Bonds remain Outstanding, all Lodging Tax Revenues transferred to the District as Available Balance from the Trustee pursuant to the 2018 Master Agreement is required under the Note Resolution to be deposited on the date of receipt thereof to the District Lodging Tax Account (together with all interest earnings on the Lodging Tax Account, the Interest Account and the Principal Account). The "Available Balance" is distributed by the Trustee under the 2018 Master Agreement on a monthly basis after making monthly deposits to pay the interest on and principal of the First Priority Bonds and Subordinate Priority WSCC Obligations next coming due. Prior to each debt service payment date for the First Priority Bonds and Subordinate WSCC Priority Obligations, if the amount on deposit with the Trustee in the Interest Account and Principal Account for the First Priority Bonds and Subordinate Priority WSCC Obligations then coming due, the Trustee is required to provide notice to the District demanding a Required Supplement Deposit for this purpose.

Lodging Tax Revenues deposited to the District Lodging Tax Account are required under the Note Resolution to be disbursed to make the following payments in the following order of priority:

(1) to make the Required Supplemental Deposit, if any is required under the 2018 Master Agreement to the extent not paid from other District funds. (Upon receipt of any notice from the Trustee pursuant to the 2018 Master Agreement that the District is required to make a Required Supplemental Deposit, the District Treasurer is required promptly, but in no event later than the 24th day of the month, to remit a Required Supplemental Deposit to the Trustee no later than the second business day thereafter);

(2) to pay the Annual Payment Amount on or prior to each June 30 and any Repayment Deficiency Loan amounts owed to the State as required by Section 5(6)(a) of the Convention Center Act and Section 2 of the Transfer Agreement;

(3) (i) for deposit into the Interest Account for the payment of interest coming due on Junior Bonds taking into account amounts on deposit therein, (ii) for deposit into the Principal Account for the payment of principal of Junior Bonds maturing or being redeemed by sinking fund redemption prior to scheduled maturity (and to make any required payments then due to Credit Facility Issuers and Liquidity Facility Issuers that have provided a Credit Facility or Liquidity Facility to pay the interest on and principal or purchase price of Junior Bonds) taking into account amounts on deposit therein, and (iii) to make all payments required to be made into the Junior Common Reserve Fund to maintain the Junior Common Reserve Requirement for Covered Junior Bonds and into any other reserve fund established for Additional Junior Bonds that are Uncovered Junior 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;

(4) to pay operating expenses of the District 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 2018 Master Agreement;

(5) 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

(6) 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 Note Resolution that it will exercise due regard for the anticipated financial requirements to be satisfied as priorities (1), (2) and (3) above in each Fiscal Year prior to authorizing or making any disbursement of Lodging Tax Revenues for the purposes identified as priorities (4), (5) and (6). 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.

Bond Funds for Junior Bonds

Junior Bond Fund. The Junior Bond Fund is required to be maintained by the District and drawn upon to pay the principal of and interest on the Junior Bonds, including the 2021 Junior Notes, as the same shall become due and payable.

Under the Note Resolution, the District is required to deposit the following amounts to the Interest Account held in the Junior Bond Fund:

(1) On the Date of Issue, a portion of the proceeds of the 2021 Junior Notes to be applied to pay capitalized interest on such Junior Bonds, in the amount set forth in the Closing Memorandum; and

(2) On the business day prior to each Interest Payment Date, an amount sufficient to pay interest on Junior Bonds coming due on the upcoming Interest Payment Date taking into account any amounts then on deposit in the Interest Account; and

(3) On the business day prior to each Interest Payment Date with respect to Junior Bonds that are Covered Junior Bonds or secured by a reserve fund (whether by redemption or maturity), to the extent that the balance on hand in the Junior Bond Fund is not sufficient to make such payment, money from the Junior Common Reserve Fund or reserve fund, as applicable, to the Interest Account to be used for such purpose.

Under the Note Resolution, the District is required to deposit the following sums into the Principal Account held in the Junior Bond Fund:

(1) On the business day prior to each Principal Payment Date, an amount sufficient to pay principal (whether by redemption or maturity) on Junior Bonds coming due on the upcoming Principal Payment Date taking into account any amounts on deposit in the Principal Account; and

(2) On the business day prior to each Principal Payment Date with respect to Junior Bonds that are Covered Junior Bonds or secured by a reserve fund (whether by redemption or maturity), to the extent that the balance on hand in the Junior Bond Fund is not sufficient to make such payment, money from the Junior Common Reserve Fund or reserve fund, as applicable, to the Principal Account to be used for such purpose.

The District shall disburse money in the Principal and Interest Accounts in the Junior Bond Fund to the Registrar on the following dates and in the following amounts to be applied by the Registrar to the following purposes:

(1) To the Registered Owners thereof at such time required to pay on each date on which a payment of interest on Junior Bonds comes due, an amount equal to the interest on all of the Junior 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 Junior Bonds matures or is subject to redemption for as long as any of the Junior Bonds are Outstanding and unpaid, an amount equal to the principal (including mandatory redemption amounts) of the Junior Bonds maturing or subject to redemption on such date; and

(3) To the Registered Owners thereof at such time required to pay on each date on which the Junior Bonds are subject to redemption prior to maturity, whether by optional, mandatory or extraordinary redemption prior to maturity, the redemption price of the Junior Bonds to be redeemed.

2021 Junior Note Reserve Fund—Reserve Requirement. Under the terms of the Note Resolution, in addition to the Junior Common Reserve Fund for Covered Bonds described below, the District may establish reserve funds or accounts for a series of Uncovered Junior 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 Sale Document relating to the Uncovered Junior Bonds. The District will establish a reserve fund for the 2021 Junior Notes. The 2021 Junior Notes are Uncovered Bonds, with a Reserve Requirement equal to $6,830,000, which reflects approximately six months of interest on the 2021 Junior Notes.

*Junior Common Reserve Fund—**Not Pledged to the 2021 Junior Notes***. The Registrar will maintain the Junior Common Reserve Fund for the purpose of securing the payment of the principal of, premium, if any, and interest on all Junior Bonds that are Covered Bonds. Covered Bonds include Additional Junior Bonds, if any, designated as Covered Junior Bonds additionally secured by the Junior Common Reserve Fund. Alternatively, the District may elect to secure Additional Junior Bonds with a separate debt service reserve fund and to establish a separate Reserve Requirement, which may be zero, as the District will establish in connection with the issuance of the 2021 Junior Notes. Any Junior Bonds that are not secured by the Junior Common Reserve Fund, including the 2018 Junior Note and the 2021 Junior Notes, are referred to in the Note Resolution as "Uncovered Junior Bonds."

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

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

(1) On the date of issuance of each series of Covered Junior Bonds, the District will assure that the amount on hand in the Junior Common Reserve Fund shall be sufficient to meet the Junior Common Reserve Requirement; and

(2) If there shall be a deficiency in the Junior Common Reserve Fund, the District shall deposit Lodging Tax Revenues from the District Lodging Tax Account to the Junior Common Reserve Fund to replenish such deficiency.

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

Composition of Account; Valuation Requirement. The Junior Common Reserve Requirement 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 Junior Common Reserve Fund, all or a portion of the money on hand in the Junior Common Reserve Fund is required to be transferred to the Addition Project Fund and/or the District Lodging Tax Account, as directed by the District. In computing the amount on hand in the Junior 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 District 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 Note Resolution, 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 Junior Common Reserve Fund may be satisfied by the transfer of investments to such account. If a deficiency in the Junior Common Reserve Requirement 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 Junior Common Reserve Fund is Fully Funded. If the balance on hand in the Junior Common Reserve Fund is sufficient to satisfy the Junior Common Reserve Requirement, amounts in excess of such Junior Common Reserve Requirement are required to be applied as described in the following sentences. Whenever there is a sufficient amount in the Junior Bond Fund and the Junior Common Reserve Fund to pay the principal of, premium, if any, and interest on all Covered Junior Bonds, the money in the Junior Common Reserve Fund may be used to pay such principal and interest. If the balance on deposit in the Junior Common Reserve Fund is at least equal to the Junior Common Reserve Requirement, money in the Junior Common Reserve Fund in excess of the Junior Common Reserve Requirement may be transferred to the District Lodging Tax Account.

Application of Balances if there is a Deficiency in the Junior Bond Fund. In the event of a deficiency in the Junior Bond Fund with respect to Covered Junior Bonds, such deficiency is to be made up from the Junior Common Reserve Fund by the withdrawal of cash therefrom for that purpose and by the sale or redemption of investments held in the Junior Common Reserve Fund, in such amounts as will provide cash in the Junior Common Reserve Fund sufficient to make up any such deficiency with respect to the Covered Junior Bonds, and if a deficiency still exists immediately prior to an Interest Payment Date and after the transfer of cash from the Junior Common Reserve Fund to the Junior Bond Fund, the District is required to then draw from any Qualified Letter of Credit or Qualified Insurance then credited to the Junior Common Reserve Fund for the Covered Junior 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 Junior 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 Junior 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 to pay interest on and principal of the Junior Bonds. In providing for the payments required to be made, 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 Junior Common Reserve Fund. If more than one Qualified Letter of Credit or Qualified Insurance is then credited to the Junior Common Reserve Fund (or if there is both a Qualified Letter of Credit and Qualified Insurance then credited to the Junior 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 Section 8(b)(3)(iii). If the District shall have failed to make any payment required to be made under such reimbursement agreement for Covered Junior Bonds, the issuer shall be entitled to exercise all remedies available at law or under the Note Resolution; provided, however, that no acceleration of Covered Bonds shall be permitted, and no remedies that adversely affect Registered Owners of Covered Junior Bonds shall be permitted.

Any deficiency created in the Junior 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 Pledged 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 Junior Bond Fund within such year.

If a Credit Event occurs, the Junior Common Reserve Requirement 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 Pledged 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 Junior 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 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 held under the 2018 Master Agreement. As provided in the 2010 Bond Resolution and the 2018 Master Agreement, the District has reserved the right to issue from time to time one or more series of Additional First Priority Bonds and Additional Subordinate Priority WSCC Obligations, provided that the District complies with the terms and conditions for the issuance of Additional First Priority Bonds and Additional Subordinate Priority WSCC Obligations set forth in the 2010 Bond Resolution and 2018 Master Agreement, as each may be amended in accordance with their terms. The District has the right under RCW 36.100.040(6)(c) and the Transfer Agreement to apply Additional Lodging Tax Revenues to pay debt service on First Priority Bonds and Subordinate Priority WSCC Obligations and to incur Repayment Deficiency Loans from time to time. The District reserves the right to issue Additional First Priority Bonds and Additional Subordinate Priority WSCC Obligations from time to time upon satisfaction of the conditions set forth in the 2018 Master Agreement and as set forth in the 2010 Bond Resolution, as the 2018 Master Agreement and 2010 Bond Resolution may be amended pursuant to the terms thereof, and to incur Repayment Deficiency Loans pursuant to RCW 36.100.040(6)(c) and the Transfer Agreement, as the Transfer Agreement may be amended by its terms.

Additional First Priority Bonds. The District has covenanted in the 2010 Bond Resolution and 2018 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 2018 Master Agreement or any resolution or Series Agreement authorizing the issuance of First Priority Bonds then Outstanding, and

(b) unless the First Priority 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.

Additional First Priority Bonds for Refunding Purposes. Refunding bonds also may be issued as Additional First Priority Bonds. However, the 2018 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 District has covenanted in the 2018 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 2018 Master Agreement or any resolution or Series Agreement authorizing the issuance of Subordinate Priority WSCC Obligations then Outstanding, <u>and</u>

(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.

Junior Bond Covenant Regarding Additional First Priority Bonds and Subordinate Priority WSCC Obligations. In the Note Resolution, the District has covenanted that so long as any Junior Bonds remain Outstanding, the District will not issue any Additional First Priority Bonds or Additional Subordinate Priority WSCC Obligations unless there shall have been delivered prior to or on the date of the issuance of the Additional First Priority Bonds or Additional Subordinate Priority WSCC Obligations, a certificate executed by a Designated District Representative stating that Pledged Lodging Tax Revenues during the Base Period were at least equal to 100% of Annual Debt Service in each year following the issuance of the proposed Additional First Priority Bonds or Additional Subordinate Priority WSCC Obligations, taking into account the Annual Debt Service (as defined in the 2018 Master Agreement) to be paid from Lodging Tax Revenues for Outstanding First Priority Bonds, Subordinate Priority WSCC Obligations and Repayment Deficiency Loans as well as the Additional First Priority Bonds or Additional Subordinate Priority WSCC Obligations then proposed to be issued. Each 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 Junior 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 Junior Bonds, then such increase may be reflected as if it had been fully collected during the Base Period. Compliance with the coverage requirements described in this paragraph shall be demonstrated conclusively by a certificate delivered in accordance with this paragraph. A certificate shall not be required as a condition to the issuance of Additional First Priority Bonds or Additional Subordinate Priority WSCC Obligations if the Additional First Priority Bonds or Additional Subordinate Priority WSCC Obligations are being issued for refunding purposes and a certificate showing debt service coverage is not required to be delivered under Sections 3.02 and 3.03 of the 2018 Master Agreement and as set forth in the 2010 Bond Resolution.

Other Subordinate Bonds. Nothing contained in the 2018 Master Agreement or the Note Resolution 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 2018 Master 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." The District currently has outstanding a Repayment Deficiency Loan. The State Treasurer has consented to the issuance of the 2021 Junior Notes. The State Treasurer has not consented to the issuance of any additional indebtedness. Prior to issuing bonds to pay the 2021 Junior Notes at or prior to their maturity, the District will request the consent of the State Treasurer. If the consent is not provided, the District will be required to pay all Outstanding Repayment Deficiency Loans to eliminate the consent requirement.

Additional Junior Bonds

Conditions upon the Issuance of Additional Junior Bonds. As long as any Junior Bonds remain Outstanding, the District has covenanted and agreed in the Note Resolution that it will not issue any Additional Junior Bonds except in accordance with the following conditions. The District has reserved the right to issue additional obligations that will be payable from Lodging Tax Revenues on a parity with the 2018 Junior Note and 2021 Junior Notes. The issuance of Additional Junior Bonds is to be authorized by a resolution of the Board, which resolution shall (1) designate the Additional Junior Bonds as Covered Junior Bonds or Uncovered Junior Bonds, and the applicable Reserve Requirement, if any, or provide that such designations be made in the applicable Sale Document; (2) include (or incorporate by reference) the general covenants set forth in the Note Resolution; and (3) authorize the execution and delivery of a Sale Document relating to the issuance of such Additional Junior Bonds. If the Additional Junior Bonds are Covered Junior Bonds, the Junior Common Reserve Requirement shall be fully funded no later than the date of issuance of the Additional Junior Bonds.

The District has further covenanted and agreed with the Owners and holders of each of the 2021 Junior Notes for as long as any of the same remain Outstanding that it will not issue any Additional Junior Bonds that constitute a charge upon the Pledged Lodging Tax Revenues equal to the priority thereon of Outstanding Junior Bonds, unless at the time of the issuance of such Junior Bonds:

(A) the District is not in default under the Note Resolution or any resolution or Sale Document authorizing the issuance of Junior Bonds then Outstanding, and

(B) unless the District meets the conditions for issuing Additional Junior Bonds for refunding purposes, there shall have been delivered prior to or on the date of the issuance of the Junior Bonds, a certificate prepared as provided below and executed by the Designated District Representative stating that Pledged Lodging Tax Revenues during the Base Period were at least equal to 100% of Annual Debt Service in each year following the issuance of the proposed Additional Junior Bonds with respect to all Junior Bonds then Outstanding and then proposed to be issued, taking into account the Annual Debt Service (as defined in the 2018 Master Agreement) to be paid from Lodging Tax Revenues for Outstanding First Priority Bonds, Subordinate Priority WSCC Obligations and Repayment Deficiency Loans.

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 Junior 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 Junior Bonds, then such increase may be reflected as if it had been fully collected during the Base Period.

A certificate shall not be required as a condition to the issuance of Additional Junior Bonds if the Additional Junior Bonds are being issued for refunding purposes as described below.

The District may issue Additional Junior Bonds for refunding purposes, as follows:

(1) Additional Junior Bonds may be issued at any time for the purpose of refunding (including by purchase) Junior 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 Junior Bonds and of effecting such refunding upon delivery of a certificate as provided in subsection (a) above. Such refunding Additional Junior Bonds also may be issued without a certificate if:

(A) the latest maturity of the Additional Junior Bonds to be issued is not later than the latest maturity of the Junior 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) $100,000 or (ii) 5% of such Annual Debt Service on the Junior Bonds to be refunded; or

(B) the latest maturity of the Additional Junior Bonds to be issued is later than the latest maturity of the Junior Bonds to be refunded (were such refunding not to occur), and the maximum Annual Debt Service on all Junior Bonds to be Outstanding after the issuance of the refunding Junior Bonds shall not be greater than maximum Annual Debt Service were such refunding not to occur; or

(C) the Additional Junior Bonds are issued to refund the 2021 Junior Notes, or any Additional Junior Bonds issued to refund such refunding Additional Junior Bonds.

(2) Additional Junior Bonds may be issued without the requirement of a certificate pursuant to this Section for the purpose of refunding (including by purchase) any Junior 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.

Nothing in the Note Resolution prevents the District from issuing revenue bonds or other obligations and pledging the Regular Lodging Tax Revenues and/or Extended Lodging Tax Revenues junior or inferior to the payments required by the Note Resolution or the applicable provisions of any resolution of Sale Document to be made out of such Pledged Lodging Tax Revenues to pay and secure the payment of any Junior 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.

Derivative Products

The District has reserved the right under the 2018 Master Agreement to enter into derivative products in connection with First Priority Bonds and Subordinate Priority WSCC Obligations. The District has reserved the right under the Note Resolution to enter into Derivative Products under which District Payments are secured and payable on a parity with the Outstanding Junior Bonds, subject to certain conditions described in the Note Resolution. The District does not currently have any Derivative Products outstanding. See Section 16 of the form of Note Resolution 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 subordinated.

Additional Covenants

The District has made the following covenants and agreements with the Owners and holders of each of the Junior Bonds, including the 2021 Junior Notes, 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 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 Junior Bonds, including the 2021 Junior Notes.

Interlocal Agreement. The District has covenanted that it will observe and enforce the terms of the Interlocal Agreement. The District has agreed in the 2018 Master Agreement and the Note Resolution not to make any amendments to the Interlocal Agreement that shall have a material adverse effect on the security of the First Priority Bonds, Subordinate Priority WSCC Obligations, and Junior Bonds. See "SECURITY AND SOURCES OF REPAYMENT FOR THE 2021 JUNIOR NOTES—Lodging Tax Revenues—*Collection and Remittance of Lodging Taxes*."

Application for Rating. The Note Resolution authorizes the Designated District Representative, in the event that the 2021 Junior Notes are issued as unrated obligations, to execute a covenant on behalf of the District to provide that, upon the request of Registered Owners of a majority in principal amount of a series of Junior Bonds then Outstanding, the District shall use its best efforts to secure a rating for such series of Junior Bonds from one or more Rating Agency as directed by such Registered Owners of a majority in principal amount of such series of Junior Bonds then Outstanding, as such covenant may be further provided in a closing certificate of the Designated District Representative. The closing certificate will include this covenant and further provide that the District covenants that, until such time as a credit rating of "BBB-" (or an equivalent rating) (each an "Investment Grade Rating") is obtained for the 2021 Junior Notes, the District will use its best efforts to obtain a credit rating on the 2021 Junior Notes from one or more Rating Agency as defined in the Note Resolution, as early as practicable after a determination is made by the District after annual consultation with the District's Municipal Advisor that an Investment Grade Rating is reasonably attainable, provided that if the District receives a preliminary indication from a Rating Agency that the 2021 Junior Notes will not be assigned an Investment Grade Rating, the District may withdraw their rating request to have such Rating Agency assign a rating to the 2021 Junior Notes. See APPENDIX D—"Note Resolution." In the event that the District receives an Investment Grade rating, the District will deliver a supplement to the Official Statement to DTC providing notice of such rating and notice that the 2021 Junior Notes may **thereafter** (and only thereafter) be sold in authorized denominations of $5,000 within a maturity in accordance with the operational arrangements of DTC then in effect.

Additional Terms of the Note Resolution

The Note Resolution sets forth provisions related to amending the Note Resolution with and without the consent of Owners of the Junior Bonds, including with the consent of a majority of Junior Bonds then Outstanding; defines the occurrence of certain events as a "Default" under the Note Resolution (but only with respect to the particular series of Junior Bonds); provides rights for the Credit Facility Issuer; and sets forth the available remedies following a Default; and other terms related to the 2021 Junior Notes. See APPENDIX D—"Note Resolution."

FORECAST OF LODGING TAX REVENUES

CBRE Hotels Advisory (the "Independent Revenue Consultant") prepared a Forecast of Lodging Tax Revenues as of July 18, 2018 in connection with the District's issuance of Lodging Tax Bonds, 2018 and Subordinate Lodging Tax Bonds, 2018. For the purposes of internal planning, the District's Municipal Advisor, on behalf of the District, requested an update to the July 2018 report to address the negative impact the COVID-19 pandemic has had on the hotel and travel industries and the resulting impact on the forecasted tax collection revenues generated by the hotels within the District. The Independent Revenue Consultant subsequently prepared its Updated Forecast of Lodging Tax Revenues dated as of October 22, 2020 (the "Forecast of Lodging Tax Revenues" or the "2020 Report"), which is included in Appendix A with their consent. The Independent Revenue Consultant was tasked in the 2020 Report with projecting District lodging tax revenues beginning with year-end 2020 and through year-end 2049, and reflecting the impact that the COVID-19 pandemic is forecasted to have on the hotel industry. **The 2020 Report is dated as of October 22, 2020 and its analysis considers available information as of September 2020 (and earlier dates depending on the data source). The 2020 Report has not been updated for the purpose of this Official Statement**

and subsequent events have occurred. The District and its Municipal Advisor have used, and continue to use, the 2020 Report for District cash flow planning. The projected Lodging Tax Revenues set forth in Table 8 are based on the projections in the 2020 Report.

In preparing its 2020 Report, the Independent Revenue Consultant relied upon its then existing general knowledge of the City and County lodging markets; 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 and by the District; and a review of market performance of hotels in the County. The 2020 Report constitutes a "forward-looking statement." The 2020 Report should be read in its entirety for a full understanding of information reviewed, the date of each information source, the Independent Revenue Consultant's analysis and the basis for its conclusions. The 2020 Report is addressed solely to the District's Municipal Advisor and may not be relied upon by any other person to establish an estimated value of the 2021 Junior Notes or for any other purpose. The 2020 Report does not constitute a recommendation to any person to purchase or sell the 2021 Junior Notes. The conclusions reached in the 2020 Report are subject to certain assumptions, hypothetical conditions and qualifications, which are being set forth in the 2020 Report. In addition, the engagement agreement under which the 2020 Report was issued includes a provision indemnifying the Independent Revenue Consultant against certain liabilities arising out of its engagement to provide the 2020 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 2020 Report or the conclusions set forth therein.**

As noted above, the 2020 Report should be read carefully and in its entirety for an understanding of the methodology, findings, applicable assumptions (including without limitation the primary assumptions set forth on pages 8-10 of the 2020 Report), 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. In addition to the typical limitations of any forecast, the 2020 Report and the projections included in Table 8 and elsewhere in this Official Statement also are subject to the additional uncertainties associated with preparing projections regarding the impact of the COVID-19 pandemic during the course of the pandemic and in the context of the evolving public health response. Therefore, there are likely to be differences between projections and actual results, and those differences may be material. See APPENDIX A—"2020 Forecast of Lodging Tax Revenues."

Subsequent Events. As noted above, the 2020 Report is dated October 22, 2020, and is based on information available as of September 2020. Depending on the source, some of the information available September 2020 is dated as of even earlier dates. Subsequent events have occurred, some of which can be expected to have negatively impacted Lodging Tax Revenues and some of which can be expected to have positively impacted Lodging Tax Revenues. The following briefly notes some of these subsequent events. There can be no assurance that other events may have occurred that have affected or will affect Lodging Tax Revenues.

- The United States, including Seattle and the County, experienced a surge in COVID-19 cases during and in the wake of the 2020 holiday season. According to County public health department data, the number of positive cases in the County reached a peak in December 2020. The data is available at https://www.kingcounty.gov/depts/health/covid-19/data/daily-summary.aspx (this website is provided for convenience and is not incorporated by reference herein).

- Additional public health restrictions were imposed as cases increased in late 2020. On November 16, 2020, the Washington Governor announced additional restrictions in response to the rapid spread of the COVID-19 virus in Washington and across the country prior to the Thanksgiving holiday.

- Actual District Lodging Tax Revenue collections following the date of the 2020 Report have continued to be affected by COVID-19 and the public health restrictions including the increased restrictions announced prior to the holiday season. The amount collected in Pledged Lodging Tax Revenues (Regular Lodging Tax Revenues and Extended Lodging Tax Revenues) on a cash basis was $31.65 million in 2020 (a decrease of 66.07% from 2019 to 2020); the 2020 Report, based on information received as of September 2020, forecast Regular Lodging Tax Revenues for 2020 (also on a cash basis) of $30.86 million and Extended Lodging Tax

Revenues of $1.18 million in 2020 (e.g. total forecast Pledged Lodging Tax Revenues of $32.04 million, representing a decrease of 65.64% from actual 2019 to projected 2020). Actual 2020 cash receipts of Pledged Lodging Tax Revenues were $393,780 less than projected 2020 cash receipts. See "Table 1: WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITY DISTRICT MONTHLY LODGING TAX REVENUES 2019 and 2020" and Appendix A. Additional Lodging Tax Revenues (not pledged to the 2021 Junior Notes) were forecast to be $8.77 million and actual collections were $7.70 million. See "Table 1: WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITY DISTRICT MONTHLY LODGING TAX REVENUES 2019 AND 2020" showing Pledged Lodging Tax Revenues on an accrual basis.

- On October 31, 2020, the CDC announced the framework for a phased approach to resume cruise ship passenger operations in U.S. waters. On February 4, 2021, the Canadian government extended its ban on large cruise ships in Canadian waters through February 28, 2022, which affects (among other cruise activity) Alaska cruise activity in particular.

- The United States Food and Drug Administration issued emergency use authorizations for COVID-19 vaccines developed by three manufacturers. The State Department of Health began distributing COVID-19 vaccines in December 2020 according to the State allocation and phased priority plan. Effective March 17, 2021, the State moved to Phase 1B, Tier 2 (open to workers in agriculture, food processing, grocery stores, public transit, firefighters, and law enforcement, among others). The plan anticipates future phases throughout 2021 including opening eligibility to anyone 60 and older on March 31, 2021, and to anyone 16 and older on May 1, 2021. The 2020 Report was issued prior to emergency use approval of the three vaccines currently under distribution and assumed that an effective therapy vaccine would be ready for distribution by late-2021.

- On December 27, 2020, the $900 billion Coronavirus Response and Relief Supplemental Appropriations Act, 2021 ("CRRSA Act") was enacted. Among other provisions, the CRRSA Act expanded eligibility for the Payroll Protection Program (making the District eligible for the $2.9 million forgivable loan it received).

- A number of variations of the COVID strain have emerged including the following three variants of concern identified by the CDC. In January 2021, evidence of the B.1.1.7 variant (first emerged in the United Kingdom) was found in Washington state. In February 2021, evidence of the B.1.351 variant (originally detected in South Africa) was found in the State. In March 2021, the P.1 variant (first identified in travelers from Brazil) was found in the State.

- On March 10, 2021, Congress passed the $1.9 trillion American Rescue Plan Act of 2021, which provides, among other relief funding, state and local aid to mitigate the fiscal effects stemming from the COVID-19 public health emergency. The District is not a direct recipient of this aid. The State will receive a direct allocation of approximately $4.25 billion in state fiscal recovery funds to cover eligible costs the State incurs by December 31, 2024. Eligible costs include responding to the COVID-19 public health emergency or its negative economic impacts by providing financial assistance to impacted industries such as tourism, travel, and hospitality. States may transfer funds they receive under the Act to private nonprofit organizations as well as special purpose units of state or local government. The District has requested approximately $61.2 million in funding for COVID-19 related costs, but has no assurance regarding the outcome of its request.

- On March 11, 2020, Washington's Governor announced that Healthy Washington: Roadmap to Recovery will be transitioning from a regional approach to a county-by-county evaluation process. The Governor also announced a new third phase of the Roadmap, a return for in-person spectators for professional and high school sports. Effective March 22, 2021, the entire state entered Phase 3. Sports guidance changed in Phase 3 to allow in-person spectators at events for the first time in a year. Spectators are to be allowed to attend outdoor venues with permanent seating with capacity capped at 25%. Social distancing and facial covering are still required. Indoor dining capacity increased to 50 percent. As with all changes to the recovery plan, any progress to Phase 3 is subject to change and counties may return to prior phases if metrics are not met.

There is significant uncertainty regarding the cumulative effect of these and other subsequent events on the recovery of Pledged Lodging Tax Revenues, as the District expects that these and other subsequent events to have had and to continue to have both negative and positive effects on the hotel industry and Lodging Tax Revenues since the date of the 2020 Report. The District continues to rely on the 2020 Report for its planning and includes the 2020 Report at Appendix A, with the consent of the Independent Revenue Consultant, to provide background information regarding the District's planning including the cash flow modeling that serves as the basis for the District's projections. The projected Lodging Tax Revenues included in Table 8 are based on the figures in the 2020 Report.

State Consultant Report. 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 statutory review requires, among other things, the examination of potential costs to be incurred by a 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.

The State Consultant has completed two prior reports for the State Department of Commerce regarding the Addition Project. In November 2015, the State Consultant completed the first report, which reviewed the first phase of the Addition Project—specifically, the costs of the land acquisition and the adequacy of the District's revenues and expected revenues to meet these costs. The State Consultant completed the second report on May 24, 2018, which reviewed the remainder of the Addition Project.

As described above, the State Consultant has also delivered the 2021 Statutory Report, which was prepared in connection with the current completion financing of the Addition Project and is solely for the purpose of meeting the requirements of state law. The 2021 Statutory Report does not provide an independent forecast of Lodging Tax Revenues, but rather relies upon information provided by the District and its Municipal Advisor including the 2020 Report of the Independent Consultant for its assessment of the adequacy of revenues to meet costs. The 2021 Statutory Report summarizes information provided by the District, notes risk factors and potential options for mitigating noted risks and aims to comment on the adequacy of information received as a reasonable basis for proceeding with the Addition Project. The District has reviewed the 2021 Statutory Report, however, because of the limited statutory purpose and scope of the report, as well as the fact that the report is based on information provided by the District, its Municipal Advisor and the projections of Lodging Tax Revenues set forth in the 2020 Report of the Independent Consultant, the District is not relying on the report for its cash flow planning or other purposes. The report is a public document, posted to the Department of Commerce website at https://www.commerce.wa.gov/about-us/research-services/public-facilities-district-financial-feasibility-review/. None of the information on the Department of Commerce website, including any of the reports concerning the District or the Addition Project, including the 2021 Statutory Report, or any other information on this website are incorporated herein.

PROJECTED LODGING TAX REVENUES AND DEBT SERVICE COVERAGE

The projected financial information contained in Table 8: "WASHINGTON STATE CONVENTION CENTER 2021-2031 PROJECTED LODGING TAX REVENUES, DEBT SERVICE COVERAGE AND ANNUAL CASHFLOW" has been prepared by the District and its Municipal Advisor. Such financial information has not been compiled, reviewed or examined by the State Auditor or any other independent accountants. The projected Lodging Tax Revenues included in Table 8 are based on the projected Pledged Lodging Tax Revenues set forth in the 2020 Report. The 2020 Report is dated October 22, 2020 and relies on information available as of September 2020 including even earlier information depending on source. Subsequent events have occurred. See "FORECAST OF LODGING TAX REVENUES—Subsequent Events." There is significant uncertainty regarding the cumulative effect of these and other subsequent events on the recovery of Pledged Lodging Tax Revenues, as the District expects that these and other subsequent events have had and will continue to have both negative and positive effects on the hotel industry and other factors that affect Lodging Tax Revenues since the date of the 2020 Report. The District continues to rely on the 2020 Report for its planning and includes the 2020 Report as Appendix A to this Official Statement with the consent of the Independent Revenue Consultant.

The 2020 Report and the other materials reviewed by the District in the course of preparing its projected financial information contain forward-looking statements. Certain of these statements relate to anticipated future events, future results of operations or future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "might," "will," "should," "intends," "expects," "plans," "goals," "projects," *"anticipates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of these terms or other comparable terminology.*

These forward-looking statements are only illustrations using assumptions provided by or reviewed by the District, as applicable, are uncertain and involve substantial known and unknown risks, uncertainties and other factors which may cause the actual Lodging Tax Revenues received by the District, and levels of activity or performance related to the District's facilities to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements.

The District cannot guarantee future results, levels of activity or performance. Prospective investors should not place undue reliance on these forward-looking statements, which speak only as of the date that they were made and include information as of even earlier dates. The District does not intend to update any of these illustrative, forward-looking, statements to conform these statements to reflect actual results, later events or circumstances or to reflect the occurrence of unanticipated events.

Financial information contained herein was prepared by the District and/or the District's Municipal Advisor to provide an illustration using assumptions made by the District, some of which have not been provided or reviewed by independent consultants. The assumptions underlying this financial information are necessarily subjective. The District cannot be sure that these assumptions are correct or predict whether they will be correct in the future. Accordingly, the District cannot guarantee that this financial information fully or correctly demonstrates the relationships among the economic factors comprised by this financial information. The District also does not represent or warrant that the financial information is without flaws in its logic or mechanics, although the District has used its best efforts to design and build the financial information to demonstrate forecasted financial operations and financial performance based on the stated assumptions. ***In addition to the typical limitations of any forecast, the District's projections also are subject to the additional uncertainties associated with preparing projections regarding the impact of the COVID-19 pandemic during the course of the pandemic and in the context of the evolving public health response.***

Projected Debt Service Coverage

The following table shows projected annual debt service coverage of the District for the fiscal years 2021 through 2031. The projected coverage results utilize projected Lodging Tax Revenues and debt service for each projection year. For a description of information and assumptions upon which the District bases its financial model for the projected Lodging Tax Revenues see the footnotes to the table below, the discussion above and Appendix A. Changes in these assumptions can have material effects on the projected financial performance.

The principal of the 2021 Junior Notes is expected to be paid with the proceeds of refunding debt, at maturity or upon prior redemption. The District anticipates redeeming the 2021 Junior Notes on or after the first call date depending on the pace of recovery of Pledged Lodging Tax Revenues. There can be no assurance regarding the pace of any recovery. The District will fund interest on the 2021 Junior Notes through July 1, 2023, with amounts derived from the proceeds of the 2021 Junior Notes. As illustrated in the following Table, the District projects the recovery of Lodging Tax Revenues to provide more than 1x debt service coverage on obligations to occur in 2023 and the recovery of Lodging Tax Revenues to 2019 levels to occur in 2024.

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TABLE 8: WASHINGTON STATE CONVENTION CENTER
2021-2031 PROJECTED LODGING TAX REVENUES, DEBT SERVICE COVERAGE AND ANNUAL CASHFLOW
(DOLLARS IN THOUSANDS)

	Fiscal Years Ending December 31										
Debt Service Coverage:	**2021 (1) Projected**	**2022 (1) Projected**	**2023 Projected**	**2024 Projected**	**2025 Projected**	**2026 Projected**	**2027 Projected**	**2028 Projected**	**2029 Projected**	**2030 Projected**	**2031 Projected**
Regular Lodging Tax Revenues(2)	$42,260	$64,168	$80,332	$95,081	$107,038	$113,908	$120,310	$126,148	$131,233	$136,386	$143,008
Extended Lodging Tax Revenues(2)	1,329	1,589	1,769	1,858	1,913	1,971	2,030	2,091	2,154	2,218	2,285
Additional Lodging Tax Revenues(2)	11,908	17,607	22,064	25,872	29,064	30,916	32,628	34,173	17,748		
Total Lodging Tax Revenues(2)	$55,497	$83,364	$104,165	$122,811	$138,015	$146,795	$154,968	$162,412	$151,135	$138,604	$145,293
Debt Service on First Priority Bonds(3)	48,355	48,356	48,358	48,360	48,363	48,366	48,366	48,370	48,369	48,375	48,374
Tax Revenue Coverage of First Priority Bonds	**1.15x**	**1.72x**	**2.15x**	**2.54x**	**2.85x**	**3.04x**	**3.20x**	**3.36x**	**3.12x**	**2.87x**	**3.00x**
Debt Service on Subordinate Priority Bonds	19,367	19,367	19,366	19,364	19,362	19,363	19,363	19,362	19,369	25,260	25,260
Tax Revenue Coverage of First Priority Bonds and Subordinate Priority Bonds	**0.82x**	**1.23x**	**1.54x**	**1.81x**	**2.04x**	**2.17x**	**2.29x**	**2.40x**	**2.23x**	**1.88x**	**1.97x**
Repayment Deficiency Loan Debt Service	1,731	2,444	3,948	4,617	4,617	4,617	4,617	4,617	4,617	4,617	2,886
Additional Lodging Tax Rebate to the State(4)	73	2,755	14,030	23,507	27,081	30,916	32,628	34,173	17,748		
Debt Service on 2018 Junior Note(5)	1,409	1,409	1,409	1,409	6,766	6,969	7,178	7,393	7,615	7,844	8,079
Debt Service on 2021 Junior Notes(6)	0	0	0	13,656	13,656	13,656	13,656	13,656	13,656	13,656	13,656
Tax Revenue Coverage of all Lodging Tax Debt without Additional Lodging Tax Revenues	**0.62x**	**0.92x**	**1.12x**	**1.11x**	**1.17x**	**1.25x**	**1.31x**	**1.37x**	**1.42x**	**1.39x**	**1.48x**
Annual Cashflow:											
Unrestricted Surplus Beginning Balance	**$161,222**	**$114,659**	**$36,084**	**$41,337**	**$39,830**	**$41,294**	**$50,589**	**$65,792**	**$82,324**	**$107,412**	**$131,220**
Plus: Total Lodging Tax Revenues(2)	55,497	83,364	104,165	122,811	138,015	146,795	154,968	162,412	151,135	138,604	145,293
Less: Debt Service on First Priority Bonds	(48,355)	(48,356)	(48,358)	(48,360)	(48,363)	(48,366)	(48,366)	(48,370)	(48,369)	(48,375)	(48,374)
Less: Debt Service on Subordinate Priority WSCC Obligations	(19,367)	(19,367)	(19,366)	(19,364)	(19,362)	(19,363)	(19,363)	(19,362)	(19,369)	(25,260)	(25,260)
Less: Deficiency Loan Repayments	(1,731)	(2,444)	(3,948)	(4,617)	(4,617)	(4,617)	(4,617)	(4,617)	(4,617)	(4,617)	(2,886)
Less: Additional Lodging Tax Rebate to State	(73)	(2,755)	(14,030)	(23,801)	(27,420)	(30,916)	(32,628)	(34,173)	(17,748)	0	0
Total Funds Available to Junior Bonds	**$147,193**	**$125,101**	**$54,547**	**$68,007**	**$78,083**	**$84,828**	**$100,583**	**$121,683**	**$143,356**	**$167,765**	**$199,993**
Less: Debt Service on Junior Bonds(6)	(1,409)	(1,409)	(1,409)	(15,065)	(20,422)	(20,625)	(20,834)	(21,049)	(21,271)	(21,500)	(21,735)
Less: District Operations and Addition Project Costs(8)	(31,125)	(87,608)	(11,801)	(13,112)	(16,367)	(13,614)	(13,957)	(18,310)	(14,673)	(15,045)	(15,428)
Unrestricted Surplus Ending Balance	**$114,659**	**$36,084**	**$41,337**	**$39,830**	**$41,294**	**$50,589**	**$65,792**	**$82,324**	**$107,412**	**$131,220**	**$162,830**

Footnotes to Table 8 begin on the following page.

Footnotes to Table 8:

(1) As further described on page 10 of the 2020 Report, the forecast prepared for 2020 and 2021 and shown in Table C-1 of the 2020 Report reflects an adjusted 12-month timeframe that includes taxable activity in November and December of the prior year (e.g. the 2020 and 2021 figures are shown on a cash rather than accrual basis). Beginning in 2022 and for the remainder of the forecast period, calendar year periods were utilized (e.g. reflecting taxable activity in each calendar year, when revenues accrue to the District). See Table 1 and notes 1 thereto for an illustration of the effect of the two-month lag in 2020.

(2) Source: CBRE Forecast dated October 22, 2020. Subject to assumptions and limitations therein. See "Forecast of Lodging Tax Revenues" and Appendix A.

(3) Net of Build America Bond Subsidy on Series 2010 Bonds.

(4) Additional Lodging Tax Revenues net of any amounts applied to First Priority and Subordinate Priority WSCC Obligation debt service. Additional Lodging Tax Revenues are not pledged to pay and secure the Junior Bonds. Additional Lodging Tax Revenues are included through their expiration in 2029 to show their expected application to pay a portion of the debt service on First Priority Bonds and Subordinate Priority WSCC Obligation and, to the extent not so applied, to be rebated to the State.

(5) Debt service on the 2018 Junior Note in calendar year 2021 and 2022 is expected to be paid from the District's unrestricted surplus funds.

(6) Estimated; net of capitalized interest. Assumes that the principal due at maturity on July 1, 2031 is paid from proceeds of refunding debt to the First Priority Bonds. The District expects to pay the principal of 2021 Junior Notes with the proceeds of refunding debt, either at maturity or upon prior redemption.

(7) The portion of the balance of unrestricted cash that is expected to be applied to Addition Project costs is $25 million in 2021 and $81 million in 2022.

Environmental and Community Benefits of Addition Project

The District is designating the 2021 Junior Notes as "Green Notes" to reflect the LEED status of the Addition Project to be funded with the proceeds of the 2021 Junior Notes.

This Green Notes designation is in alignment with the four core components of the Green Bond Principles as published and administered by the International Capital Markets Association. Proceeds of the 2021 Junior Notes will be used to finance or refinance costs of the Addition Project consistent with the Green Eligible Project Category for "Green Buildings that meet regional, national or internationally recognized standards or certifications." The District expects that the proceeds of the 2021 Junior Notes, other than amounts applied to pay costs of issuance, to capitalize interest and fund a debt service reserve, will be applied to pay, or reimburse the District for, costs associated with the acquisition, construction, and equipping of the Addition Project. The 2021 Junior Note proceeds are expected to be allocated on the date of issuance of the 2021 Junior Notes. No other projects are expected to be financed with the 2021 Junior Notes other than the Addition Project. Payment of principal of and interest on the 2021 Junior Notes will not be directly linked to the performance of any Eligible Green Project.

Green Building: LEED Certification. The District anticipates that the Addition Project will achieve Leadership in Energy and Environmental Design ("LEED") Gold certification with potential to achieve Platinum certification from the U.S. Green Building Council ("USGBC"). To achieve LEED certification, the new facility will feature sustainable elements including the following innovative projects:

- The District expects that about five million gallons of rain will fall on the Addition Project annually and the District expects to harvest approximately 20% or one million gallons of that rainwater each year. Rainwater harvesting plus the use of low-volume flush fixtures will save approximately 40% more water than a typical freshwater system.

- The Addition Project will collect and restrict flow into the stormwater system to avoid overflowing or flooding during heavy storm events. Additionally, green roofs and planters on roofs, terraces, and plazas are to help reduce peak flows and the retention of storm water. To further manage stormwater, the Addition Project is adding soil cells to planter beds. These plastic cubes, which are filled with permeable soil, enhance tree root growth and enable water to better penetrate the soil, reducing the amount of water that enters the stormwater system. Soil cells individually do not qualify for LEED points, but are part of the overall innovative stormwater management solution.

- An array of solar panels is to be located on the roof, providing 150 kW to multiple components of the project including air conditioning.

- The District has long avoided the use of harmful chemicals in its housekeeping operation and will extend this practice to the Addition Project. The same principles used under green housekeeping are incorporated into exterior maintenance, where harsh chemicals for cleaning windows, paving and other surfaces are to be avoided.

- The Addition Project is certified by Salmon Safe, a third-party certification program that fosters responsible, eco-friendly management practices, protecting Pacific salmon habitat and enhancing water quality on agricultural and urban lands. Salmon Safe started focusing on farms over 10 years ago and more recently developed environmental programs for complex urban projects. The goal is to improve the ecological function of projects to benefit the environment far beyond the project's boundaries. Due to the duration and complexity of the Addition Project, it will be monitored by Salmon Safe for six years rather than the typical five-year period. Key metrics include increasing green space on site by 3.4 times, from 13,000 SF to more than 44,200 SF, and developing a planting concept incorporating plants from throughout the State. By broadening the Puget Sound-area plant palette to include more drought- and weather-tolerant plants from east of the Cascades, the expected result is lower irrigation requirements and relative help with addressing climate change.

Reporting. Following the closing of the 2021 Junior Notes, the District will publish the allocation of the net proceeds of the 2021 Junior Notes to Eligible Green Projects and the achievement of LEED® certification upon final receipt, once available. The Note Resolution does not require the posting of such information, and no remedies are available to the Registrar or holders of the 2021 Junior Notes under the Note Resolution if the District fails to post such information.

No representation is made as to the suitability of any 2021 Junior Notes to fulfill environmental and sustainability criteria required by prospective investors. Each potential purchaser of 2021 Junior Notes should determine for itself the relevance of the information contained or referred to herein or in the Note Resolution regarding the use of proceeds and its purchase of 2021 Junior Notes should be based upon such investigation as it deems necessary. See "CERTAIN INVESTMENT CONSIDERATIONS – Climate Change and Sustainability."

Other Community Benefits. The Addition Project includes community benefit components including contributions for affordable housing, parks and open space, pedestrian and bicycle improvements, historic building façade lighting, spaces for people at the Addition Project, public art program and workforce diversity. The community benefit components of the Addition Project have been funded with cash and are not expected to be funded with proceeds of the 2021 Junior Notes. Community benefits currently include the following (in addition to the benefits funded by sales and other tax revenues generated by the Addition Project and the tourism and other spending generated by the Addition Project). These community benefits are based on current figures, and include estimated results.

- $40 million for affordable housing through the City, the County and Plymouth Housing.

- $10 million for improvements to Freeway Park and a new $4 million pedestrian promenade on Terry Avenue on First Hill.

- $20 million to support pedestrian and bicycle improvements on Pike and Pine streets from Ninth to Melrose avenues, plus $6 million for bicycle improvements on Eighth Avenue.

- $1 million for new lighting on the historic Paramount and Camlin façades to help illuminate the Pike/Pine corridor and $2.8 million for other improvements to neighboring sites.

- More than $8 million for improvements providing space for the public at the Addition Project and planned co-developments, including multiple pedestrian plazas, landscaping, outdoor seating and more.

- Approximately 2,300 estimated new, direct jobs at the Addition Project and in hospitality-related businesses and 1,600 additional jobs estimated to be created across the region, plus a new, innovative hospitality worker training program.

- Up to an estimated 6,000 union construction jobs under a Project Labor Agreement and an estimated 900 apprenticeships during construction.

- Currently, nearly $130 million in contracting with minority- and women-owned businesses.

- $1.9 million in public art (plus an additional $4.6 million art investment throughout the Addition Project).

- An inclusive jobsite workforce, currently with more than 30 percent people of color and 25 percent from economically distressed ZIP codes.

Previously Proposed and Future Financings

Since the onset of the COVID-19 pandemic, the District has been in discussions with representatives of the County, the City, the State, and others regarding interim financing for the completion of the Addition Project, including a proposal under which the County, the City and the State would provide $315 million in loans or guarantees to complete the Addition Project (subject to approvals of the respective local governments and the State Legislature). The District has decided to proceed with the issuance of the 2021 Junior Notes, subject to market conditions on the date of pricing the 2021 Junior Notes, to finance the Addition Project in lieu of this interim financing proposal. Subject to market conditions, the District does not, therefore, expect to proceed with the County, City and State proposed interim financing. The District cannot guarantee future support for the County, the City or the State to deliver the proposed interim financing now or in the future in the event of shortfalls of revenue due to economic or public health conditions now or in the future. The State Legislative session will end not later than April 25, 2021.

In 2018, the District also began 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 and, given the impacts of the COVID-19 pandemic, the renovation project has been placed on hold and will be considered as a future project when feasible. Any financing for the renovation project will require compliance with the additional bonds requirements under the 2018 Master Agreement, Transfer Agreement, Purchase and Sale Agreement and Note Resolution.

The District expects to apply Additional Lodging Tax Revenues to pay debt service on First Priority Bonds and/or Subordinate Priority WSCC Obligations on June 30, 2021 through June 30, 2023, and therefore incur additional Repayment Deficiency Loans in an anticipated principal amount of approximately $23,826,000. Any Repayment Deficiency Loan is subject to repayment within 10 years. See "FORECAST OF LODGING TAX REVENUES" and Table 8, above, and "STATE AND COUNTY AGREEMENTS—Transfer Agreement" below.

STATE AND COUNTY AGREEMENTS

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. The District and the State Treasurer will enter into a Second Amendment to Transfer Agreement on or prior to the date of delivery of the 2021 Junior Notes (the "Second Amendment"). See "SECURITY AND SOURCES OF PAYMENT OF THE 2021 JUNIOR NOTES—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. Pursuant to the Second Amendment, the term for any Repayment Deficiency Loan is not to exceed the end of the State fiscal year that is ten 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-year 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 2021 JUNIOR NOTES— 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. As a result, if the District intends to issue or incur additional indebtedness, including refunding bonds to pay the 2021 Junior Notes at or prior to maturity, the State's consent will be required or the District will need to pay off all Repayment Deficiency Loans.

As of June 30, 2020, the District collected $20.1 million in Additional Lodging Tax Revenues for the State fiscal year ended June 30, 2020. The District paid $6.1 million of this amount to the State as the Annual Payment Amount and applied the balance to payment of debt service on First Priority Bonds and/or Subordinate Priority WSCC Obligations. The District incurred a Repayment Deficiency Loan in the amount of $14.3 million. The District expects to apply Additional Lodging Tax Revenues to pay debt service on First Priority Bonds and/or Subordinate Priority WSCC Obligations again on June 30, 2021, through June 30, 2023, and therefore incur additional Repayment Deficiency Loans. See Table 8 and "FORECASTED LODGING TAX REVENUES."

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 debt service coverage certificate to the State Treasurer. Pursuant to the Second Amendment the certificate is to confirm that annual Regular Lodging Tax Revenues during a Base Period (as defined below) were at least equal to 115% 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.

Purchase and Sale Agreement

The 2018 Junior Note is a Junior Bond, 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 2018 Junior Note, as and when due, from amounts available to and on a parity with the Junior Bonds. The District has agreed to make monthly deposits for the payment of the 2018 Junior Note. If the

District fails to make payment of any amount payable under the 2018 Junior Note within thirty days of when due, or in the event the 2018 Junior Note is not repaid in full by its maturity date, the entire unpaid balance of the 2018 Junior Note, including all accrued but unpaid interest, will thereafter bear interest at a default rate of 2% per annum above the 2018 Junior Note Rate, compounded annually. The 2018 Junior Note is not 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 2018 Master Agreement and the Note Resolution for the issuance of Additional First Priority Bonds and Additional Subordinate Priority WSCC Obligations, the Purchase and Sale Agreement requires the District to satisfy additional conditions.

Within one year following the receipt of the final certificate of occupancy for the Addition 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 125% of Annual Debt Service through 2029 and 115% of Annual Debt Service thereafter. Based on the agreement of the State to reduce the 125% coverage requirement to 115% pursuant to the Second Amendment, the County has agreed to consent to the reduced 115% coverage requirement prior to 2029. 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. The County has consented to the issuance of the 2021 Junior Notes as required by the Purchase and Sale Agreement.

COMPLIANCE WITH DEBT LIMITATIONS

The 2021 Junior Notes are being issued as general obligations payable from the tax receipts of the District 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 2021 Junior Notes. 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 2021 Junior Notes 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. Once the debt has been issued, changes in assessed valuation have no effect on the validity of outstanding debt or the District's ability to refund outstanding debt. Future declines in assessed valuation can impact the ability to issue future general obligation debt. The following table demonstrates the debt capacity of the District and the issuance of the 2021 Junior Notes within the effective debt limitation.

TABLE 9:
DISTRICT DEBT CAPACITY COMPUTATION
(as of February 1, 2021)

2020 Assessed Valuation ("AV") for Collection Year 2021[1]	$ 659,534,881,337
Limited Tax (Non-voted) General Obligation Debt Capacity (0.5% of AV)	$ 3,297,674,407
Less: The 2010 and 2018 First Priority Bonds[2]	(854,340,000)
Less: The 2018 Subordinate Priority WSCC Obligations[2]	(404,430,000)
Less: Other Outstanding Limited Tax General Obligations (including the 2018 Junior Note and the outstanding Repayment Deficiency Loan)[2]	(143,818,221)
Less: The 2021 Junior Notes	(341,500,000)
Total Non-voted General Obligation Debt	$ 1,744,088,221
Remaining Non-Voted General Obligation Debt Capacity	$ 1,553,586,186
Unlimited Tax (Voted) General Obligation Debt Capacity (1.25% of AV)	$ 8,244,186,017
Less: Outstanding Unlimited Tax General Obligation Bonds	0
Less: Total Non-Voted Debt From Above	(1,744,088,221)
Total Voted and Non-voted General Obligation Debt[2]	(1,744,088,221)
Remaining General Obligation Debt Capacity	$ 6,500,097,796

(1) Assessed valuation is based upon 100% of actual value of taxable property within the District.
(2) Includes the $2.9 million Payroll Protection Program loan expected to be forgiven.
Source: The District.

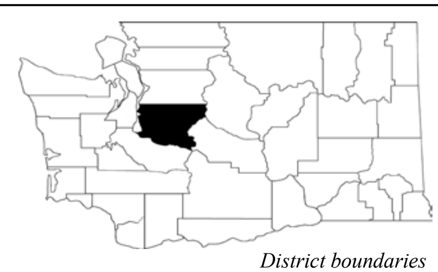
THE DISTRICT

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.

District Map



District boundaries are analogous with King County

The District is a taxing district that is coextensive with the boundaries of the County including the incorporated cities within the County district.

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. Frank K. Finneran, Chair, was appointed to the Nonprofit Board in 1988, and served as Nonprofit Board treasurer from 1995 until becoming chair in 2003. He has been a member of the Board since the District's establishment in 2010. He is president and chief executive officer of Frank K. Finneran & Co., consultants to the hospitality industry. Mr. Finneran has over 40 years' experience in hotel management, development, and consulting. He has served as manager of the Olympic and Westin hotels in Seattle, and the Plaza in New York, as developer of the Seattle Waterfront Marriott and the Monterey Marriott hotels, as managing director for the developer of the Seattle Sheraton and as chief operating officer of the Space Needle Corporation. 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. 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 the District's establishment in 2010. She is a tribal attorney for the Muckleshoot Indian Tribe, focusing on business operations. She spent several years as corporate counsel in the insurance industry, including serving as General Counsel for KPS Health Plans and Deputy General Counsel for Premera. Her civic involvement has included the Municipal League of King County, service as past president of the Seattle Women's Commission, past president of the Loren Miller Bar Association and past President of the Greater Seattle Chapter of The Links, Inc. She currently serves as President of the Loren Miller Bar Foundation. Other affiliations include the International Women's Forum, Junior League of Seattle, NAACP, National Bar Association, Urban League Guild, Alpha Kappa Alpha Sorority, Seattle Chapter of Girl Friends, Inc., and Washington Society of Health Care Attorneys.

Robert J. Flowers. Robert J. Flowers, 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 served as chair of several organizations including: KCTS9 Public Television, AAA of Washington, the Seattle Sports Commission, the Tyee Board at the University of Washington, the African American Heritage Fund, and Co-chair of the University of Washington Be Boundless Campaign that concluded last June after successfully raising $6.3 billion. He also served on the board of other organizations: the Seattle Foundation, the Seattle Art Museum PDA Board, the Evans School Advisory Board at the University of Washington and as Vice Chairman of the PBS Board.

Susana Gonzalez-Murillo. 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 was a vice president at U.S. Bank, serving as country manager for Latin America, Canada, Spain and Portugal. She 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.

Nicole Grant. 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.

Jerome L. Hillis. 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 Registrars 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 Registrars.

J. Terry McLaughlin. 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 12 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. 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, Ms. Moriguchi 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. 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 and Inn at the Market located in downtown Seattle. 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 a past chair of the board of Visit Seattle and board member of the Downtown Seattle Association. 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 40 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. His 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 she 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.

Jon Houg, Vice President Operations, has served as Vice President Operations for the District since 2019. Mr. Houg has over 16 years of experience in the facilities management industry, and seven years of experience in the event production industry. Prior to joining the District in June 2019, he held positions with the City of Tacoma including Deputy Director of the City's Venues & Events Department responsible for an arena, convention center, stadium, and three performing arts theaters. Mr. Houg has a B.A. in Political Science and has completed courses through the International Association of Venue Managers ("IAVM") Venue Management School. He is a standing member and mentor of the IAVM.

Samuel V. Hecker, Director of Finance, has served as Director of Finance for the District since January 2021. Mr. Hecker has over 20 years of experience in public finance, treasury management and capital markets. Prior to joining the District, he served as the Director of Finance of Alderwood Water & Wastewater and prior to that was a Vice President, Municipal Credit Analyst and Portfolio Manager at OFI Global. He completed his first private equity purchase in 2013 when he acquired the fixed income asset management unit of SNW Securities Corp and later sold the business to OFI Global in 2017. His public service experience also includes serving two Mayors of the City of Baltimore in finance-related roles. He has a Master of Science Finance from Loyola University of Baltimore and a Master of Public Administration from the University of Washington along with a B.S. in Geography and Economics from Shippensburg University.

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 2016 through 2020. Full-time classification is any employee who is regularly scheduled to work 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 Convention Center events and/or facility needs. The Convention Center is currently rotating staff through a furlough schedule with the priority on security, maintenance, parking operations and core administrative functions. Exempt staff are furloughed one or two weeks a month. Hourly staff hours are reduced to 20 or 32 hours a week. The current furlough schedule and staffing levels are planned through the end of calendar year 2021.

TABLE 10:
DISTRICT EMPLOYEES

Year	Full-Time	Part-Time	On-Call	Total
2016	131	3	105	239
2017	132	4	113	249
2018	138	6	115	259
2019	148	5	101	254
2020	138	4	82	224
2021	58	0	0	58

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 29 FTEs in 2021 and only work 32 hours a week during the COVID-19 operating environment. 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 was extended to December 31, 2021 and labor negotiations are expected to commence towards the late third quarter to finalize a new labor agreement with the Council for 2022 and beyond. During the years in 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. For 2021, the District budgeted for Lodging Tax Revenues based on the projected revenues included in the 2020 Report and further reduced these 2021 revenues, based on its conservative approach to budgeting, by one percent.

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 certified 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 Liberty Mutual Insurance Company of Massachusetts through November 30, 2021, as follows: in excess of $500 million of total coverage for its facilities and operations that includes, among other events, earthquake, flood, and terrorism coverage, subject to the limitations and terms of the policies. The total combined maximum deductible is $200,000. 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 Project. 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, Sompo-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, which the District will extend to the Addition Project's completion (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 which the District will extend to the Addition Project's completion. 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) Retirement Savings Plan. All full-time employees are eligible for the District's 401(a) plan, with the exception of leased employees, union-represented employees, and individuals not eligible based on written agreement. Employees become eligible for employer contributions after the completion of one year of service which is defined as 1,000 days worked in either an anniversary or plan year. The District contributes $0.50 for each $1.00 that participants contribute to the Plan, up to 6% of participants' pay. The District may also make a discretionary matching contribution each plan year. Currently, the District contributes 5% of participants' pay. Each participant directs how contributions are to be invested and receives an individual quarterly statement of activity. The District contributed $297,135 in 2019 and $223,065 in 2020 (unaudited), respectively to the employee 401(a) plan.

457(b) Employee Retirement Contribution Plan. All full-time employees are eligible for this plan upon hire, with the exception of leased employees, union-represented employees, 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 and/or Roth contributions to be withheld from gross wages, with a minimum participation of 1 percent of compensation and a maximum of $19,500 or 100 percent of includible compensation, whichever is less. Employees age 50 or older may contribute an additional $6,500. Each employee directs how contributions are to be invested and receives an individual quarterly 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 and/or Roth contributions to the contribution plan. Employees contributed $348,964 in 2019 and $ 266,030 in 2020 to their 457(b) Plan.

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 l0' 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, 2019, was $4,263,280 and for the year ended December 31, 2020, was $760,861 (unaudited).

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, 2019, gross parking revenues were approximately $3,897,330 and in the fiscal year ended December 31, 2020, gross parking revenues were approximately $2,146,957 (unaudited).

Retail Space. The Convention Center facilities include 20 retail spaces, which are leased to commercial tenants under a standardized lease document. The District acts as its own property manager for the tenancies. 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, 2019, totaled $823,020 and in the fiscal year ended December 31, 2020 totaled $370,107 (unaudited).

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 $3.5 million in the fiscal year ended December 31, 2019 and approximately $738,068 (unaudited) in the fiscal year ended December 31, 2020.

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. Food service revenue totaled approximately $23.1 million in the fiscal year ended December 31, 2019, and approximately $4.95 million (unaudited) in the fiscal year ended December 31, 2020.

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 is 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 212 events in the fiscal year ended on December 31, 2019, drawing 369,204 attendees and generating more than 317,743 room nights as well as 350,172 room nights in 2018 and 329,039 room nights in 2017.

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 as the District has transitioned to focus more on national and international gatherings as compared to statewide or regional events. The Convention Center hosted 51 national and international conventions in 2017, 58 in 2018 and 45 in 2019, compared to 38 in 2013 and 44 in 2014. National and international meetings tend to draw more participants (averaging 3,794 attendees per event) as compared with local or regional events (averaging less than 1,188 per event). As national and international events have used more of the facility, there are fewer dates and less space available for smaller events and the second facility is expected to help alleviate this issue by providing more dates and space for conventions as well as many more local events.

The vast majority of national meetings and other events scheduled at the Convention Center during the fiscal year that ended December 31, 2020, and for the first six months of 2021, were cancelled due to the COVID-19 public health restrictions.

TABLE 11:
CONVENTION CENTER EVENTS

Year	Number of Events	Number of Attendees
2016	335	397,856
2017	285	382,725
2018	245	410,780
2019	212	369,204
2020(1)	30	94,885
2021(2)	22	106,715

(1) Prior to the onset of the COVID-19 pandemic, 173 events were booked with an estimated 277,000 attendees.
(2) Expected July-December 2021, based on bookings. 89,592 in expected room nights.
Source: The District.

The following national meetings and other events were held at the Convention Center during the fiscal year ended December 31, 2019.

TABLE 12:
NATIONAL BOOKINGS

Entity	Event	Attendance
Asia-NW Cultural Education Assoc.	Sakura-Con	25,037
Reed Exhibitions	PAX WEST	25,000
Reed Exhibitions	Emerald City Comic Con	20,000
Microsoft Corporation	BUILD	9,354
American Library Association	ALA Mid-Winter Meeting	9,211
Microsoft Corporation	READY	7,846
National Association of Independent Schools	NAIS People of Color Conference	7,545
INFORMS	INFORMS Annual Meeting	7,400
American Pharmacists Association	APhA2 Annual Meeting & Exposition	5,871
American Public Works Association	APWA PWX	5,361
Drupal Association	Drupal Con	4,382
Smartsheet Inc.	Smartsheet ENGAGE	4,123
American College of Medical Genetics & Genomics	ACMG Annual Clinical Genetics Meeting	3,760
New York Life Insurance Company	NYLIC Executive Council Meeting	3,754
International AIDS Society-USA d/b/a International Antiviral Society	CROI	3,750

Source: The District.

Future Bookings. Of the 71 groups who cancelled their events at the Convention Center due to the COVID-19 pandemic, 14 groups have been rescheduled for future years, eight are in the process of making a decision, 18 are looking at rescheduling options and the rest will not be rescheduled. Many groups that cancelled in 2020 and 2021 are booked in other cities for the next few years, which makes it difficult to reschedule these groups at the Convention Center in the near term. The decision process is generally three to five years out in terms of selection of cities and convention facilities, which means that groups may already be committed to other cities. The pandemic has slowed the booking process (normally two to three years) as many groups spent 2020 and the beginning of 2021 cancelling events and rescheduling events for future years. The District expects cancellation and rescheduling activity to continue to occur in 2021, although groups may be regaining interest in in-person meetings in the second half of 2021, as distribution of the COVID-19 vaccines proceed (and as the phased State re-opening plans permit fuller use of indoor space for gatherings).

Although future bookings are down from normal pace because of 18 months of disruption caused by the COVID-19 pandemic, the District is being contacted by associations, corporate planners and consumer show managers requesting future dates, expressing readiness to have meetings in 2022 and looking for information for planning purposes. The opening of the Addition Project, expected in mid-2022, will double the Convention Center capacity with more spaces and dates. Moreover, the new facility will allow for simultaneous events to occur, which the District did not have room to accommodate in the past.

Table 13 shows future bookings for the period 2022-2029. Events listed in Table 13 are contracted and do not include all annual repeat events, which normally book inside the 24-month window or in some cases with the District within 14 months of the event.

TABLE 13:
NATIONAL BOOKINGS (FORWARD CALENDAR)

Year	Booked Events	Peak Room Nights	Expected Room Nights
2022	30	61,362	279,351
2023	27	40,734	157,812
2024	16	34,504	154,902
2025	14	21,349	85,671
2026	6	8,594	33,446
2027	3	7,379	35,057
2028	1	1,970	6,941
2029	1	5,160	26,531
Total	98	181,052	779,711

Source: The District.

HOSPITALITY INDUSTRY WITHIN THE DISTRICT

The hospitality industry that serves the business traveler, conventioneer 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 2016 through 2020.

TABLE 14:
KING COUNTY
ESTIMATED VISITOR VOLUME 2016-2020
(IN MILLIONS)

Year	Total Number of Visitors	Overnight Visitors
2016	38.9	20.0
2017	39.9	20.8
2018	40.9	21.2
2019	41.9	21.9
2020(1)	21.7	10.6

(1) See "COVID-19 PANDEMIC."
Source: Visit Seattle.

In 2019, an estimated 41.9 million people visited the District, including 38 million domestic visitors and 2.9 million international visitors. In 2020, these figures decreased significantly due to the effects of the COVID-19 pandemic to 21.7 million. 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, historically, 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 2020. In general, downtown Seattle's 10 largest hotels by number of rooms generate a substantial portion of Regular Lodging Tax Revenues. Hotel management groups with a portfolio of properties or large non-downtown Seattle hotels within the District boundaries could generate more Regular Lodging Tax Revenue over a particular monthly reporting period. The 10 largest Regular Lodging Tax Revenue returns represented approximately 29% of Regular Lodging Tax Revenues in 2018 and approximately 26% of Regular Lodging Tax Revenues in 2019. Prior to the COVID-19 pandemic and the Governor's "Stay Home, Stay Healthy" proclamation, the largest Regular Lodging Tax returns represented approximately 23% of Regular Lodging Tax revenue through March 2020. The Governor's March 18, 2020, COVID-19 proclamation (and subsequent extensions of the proclamation) suspended interest on tax payments resulting in delayed tax returns. As a result, Regular Lodging Tax returns after March 2020 include amounts that otherwise would have been shown in prior collection periods. For April 2020 through year end 2020, the 10 largest Regular Lodging Tax returns represent approximately 14% of Regular Lodging Tax Revenues. Suburban and airport hotels have represented a larger share of Regular Lodging Tax Revenues than these hotels have represented historically since the onset of the COVID-19 pandemic.

TABLE 15:
TEN LARGEST HOTELS IN DOWNTOWN SEATTLE
BY NUMBER OF ROOMS 2020

Hotel	Number of Rooms
Hyatt Regency Seattle	1,260
Sheraton Grand Seattle	1,236
Westin Seattle	891
Renaissance Seattle	557
Grand Hyatt Seattle	457
Fairmont Olympic	450
W Hotel Seattle	424
Crowne Plaza Seattle	418
Marriott Seattle Waterfront	361
Hyatt at Olive 8	346

Source: The District.

As of the date of this Official Statement, no hotel in the Seattle downtown has permanently closed due to the COVID-19 pandemic. One 159 room hotel closed and was sold for redevelopment as Apple's Seattle corporate headquarters. Two hotels with a total of 223 rooms have been temporarily repurposed to support homeless residents until COVID-19 restrictions are lifted. Finally, 14 hotels with a total of 1,979 rooms temporarily closed, but are expected to reopen between April and June 2021.

TABLE 16:
DOWNTOWN HOTEL CLOSURES 2020 TO DATE

Status	Number of Rooms
Closed	159
Repurposed	223
Temporarily Closed	1,979
Total	2,361

Source: Visit Seattle.

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 2020, 2019 and 2018 occupancy rate, ADR and RevPAR for hotels in the Seattle competitive set.

TABLE 17:
SEATTLE COMPETITIVE SET
2020, 2019 AND 2018

	Occupancy %			ADR[1]			RevPAR[2]		
Area	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
Seattle, Washington									
King County, Washington	36.2%	74.5%	75.9%	112	169	174	40	126	132
Seattle Downtown	26.3	79.9	81.5	156	213	229	41	171	187
Seattle BIA[3]	27.5	79.7	81.4	148	208	222	41	165	181
Anaheim, California, including Disneyland	38.8	81.3	81.0	130	174	166	50	141	134
San Diego, California	48.4	76.6	78.7	130	167	166	63	128	131
San Diego Downtown	39.5	79.8	81.7	173	212	216	68	169	176
San Francisco/San Mateo, California	41.8	82.0	81.9	177	250	241	74	205	198
San Francisco – Market Street	38.1	82.2	82.3	222	278	267	84	228	220
Denver, Colorado	42.9	73.8	73.1	95	135	132	41	100	96
Denver Downtown	34.8	76.8	75.4	132	186	185	46	143	140
Portland, Oregon	40.9	72.1	73.2	99	136	137	41	98	100
Salt Lake City-Ogden, Utah	47.4	69.5	70.5	87	111	111	41	77	78
Vancouver, British Columbia Downtown	27.9	79.9	80.3	136	201	198	38	160	159

(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 18:
HOTEL ADR AND OCCUPANCY[1]

Calendar Year	Location within King County	ADR[2]	Occupancy	RevPar[3]
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
2018	Downtown Seattle	229	81.5	187
	Seattle/Tacoma Airport	136	78.5	107
	Bellevue and Eastside	198	71.9	142
2019	Downtown Seattle	213	79.9	171
	Seattle/Tacoma Airport	134	76.4	102
	Bellevue and Eastside	196	71.8	140
2020	Downtown Seattle	156	26.3	41
	Seattle/Tacoma Airport	94	49.8	47
	Bellevue and Eastside	143	26.9	38

(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, 2016, through 2020. The figures for 2016-2019 have been excerpted from the audited financial statements of the District. The figures for 2020 are preliminary and unaudited. The District's fiscal year is the calendar year. See Appendix C. The historical results for periods occurring prior to the COVID-19 pandemic speak only as of their dates and for the periods shown and may not be indicative of future results or performance due to a variety of factors. See "COVID-19 PANDEMIC."

TABLE 19:
WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(Fiscal Years Ended December 31)

	Audited				Unaudited
	2016	**2017**	**2018**	**2019**	**2020**
Operating Revenues					
Building Rent	$4,563,699	$4,363,947	$3,992,177	$4,263,280	$760,841
Food Service	22,005,777	20,949,997	26,320,728	23,085,555	4,950,410
Parking	3,588,648	3,723,747	3,783,815	3,897,330	2,147,140
Facility Services	3,218,654	3,547,743	4,000,813	3,535,662	738,068
Retail Leases	495,965	510,214	716,152	823,020	370,107
Other	1,683,471	1,866,048	1,579,687	$1,493,478	312,670
Total Operating Revenues	$35,556,214	$34,961,697	$40,393,372	$37,098,324	$9,279,236
Operating Expenses					
Salaries and Wages	$8,183,258	$8,505,409	$9,023,526	$9,168,321	$5,203,789
Employee Benefits	5,038,470	5,216,785	5,283,711	5,331,519	3,348,677
Professional/Other Services	2,524,676	2,620,474	2,752,081	2,688,111	1,692,990
Food Service	12,967,020	12,253,134	14,063,741	13,761,126	3,321,622
Supplies	597,246	584,990	630,204	585,368	342,984
Utilities	2,790,347	3,102,999	3,150,868	3,272,140	1,912,186
Repair and Maintenance	1,770,592	1,703,191	1,692,183	1,840,824	1,497,710
Depreciation/Amortization	13,218,878	13,448,391	13,791,941	13,995,164	14,079,938
Other Admin./Contingency	360,115	327,266	376,940	376,795	79,561
Total Operating Expenses	$47,450,603	$47,762,639	$50,765,195	$51,019,368	$31,479,458
Operating Income (Loss)	(11,894,389)	(12,800,942)	(10,371,823)	(13,921,044)	(22,200,222)
Marketing Tax[2]	12,863,089	13,944,123	14,976,875	15,403,241	2,920,579
Marketing Expenses					
Visit Seattle	10,973,623	11,940,816	12,757,257	13,119,423	4,393,251
In-house Marketing	1,016,655	1,188,809	1,380,462	1,342,631	925,679
Total Marketing Expenses	$11,990,278	$13,129,625	$14,137,719	$14,462,054	$5,318,930
Income from Marketing	872,811	814,498	839,156	941,188	(2,398,351)
Total Net Operating & Marketing Loss	(11,021,578)	(11,986,444)	(9,532,666)	(12,979,856)	(24,598,574)
Non-Operating Rev. (Exp.)					
Regular Lodging Tax[2]	$64,300,007	$69,705,450	$74,866,406	$76,997,207	$18,384,474
Extended Lodging Tax				1,917,849	906,446
Interest, Investment Income	1,174,492	1,337,620	13,672,902	22,872,700	8,676,974
Interest Expense	(14,153,153)	(11,569,690)	(36,617,777)	(64,469,549)	(63,983,868)
BABs Subsidy	6,167,877	6,077,141	5,988,725	5,887,519	5,779,726
Loss on Disposal of Assets	(691,614)	(1,294,965)	(562,668)	(358,778)	(500,000)
Bond Issuance Costs			(4,759,235)		
Non-operating Interest Exp.	(14,378)	(45,496)			
Other Revenue (Expense)	(2,498)	(3,951)	(107,149)	(216,801)	(438,635)
Total Non-Operating Revenue	**$56,780,733**	**$64,206,109**	**$52,481,204**	**$42,630,147**	**$(31,174,883)**
Change in Net Position	45,759,155	52,219,665	42,948,538	29,650,291	(55,773,455)
Net Position- Ending	$374,841,065	$427,060,730	$470,009,267	$499,659,558	$443,886,103

[1] 2020 figures are preliminary and unaudited.
[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.

CERTAIN INVESTMENT CONSIDERATIONS

Prospective purchasers of the 2021 Junior Notes should consider the matters set forth below as well as other information contained in this Official Statement in evaluating an investment in the 2021 Junior Notes. 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 2021 Junior Notes. 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.

Payment of the 2021 Junior Notes; Liquidity

The District is issuing the 2021 Junior Notes in anticipation of the recovery of Pledged Lodging Tax Revenues following the COVID-19 pandemic. As illustrated on "Table 8: WASHINGTON STATE CONVENTION CENTER 2021-2031 PROJECTED LODGING TAX REVENUES, DEBT SERVICE COVERAGE AND ANNUAL CASHFLOW)" the District expects to need to apply unrestricted cash balances, apply Additional Lodging Tax Revenues and incur additional Repayment Deficiency Loans to the payment of a portion of debt service on outstanding obligations pending the anticipated recovery of Lodging Tax Revenues from the acute negative effects of the COVID-19 pandemic. The District also plans to capitalize (or fund with cash following reimbursement of costs with 2021 Junior Note proceeds) interest through July 1, 2023. If Lodging Tax Revenues recover more slowly than expected, or if the District is required to apply unrestricted funds to pay Addition Project or other costs (in addition to what is planned), the District's projected unrestricted cash balances will be lower than projected. If the recovery is delayed significantly longer, then capitalized and funded interest and projected unrestricted cash balances may not be sufficient to pay interest on the 2021 Junior Notes when due. The District projects that Pledged Lodging Tax Revenues will recover to provide more than 1x debt service coverage on outstanding obligations in 2023 and to 2019 levels by 2024 but cannot provide assurance regarding the pace of the recovery from the effects of the COVID-19 pandemic.

Refinancing of the 2021 Junior Notes

The District is issuing the 2021 Junior Notes in anticipation of the recovery of Pledged Lodging Tax Revenues following the COVID-19 pandemic. The District currently is unable to demonstrate sufficient historic debt service coverage to issue this 2021 debt as First Priority Bonds or Subordinate Priority WSCC Obligation and instead is issuing the 2021 Junior Notes on a subordinated basis. The District plans to issue Additional First Lien Bonds and/or Subordinate Priority WSCC Obligations to refund the 2021 Junior Notes at maturity or upon prior redemption. If the District is unable to issue Additional First Lien Bonds and/or Subordinate Priority WSCC Obligations, the District plans to issue additional bond anticipation notes (as Junior Bonds or other obligations) to refinance the 2021 Junior Notes. The District's ability to issue obligations to pay the 2021 Junior Notes at maturity or upon prior redemption depends on a number of factors, including the factors discussed herein, and the ability of the District to access the municipal bond market. Changes in the municipal bond market, including changes in interest rates, changes in the tax-exemption of municipal bonds or the District's ability to issue bonds on a tax-exempt basis, investor interest in lodging tax bonds, and other factors may affect the District's ability to refinance the 2021 Junior Notes when, and at the rates, expected.

The Pledged Lodging Tax Revenues have been acutely affected by the COVID-19 pandemic. The District is relying on recovery from, and growth in, the Pledged Lodging Tax Revenues for the issuance of and payment of debt service on bonds to refinance the 2021 Junior Notes at or prior to their maturity. See "COVID-19 PANDEMIC."

The County has consented to the issuance of bonds to refinance the 2021 Junior Notes. So long as the District has Outstanding any Repayment Deficiency Loans, the Transfer Agreement requires the consent of the State Treasurer to the incurrence of additional debt. The State Treasurer has consented to the issuance of the 2021 Junior Notes but has not provided an advance consent to the issuance of bonds to refinance the 2021 Junior Notes. The District will request such consent but, if such consent is not provided, may proceed with the issuance of bonds to refinance the 2021 Junior Notes so long as the District has paid, or then pays, all Outstanding Repayment Deficiency Loans. See Table 8 and "FORECASTED LODGING TAX REVENUES."

The District expects to issue refunding bonds at or prior to the maturity of the 2021 Junior Notes, based on the projected Lodging Tax Revenues illustrated in "Table 8: WASHINGTON STATE CONVENTION CENTER 2021-2031 PROJECTED LODGING TAX REVENUES, DEBT SERVICE COVERAGE AND ANNUAL CASHFLOW)." These projections of Lodging Tax Revenues are based on the 2020 Report, which was completed prior to subsequent developments including emergency use approval and distribution of three COVID-19 vaccines. The District's Lodging Tax Revenues may recover more quickly than shown in these projections, and the District may redeem the 2021 Junior Notes prior to their maturity.

Economic Activity; Tourism Activity

Lodging Tax Revenues are affected by economic activity, particularly tourism activity. Table 2 shows annual Regular Lodging Tax Revenues and the percentage change from year to year since 2006. With the exception of the downturns during the Great Recession and as a result of the COVID-19 pandemic, Lodging Tax Revenues have grown year to year, from a low annual increase of 2.85 percent to a high annual increase of 16.80 percent. Regular Lodging Tax Revenues have grown at a 9.3% compound annual growth rate from 2010 to 2019. As shown in Table 2, the Great Recession from approximately 2008 to 2010 decreased revenues by 7.04 percent in 2009 and 11.37 percent in 2010. The COVID-19 pandemic affected Lodging Tax Revenues much more acutely. Regular Lodging Tax Revenues decreased by 76.9 percent in 2020 as compared to 2019 (on an accrual basis). The timing of recovery from the COVID-19 pandemic is uncertain, and the District expects that Pledged Lodging Taxes may not recover to 2019 levels until 2024.

Any future 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." Web-based units represent a new entrant into the lodging market, with a short 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, pandemic or other significant local or national events will not again have a materially negative impact on Lodging Tax Revenues.

Changes or fluctuations in 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, homelessness in downtown Seattle and other factors that may affect Seattle's national and international reputation as a place to visit. The District has established a Task Force to help with communicating the needs of safety and civility of the downtown core and how this will effect bookings of events and attendance that then relate to job and economic impact created for the region pre-COVID-19 to the District's elected officials both in the City of Seattle and the County. The District is involved with several community groups, Downtown Seattle Association, Chamber of Commerce, Visit Seattle and neighborhood associations to focus on recovery from the COVID-19 pandemic and restoring a vibrant downtown attractive to business, conventions and visitors to the City. These will be ongoing conversations throughout 2021 and 2022.

Washington State's economy is relatively dependent on export-oriented industries, and may be affected by factors affecting international trade, including tariffs. 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.

Public Health

The impact that the COVID-19 pandemic is having and will have on commerce, financial markets, the District and the Puget Sound region is significant, and the nature of the impact is likely to evolve over the next several years. The District has provided the information contained in this Official Statement to describe current impacts that the COVID-19 pandemic and related emergency orders have had on the District's finances and operations, and to describe some of the actions that the District is taking in response. Other public health emergencies, including other global pandemics, may occur. The District cannot predict the duration and extent of the COVID-19 public health emergency, the occurrence of future public health emergencies or quantify the magnitude of the impact on the District and regional economy or on the other revenues and expenses of the District. The COVID-19 outbreak is ongoing, and its dynamic nature leads to uncertainties, including (i) the geographic spread of the virus and its variants and the emergence of new variants; (ii) the severity of the disease; (iii) the duration of the outbreak; (iv) actions that governmental authorities may take to contain or mitigate the outbreak; (v) the development, efficacy and distribution of medical therapeutics and vaccinations and the efficacy of therapeutics and vaccines to emerged and new variants; (vi) additional or changed travel restrictions; (vii) the impact of the outbreak on the local or global economy, or on the tourism and convention sector generally; (viii) whether and to what extent the Governor may order additional public health measures; (ix) restoration of public perception of the safety and necessity of travel for personal and business needs; and (x) the impact of the outbreak and actions taken in response to the outbreak on District revenues, expenses and financial condition. Prospective investors should assume that the restrictions and limitations instituted related to COVID-19 may continue, that the current upheaval to the national and global economies and financial markets may continue and/or be exacerbated, at least over the near term, and that the recovery may be prolonged. Additional pandemics, and other public health emergencies, may occur and may occur with greater frequency and intensity given trends in globalization.

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 2021 Junior Notes upon the occurrence of a Default under the Note Resolution 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 Note Resolution or to pay principal of or interest on the 2021 Junior Notes, there can be no assurance that available remedies will be adequate to fully protect the interests of the Owners of the 2021 Junior Notes.

If the District has possession of Pledged Lodging Tax Revenues (whether collected before or after commencement of its bankruptcy) and if the District does not voluntarily turn over such Lodging Tax Revenues pursuant to the terms of the Note Resolution, it is not entirely clear what procedures the Registrar or the holders of the Bonds would have to follow to attempt to obtain possession of such Pledged Lodging Tax Revenues for payment of the 2021 Junior Notes and other outstanding obligations of the District, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

In addition to the limitations on remedies contained in the Note Resolution, the rights and obligations of the Owners under the 2021 Junior Notes 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 2021 Junior Notes and the Note Resolution 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 2021 Junior Notes 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 2021 Junior Notes.

No Acceleration

The 2021 Junior Notes 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 Junior 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 Junior Bonds of a series. See APPENDIX D—"Note Resolution" for a description of the events that could give rise to a Default and available remedies.

Convention Center Market

The District's operating revenues are largely dependent upon the continued attractiveness of the Convention Center for convention activities in the Seattle metropolitan area. The District focuses on national and international convention types 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 events and meetings, 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 2021 Junior Notes but are available as part of the District's full faith, credit and resources). 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. The construction of the Addition Project is intended to help to mitigate this competition by providing additional convention and meeting facilities, more available dates to help generate demand with more space, more dates and better overall package of facilities for meeting planners to pick from and keep Seattle in the decision process for future meetings. The COVID-19 pandemic may affect travel and convention activity on a going forward basis as individuals and businesses have adapted to remote work arrangements and invested in technology to support remote work. A decline in the continuing attractiveness of the Convention Center and/or the Addition Project, once completed, 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. As a result of the COVID-19-related downturn in Lodging Tax Revenues, the District's plans to renovate the existing Convention Center have been postponed until feasible.

Addition Project Risk

The Addition Project as described under the heading "PLAN OF FINANCE—The Addition Project" is based on current cost and timing estimates, which include 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 recovery and 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 sale of development rights as a source of funds to complete the construction of the Addition Project. 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 current schedule, or that capital investments, in the form of the Addition Project or renovations to the Convention Center, will generate increased operating revenues as expected. Operating expenses may increase more than expected. The cost of the Addition Project could be affected by increased construction costs from contractor and sub-contractors claims relating to delay including in connection with COVID-19. Some sources of funding for the Addition Project are estimated sources. For example, the District has requested funding from the State to reimburse COVID-19 related costs but has no assurance that the request will be approved and that it will be reimbursed the estimated amounts. Likewise, the District expects to lease furniture, fixtures and equipment and the lease terms are not determined.

The District expects to complete the Addition Project in mid-2022. Operation of the Convention Center and the Addition Project do affect Lodging Tax Revenues as described above under the heading "—Convention Center Market." The State Consultant has 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 District has had to apply some of its reserves to address the COVID-19 related downturn in Lodging Tax Revenues, limiting the availability of this mitigation measure to address operating deficits, incuding pending stabilization, on a going forward basis.

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 Note Resolution, the District has pledged the Pledged Lodging Tax Revenues to secure the payment of the principal of and interest on the Junior Bonds. 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 2021 Junior Notes could be time consuming. Substantial delays or reductions in payments to the Owners of the 2021 Junior Notes could result. Even if a court determines that post-bankruptcy money in such accounts is payable to the Owners of the 2021 Junior Notes, 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 Note Resolution 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 2021 Junior Notes 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 Project 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's taxing district and into the Puget Sound (which the District's taxing district borders). Such lahars could cause catastrophic damage to the area within the District's taxing district.

Climate Change and Sustainability

There are potential risks to the District associated with long-term changes in climate and associated changes in the frequency, timing, and severity of extreme weather events. Expected impacts include sea level rise, more intense heavy rain events, more intense summer heat events, lower and warmer summer streamflows, ocean acidification, and an increased risk of flooding, drought, landslides, and forest fires. The District has been recognized for its leadership on sustainability efforts in connection with the construction and operation of the Convention Center and the Addition Project. The District can, however, give no assurance regarding the effect of long-term changes in climate and associated changes in the frequency, timing, and severity of extreme weather events on the District, including tourism activity within the District's taxing district.

The District has designated the 2018 Junior Notes as Green Notes as described in "PLAN OF FINANCE—Environmental and Community Benefits." *No representation is made as to the suitability of any 2021 Junior Notes to fulfill environmental, sustainability or social bond criteria required by prospective investors. Each potential purchaser of 2021 Junior Notes should determine for itself the relevance of the information contained or referred to herein or in the Note Resolution regarding the use of proceeds and its purchase of 2021 Junior Notes should be based upon such investigation as it deems necessary.*

THERE CAN BE NO ASSURANCE THAT USE OF PROCEEDS OF THE 2021 JUNIOR NOTES WILL BE SUITABLE FOR THE INVESTMENT CRITERIA OF AN INVESTOR

It is the District's intention to apply the net proceeds received from the sale of the 2021 Junior Notes for environmentally beneficial projects as described in "PLAN OF FINANCE—Environmental and Community Benefits." Prospective investors should review the information included in this Official Statement pertaining to the intended use of the proceeds of the 2021 Junior Notes and must determine for themselves the relevance of such information for the purpose of any investment in the 2021 Junior Notes, together with any other investigation the investor deems necessary. In particular, no assurance is given by the District or any Underwriter that the use of such proceeds will satisfy, in whole or in part, any present or future investor expectations or requirements as to any investment criteria or guidelines with such investor or its investments are required to comply, whether by any present or future applicable law or regulations, or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental impact of any uses of the proceeds of the 2021 Junior Notes.

Furthermore, it should be noted that there is currently no clearly defined definition of (legal, regulatory, or otherwise), nor market consensus as to what constitutes a "green" or an equivalently labelled project or as to what precise attributes are required for a particular project to be defined as "green" or such other equivalent label. No assurance can be given that such a clear definition will develop over time, or that, if developed, it will include the projects to be financed or refinanced with proceeds of the 2021 Junior Notes. Accordingly, no assurance is or can be given to investors that any uses of the 2021 Junior Notes will meet investor expectations regarding such "green" or other equivalently-labelled performance objectives or that any adverse environmental and/or other impacts will not occur during the construction or operation of projects to be financed with the proceeds of the 2021 Junior Notes.

Cybersecurity

The District relies on technology to conduct its operations. The District has invested in cybersecurity protections in recent years that include technology tools. Notwithstanding these and other cybersecurity measures, a cybersecurity breach could damage District systems and cause material disruption to operations and services. The cost to remedy such damage or protect against future attacks could be substantial. Security breaches could expose the District to litigation and other legal risks, which could cause the District to incur costs related to legal or regulatory claims. The District maintains cyber liability insurance to help offset these financial risks.

LITIGATION

There is no controversy or litigation pending or, to the best knowledge of the District, threatened that will affect the issuance and delivery of the 2021 Junior Notes, the collection of Lodging Tax Revenues and other revenues to pay the principal and interest thereon, the proceedings and authority under which the 2021 Junior Notes are issued, or the validity of the 2021 Junior Notes.

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 2021 Junior Notes are subject to the approving legal opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel to the District in the form set forth at Appendix E. The rights and remedies of anyone seeking enforcement of the Bonds are subject to laws of bankruptcy and insolvency and to other laws affecting the rights and remedies of creditors and to the exercise of judicial discretion. State law provides that the payment of general obligation bonds is enforceable in mandamus against the issuer. Pacifica Law Group LLP is also serving as Disclosure Counsel to the District in connection with the issuance of the Bonds. Bond Counsel and Disclosure Counsel will be compensated only upon the issuance and sale of the 2021 Junior Notes.

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

Ownership of the 2021 Junior Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2021 Junior Notes, nonresident alien individuals and foreign corporations, and foreign financial institutions. Owners of the 2021 Junior Notes, including non-U.S. Holders, may be subject to information reporting requirements, withholding or backup withholding with respect to the 2021 Junior Notes, including but not limited to requirements imposed by the Foreign Account Tax Compliance Act ("FATCA"). Except as expressly stated herein, Bond Counsel expresses no opinion regarding any tax consequences related to the ownership, sale or disposition of the 2021 Junior Notes, or the amount, accrual or receipt of interest on, the 2021 Junior Notes. Owners of the 2021 Junior Notes should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2021 Junior Notes.

In the opinion of Bond Counsel, under existing law and subject to certain qualifications described below, interest on the 2021 Junior Notes 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 2021 Junior Notes to be delivered on the date of issuance of the 2021 Junior Notes is set forth in Appendix E.

The Code contains a number of requirements that apply to the 2021 Junior Notes, 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 2021 Junior Notes could be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2021 Junior Notes. Ownership of the 2021 Junior Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2021 Junior Notes, nonresident alien individuals and foreign corporations, and foreign financial institutions. Except as expressly stated herein, Bond Counsel expresses no opinion regarding any tax consequences related to the ownership, sale or disposition of the 2021 Junior Notes, or the amount, accrual or receipt of interest on, the 2021 Junior Notes. Owners of the 2021 Junior Notes should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2021 Junior Notes.

If the initial offering price to the public at which a 2021 Junior Note 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 2021 Junior Note 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 2021 Junior Note 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 2021 Junior Note to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2021 Junior Note. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2021 Junior Notes who purchase the 2021 Junior Notes after the initial offering of a substantial amount of such maturity. Owners of such 2021 Junior Notes should consult their own tax advisors with respect to the tax consequences of ownership of 2021 Junior Notes 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 2021 Junior Notes under federal individual alternative minimum tax.

Under the Code, original issue premium is amortized on an annual basis over the term of the 2021 Junior Note (said term being the shorter of the 2021 Junior Note'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 2021 Junior Note for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2021 Junior Note is amortized each year over the term to maturity of the 2021 Junior Note on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2021 Junior Note premium is not deductible for federal income tax purposes. Owners of premium 2021 Junior Notes, 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 2021 Junior Notes.

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 2021 Junior Notes 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 2021 Junior Notes ends with the issuance of the 2021 Junior Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Owners regarding the tax-exempt status of the 2021 Junior Notes 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 2021 Junior Notes 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 2021 Junior Notes, 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 2021 Junior Notes 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 2021 Junior Notes. Prospective purchasers of the 2021 Junior Notes 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 2021 Junior Notes 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 2021 Junior Notes (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 2021 Junior Notes 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, 2020 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events with respect to the 2021 Junior Notes. 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 has entered into continuing disclosure undertakings in connection with the issuance of the 2010 Bonds, 2018 First Priority Bonds, and 2018 Subordinate Priority WSCC Obligations. On July 23, 2019, the District filed an untimely notice of an upgrade in S&P's ratings for the 2010 Bonds and 2018 First Priority Bonds. The District concurrently filed a notice of its failure to file timely notice of this rating change. On June 12, 2020, S&P downgraded its ratings for the 2010 Bonds, 2018 First Priority Bonds, and 2018 Subordinate Priority WSCC Obligations. On June 15, 2020, the District filed timely notice of these ratings changes on EMMA, but failed to link this notice to CUSIPs for the 2018 First Priority Bonds and 2018 Subordinate Priority WSCC Obligations.

NO RATING

The 2021 Junior Notes are not rated. See "SECURITY AND SOURCES FOR PAYMENT OF THE 2021 JUNIOR NOTES – Additional Covenants –Application for Rating."

UNDERWRITING

The 2021 Junior Notes are to be purchased from the District at an aggregate purchase price of $377,618,333.37 (the principal amount of the 2021 Junior Notes, less underwriters' discount of $1,654,981.63, and plus original issue premium of $37,773,315.00), subject to the terms of a Note Purchase Contract (the "Purchase Contract") between the District and J.P. Morgan Securities LLC, Citigroup Global Markets Inc., and Goldman Sachs & Co. LLC (the "Underwriters"). The Purchase Contract provides that the Underwriters will purchase all of the 2021 Junior Notes if any are purchased and that the obligation of the Underwriters to accept and pay for the 2021 Junior Notes 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 2021 Junior Notes 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.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC, Seattle, Washington (the "Municipal Advisor"), has acted as municipal advisor to the District in connection with the issuance of the 2021 Junior Notes. The Municipal 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 contained in, this Official Statement. The Municipal 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, Municipal Advisor, the Registrar, Bond Counsel and Disclosure Counsel, and Underwriters' Counsel are contingent upon the sale of the 2021 Junior Notes. Pacifica Law Group LLP is serving as Bond Counsel and Disclosure Counsel to the District with respect to the 2021 Junior Notes. Bond Counsel and Disclosure Counsel serves as counsel to one or more of the Underwriters, and to other parties involved with the 2021 Junior Notes with respect to transactions other than the issuance of the 2021 Junior Notes. Pacifica Law Group LLP serves as bond counsel to the County, and represents the City and the State, in each case on transactions other than the issuance of the 2021 Junior Notes. Pine Street Group and Pine Street Group principals are investors in the residential co-development component of the Addition Project. Some of Pine Street Group's fees are contingent upon finishing the Addition Project.

MISCELLANEOUS

At the time of delivery of the 2021 Junior Notes, one or more officials of the District will furnish a certificate stating that to the best of their knowledge, this Official Statement (excluding certain information regarding DTC contained in Appendix G), as of its date and as of the date of delivery of the 2021 Junior Notes 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

2020 FORECAST OF LODGING TAX REVENUES

(See Attached)

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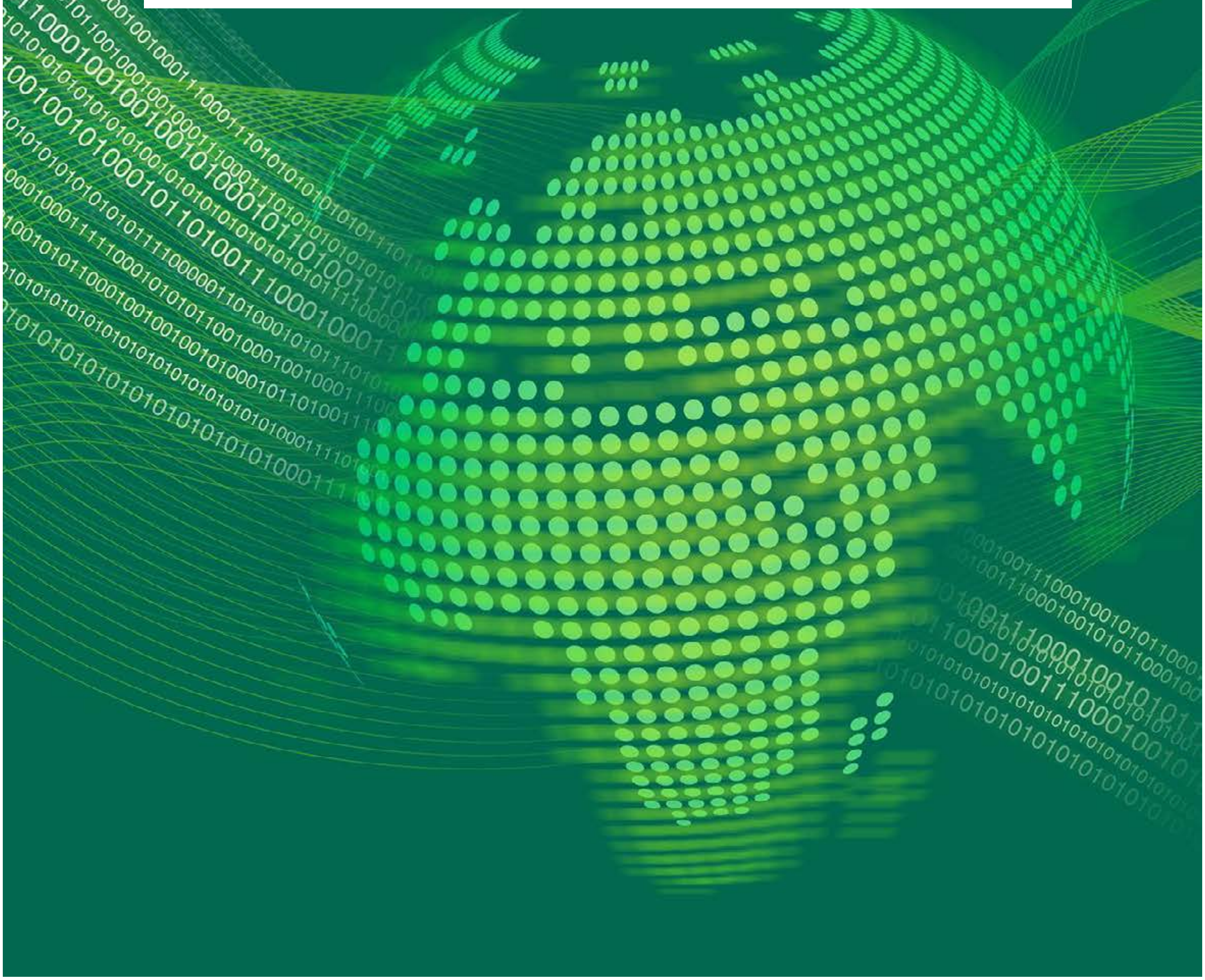
UPDATED FORECAST LODGING TAX REVENUES

King County, Washington
CBRE, Inc. File No. 20-414NH-0302

Mr. Fred Eoff
Director
PFM Financial Advisors, LLC
1200 Fifth Avenue, Suite 1220
Seattle, Washington 98101

www.cbre.com
www.cbrehotels.com



COMMERCIAL REAL ESTATE SERVICES

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Sent via email to: eoff@pfm.com

October 22, 2020

Mr. Fred Eoff
Director
PFM Financial Advisors, LLC
1200 Fifth Avenue, Suite 1220
Seattle, WA 98101

Re: Updated Forecast of Lodging Tax Revenue - King County, Washington State
CBRE, Inc. File No. 20-414NH-0302

Dear Mr. Eoff:

Pursuant to your request, we have prepared a forecast of lodging tax revenues for King County, Washington (the "County"), 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 Public Facilities District for the next 30 years, beginning with year-end 2020 and through year-end 2049, and to reflect the impact that the COVID-19 Pandemic is forecasted to have on the hotel industry.

As of the date of this letter, the nation, region, and market area are impacted by the world-wide outbreak of the COVID-19 Pandemic. This could have a prolonged effect on macroeconomic conditions, though at this time the length of duration is unknown. The perceived impact on real estate varies on several factors including asset class, use, tenancy, and location. Our analysis considers available information as of September 2020.

We understand that PFM Financial Advisors, LLC ("PFM") is an independent agent to the Washington State Convention Center Public Facilities District ("WSCC"). We further understand that the WSCC is utilizing lodging tax revenues to fund existing debt service and the expansion of the Washington State Convention Center. PFM has requested an update to the CBRE Hotels Advisory analysis last prepared and presented in a report dated July 2018 to address the negative impact the COVID-19 Pandemic has had on the hotel and travel industries, and, the resulting impact on the forecasted tax collection revenues generated by the hotels in the County. We specifically understand that the updated forecast of lodging tax revenues presented herein will be used by PFM for internal planning purposes.

Table of Contents

A. Overview

CBRE Hotels Advisory was formally retained on August 24, 2020 by PFM Financial Advisors, LLC, an independent municipal advisor to the WSCC Public Facilities District, to develop an annual forecast of lodging tax revenues for the next 30 years, beginning with year-end 2020 and through 2049, to reflect the impact that the COVID-19 Pandemic has had on the hotel industry. It is our understanding that PFM is in the process of conducting an internal evaluation of the impact of COVID-19 on the King County lodging industry and the resulting lodging tax revenues.

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 forecasted lodging tax revenue generated from hotels located in the City of Seattle and King County.

B. Methodology

We understand that lodging tax revenues available to the WSCC Public Facilities District are applicable to room revenue generated by hotels and web-based businesses such as Airbnb, VRBO, HomeAway, etc. (herein collectively referred to as web-based units). For hotels with 60 rooms or more, a 7.0 percent lodging tax rate is applied to hotels located in the City of Seattle, and a 2.8 percent tax rate is applied to the remaining hotels located in King County (together defined as "Regular Lodging Taxes"). For hotels located in the City of Seattle, an additional 2.0 percent lodging tax ("Additional Lodging Tax") is applied. It is our understanding that in January 2019 legislation came into effect whereby (1) a 7.0 percent lodging tax is applied to hotels with fewer than 60 rooms in Seattle and a 2.8 percent lodging tax is applied to remaining hotels with fewer than 60 rooms in King County, and (2) a 2.8 percent lodging tax is applied to web-based units located in King County outside the boundaries of the City of Seattle. We further understand that as of January 2019, the 2.0 percent Additional Lodging Tax is also applicable to hotels with fewer than 60 rooms and web-based units located in Seattle. A chart summarizing the tax rates and tax districts is presented in Table B-1.

In conducting our updated analysis and forecast of lodging tax revenues we have:

- Utilized information provided by Visit Seattle, representatives of the WSCC, and other municipalities in King County, as well as data from STR, Inc. and our knowledge of the market to identify the supply of hotels throughout King County;
- Reviewed the actual historical annual collection of lodging tax revenues over the last 30 fiscal years, dating back to 1990 (1990/91 to 2019/20) as reported by the State's Office of Financial Management ("OFM") and the WSCC;

- Identified hotels in the County that are in the construction, development, or planning stages in order to account for the proposed hotels with a likelihood of opening over the next five years;
- Reviewed historical supply growth trends throughout the County's lodging market as a basis for our projections of long-term average annual supply growth;
- Through our own market research, reviewed the historical supply and demand trends as well as average daily room rates ("ADR"), and total lodging revenues for many of the individual hotels in the County;
- Reviewed historical convention center attendance and room night trends and the future volume of convention demand on the books and booking pace through 2027;
- Researched and analyzed current economic and demographic trends in King County to determine the trends' 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 hotel occupancy and ADR;
- Utilized data provided by AirDNA, a firm that provides data and analytics on web-based rental performance, as a resource for estimating future growth in lodging supply, demand, and ADR for web-based units in Seattle and greater King County;
- Developed a forecast of future lodging supply, demand, occupancy, average daily room rates, and lodging room revenues for the County through calendar year 2049 for hotels with 60 rooms or more, hotels with fewer than 60 rooms, and web-based units. This forecast was prepared for Seattle, the remaining King County lodging supply, and then combined for a total for all lodging in King County;
- Based on our updated forecast of total hotel room revenue for properties with 60 rooms or more, we calculated the resulting Regular Lodging Tax revenue for the King County lodging market based on a lodging tax rate of 7.0 percent for properties located in the City of Seattle and 2.8 percent for the remaining properties located in King County;
- Based on our updated forecast of total lodging room revenue for hotels with fewer than 60 rooms, we calculated the resulting Extended Lodging Tax revenues based on a lodging tax rate of 7.0 percent for properties with fewer than 60 rooms located in Seattle and 2.8 percent for those hotels located in King County. 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 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. It should be noted that 50 percent of this revenue is kept by the WSCC, which has been factored into our projections;

- 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 hotels and web-based units located in Seattle and have assumed that the WSCC would collect 100 percent of these revenues. 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 tax rates utilized by location and property type.

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 (2019): 39,680			
Location	Seattle	Seattle	Other King County
Number of Properties	84	84	143
Number of Rooms	17,691	17,691	21,989
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 (2019): 21,989			
Location	Seattle	Seattle	Other King County
Number of Properties	27	27	34
Number of Rooms	1,028	1,028	1,228
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 (2019): 6,903			
Location	Seattle	Seattle	Other King County
Number of Units	5,464	5,464	1,440
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

While the long-term health and economic outlook of the Seattle and King County region remains positive, the lodging market is anticipated to be severely impacted by the outbreak of the COVID-19 Pandemic over the near term. The need for social distancing and the overall contraction in economic activity spurred by the Pandemic has caused dramatic declines in travel, lodging demand

and hotel operating performance nationwide, including King County. While COVID-19 has had a severe economic impact on the King County lodging market in 2020, Seattle and King County remain recognized as the business, financial and cultural center of the Pacific Northwest. Given the variety of lodging demand generators in King County, as well as the strong historical performance of the lodging market, it is our opinion that King County remains desirable for visitors in the long run. As visitation to King County is projected to recover in the coming years, the lodging industry is anticipated to experience similar growth.

Presented below is a summary of the primary assumptions utilized in our Lodging Tax Revenues forecast for King County.

- The City of Seattle is comprised of 84 hotels with 60 rooms or more, totaling 17,691 guestrooms as of year-end 2019. The remaining King County area is comprised of 143 hotels with 60 rooms or more, totaling 21,989 guestrooms as of year-end 2019. In total, the number of hotels with 60 rooms or more in King County is 227, and the number of daily available rooms is 39,680.
- Historically, there have been large annual increases in Lodging Tax Revenues, which can be attributed to strong hotel performance and increases in the lodging room supply. These periodic supply increases and growth in lodging demand are the leading reasons for the strength in the 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 (beginning in June and ending in July) 1990/91 and 2019/20. This time period is inclusive of prior major economic downturns, and, is demonstrative of the resiliency and strength of the local economy. While the COVID-19 Pandemic has caused a severe decline in lodging room revenues in 2020, we anticipate recovery will begin in 2021, with meaningful growth thereafter.
- For hotels with over 60 rooms, we have provided a forecast of anticipated hotel openings from 2020 through 2024 based on our knowledge of projects that are moving forward. It should be noted that in consideration of the current economic climate resulting from the outbreak of the Pandemic and the likely subsequent difficulty of obtaining financing for hotel development, our forecast of additions to supply considers those factors. By 2025, it is expected that the lodging market will have largely recovered from the negative economic impact caused by the Pandemic, and that construction lending will be more widely available. Accordingly, 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 2025. 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 2025. This future supply growth

for Seattle and King County follows typical lodging market development cycles.

- We have identified 27 hotels with fewer than 60 rooms in the City of Seattle; these hotels represent 1,028 rooms as of year-end 2019. We have also identified 34 properties with fewer than 60 rooms in King County (excluding Seattle); these hotels represent 1,228 rooms. Given the market position of this segment of properties, we have not accounted for any future additions to supply.

- We have utilized the CBRE publication Hotel Horizons – Seattle®, September-November 2020, as a resource for estimating future growth in occupancy and ADR for hotels in King County. Specifically, we utilized the forecasts organized by price tier, (Upper-Priced Hotels, Mid-Priced Hotels, and Lower-Priced Hotels) according to the corresponding composition of each product type and market area. For Seattle hotels with over 60 rooms, we have consulted the forecast for Upper-Priced Hotels, and for the remaining King County hotels with over 60 rooms, we have utilized the forecast for Mid-Priced Hotels. For all hotels with fewer than 60 rooms in King County, we have consulted the forecast for Lower-Priced Hotels.

- We have utilized data provided by AirDNA regarding the historical operating performance of web-based units in Seattle and King County (excluding Seattle) to inform our forecast of room revenues generated by web-based units for the projection period. Based on the foregoing data, we understand that as of year-end 2019, there were 5,464 web-based units located within the City of Seattle and 1,440 web-based units located in King County (excluding Seattle). To account for the fluid nature associated with the available supply of web-based units, we have capped the supply of web-based units at approximately 2.0 percent above 2019 supply levels in 2023 and for the remainder of the projection period.

- The tax receipt data provided to us by the WSCC for the year 2019 was not identified to illustrate the Lodging Tax Revenues generated by lodging product type and location. In order to estimate the Lodging Tax Revenues generated by each lodging product type in 2019, we have utilized historical ADR and occupancy performance data sourced from Hotel Horizons and AirDNA. This information was utilized as the baseline from which to project future Lodging Tax Revenues. Furthermore, our 2019 base year assumes that 100 percent of the Additional Lodging Taxes and Extended Lodging Taxes applicable to web-based units in the City of Seattle and remaining King County would be collected based on the room revenues for these areas as reported by AirDNA.

- Our forecast is based on assumptions utilized by CBRE Hotels Research in their baseline forecasts that assumes broad compliance with mask-wearing and widespread testing slows the spread of COVID-19 nationwide, an effective therapy vaccine is ready for distribution by late-2021, gross domestic product ("GDP") recovers in 1.75 years, and aggressive stimulus and a consistent reopening of the economy supports steady growth in the fourth quarter 2020 and into 2021.

- Our forecast assumes that the construction of the WSCC Addition is completed and the expansion is open by mid-2022. The WSCC Addition is anticipated to allow the City of Seattle to host larger city-wide conventions and multiple groups simultaneously.
- Based on the timing between the actual generation of lodging revenue and the remittance of applicable lodging tax revenues to the WSCC which reflect a two-month lag, at PFM's request, the forecast prepared for 2020 and 2021 herein, reflects the requested adjusted twelve-month timeframe. Beginning in 2022 and the remainder of the forecast period, calendar year periods were utilized. As a check of reasonableness, we reviewed monthly lodging tax receipts for 2020 through September provided to us by the WSCC in preparing our 2020 estimate for Lodging Tax Revenues.

Based on the outlined methodology, we have projected the Lodging Tax Revenues including 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 for the period 2020 through 2049 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[1]

Calendar Year	Regular Lodging Tax Revenues	Extended Lodging Tax Revenues	Additional Lodging Tax Revenues[2]	Total Lodging Tax Revenues
2019[3]	$91,519,000	$1,841,000	$24,871,000	$118,231,000
2020	$30,860,000	$1,180,000	$8,774,000	$40,814,000
2021	$42,260,000	$1,329,000	$11,908,000	$55,497,000
2022	$64,168,000	$1,589,000	$17,607,000	$83,364,000
2023	$80,332,000	$1,769,000	$22,064,000	$104,165,000
2024	$95,081,000	$1,858,000	$25,872,000	$122,811,000
2025	$107,038,000	$1,913,000	$29,064,000	$138,015,000
2026	$113,908,000	$1,971,000	$30,916,000	$146,795,000
2027	$120,310,000	$2,030,000	$32,628,000	$154,968,000
2028	$126,148,000	$2,091,000	$34,173,000	$162,412,000
2029	$131,233,000	$2,154,000	$17,748,000	$151,135,000
2030	$136,386,000	$2,218,000		$138,604,000
2031	$143,008,000	$2,285,000		$145,293,000
2032	$149,954,000	$2,352,000		$152,306,000
2033	$157,240,000	$2,424,000		$159,664,000
2034	$163,420,000	$2,496,000		$165,916,000
2035	$169,842,000	$2,571,000		$172,413,000
2036	$178,100,000	$2,648,000		$180,748,000
2037	$186,585,000	$2,728,000		$189,313,000
2038	$194,105,000	$2,810,000		$196,915,000
2039	$201,928,000	$2,894,000		$204,822,000
2040	$210,065,000	$2,980,000		$213,045,000
2041	$218,531,000	$3,070,000		$221,601,000
2042	$227,338,000	$3,162,000		$230,500,000
2043	$236,278,000	$3,257,000		$239,535,000
2044	$247,777,000	$3,355,000		$251,132,000
2045	$259,601,000	$3,455,000		$263,056,000
2046	$270,062,000	$3,559,000		$273,621,000
2047	$280,946,000	$3,666,000		$284,612,000
2048	$294,629,000	$3,775,000		$298,404,000
2049	$308,983,000	$3,889,000		$312,872,000
CAGR	**8.3%**	**4.2%**	**18.5%[4]**	**7.3%**

[1] Rounded to the nearest $1,000

[2] 2.0 percent of sales tax generated by hotels in Seattle are rebated back to the WSCC through June 2029

[3] Lodging Tax Revenues for 2019 are CBRE estimates. Actual tax collections may vary.

[4] CAGR is calculated from 2020 to 2028, as the Additional Lodging Tax expires June 2029.

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
2019	2.8%	N/A	25.1%	8.6%
2020	-66.3%	-35.9%	-64.7%	-65.5%
2021	36.9%	12.6%	35.7%	36.0%
2022	51.8%	19.6%	47.9%	50.2%
2023	25.2%	11.3%	25.3%	25.0%
2024	18.4%	5.0%	17.3%	17.9%
2025	12.6%	3.0%	12.3%	12.4%
2026	6.4%	3.0%	6.4%	6.4%
2027	5.6%	3.0%	5.5%	5.6%
2028	4.9%	3.0%	4.7%	4.8%
2029	4.0%	3.0%	-48.1%[1]	-6.9%[1]
2030	3.9%	3.0%		-8.3%[1]
2031	4.9%	3.0%		4.8%
2032	4.9%	2.9%		4.8%
2033	4.9%	3.1%		4.8%
2034	3.9%	3.0%		3.9%
2035	3.9%	3.0%		3.9%
2036	4.9%	3.0%		4.8%
2037	4.8%	3.0%		4.7%
2038	4.0%	3.0%		4.0%
2039	4.0%	3.0%		4.0%
2040	4.0%	3.0%		4.0%
2041	4.0%	3.0%		4.0%
2042	4.0%	3.0%		4.0%
2043	3.9%	3.0%		3.9%
2044	4.9%	3.0%		4.8%
2045	4.8%	3.0%		4.7%
2046	4.0%	3.0%		4.0%
2047	4.0%	3.0%		4.0%
2048	4.9%	3.0%		4.8%
2049	4.9%	3.0%		4.8%

[1] Decline attributed to expiration of Additional Lodging Tax in June 2029.

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. As of 2019, the WSCC also collects 50 percent of the 7.0 percent (effectively 3.5 percent) of lodging room revenue for hotels with fewer than 60 rooms in the City of Seattle. Additionally, the WSCC also collects 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) starting in 2019. Given the impact of the COVID-19 Pandemic on the lodging industry, Lodging

Tax Revenues (Regular, Extended and Additional) are projected to decrease by 65.5 percent in 2020. With the expectation of increased containment of the COVID-19 Pandemic in 2021 and positive economic growth in the region, we forecast Lodging Tax Revenues to increase by 36.0 percent in 2021 and 50.2 percent in 2022. We estimate that by 2024, Lodging Tax Revenues will surpass the nominal Lodging Tax Revenues achieved in 2019, prior to the outbreak of the COVID-19 Pandemic. In total, we estimate Lodging Tax Revenues for King County to increase at a compound annual growth rate of 7.3 percent between 2020 and 2049 which is reflective of the significant reduction in Lodging Tax Revenues in 2020 and the forecasted recovery over the analysis period. Once the markets stabilize, Lodging Tax Revenues are estimated to increase by approximately 4.0 to 5.0 percent.

D. Introduction and King County Market Overview

In this section we have analyzed the King County and Seattle area in order to make various assumptions regarding the overall health of the market and the impact on future hotel supply, demand and ADR growth. Based on these observations and assumptions, we have developed our market projections and thus room revenue projections 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 tax rates outlined in Section B - Methodology.

KING COUNTY MARKET 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 Washington State Office of Financial Management, King County had an estimated population of approximately 2.0 million as of April 2020, representing 30 percent of the entire state, and Seattle was home to approximately 761,000 residents. For the period 2010 to 2020, King County's population grew 17.1 percent, while the state's population grew 13.9 percent over the same time period. More recently, from April 2019 to April 2020 King County's population grew 1.5 percent, while the State of Washington's population grew 1.6 percent.

Employment: As of August 2020, due to the impact of COVID-19 on the labor market, the unemployment rate for King County was 7.2 percent, below the 8.4 percent unemployment for the State of Washington and 8.4 percent for the U.S. over that same time-period. In comparison, during the same period last year, the unemployment rate was 2.7 percent for King County, 4.1 percent for the State of Washington and 3.7 percent for the U.S.

Seattle has earned the moniker of **Best Educated City** several years in a row. The region has one million residents with a bachelor's degree or higher. Over 60 percent of residents in the City of Seattle have a Bachelor's degree or higher, and, 50 percent of King County's residents have a Bachelor's degree or higher. Three of the four largest employers in the Seattle Metro Area are Fortune 500 corporations These three corporations, Boeing, Microsoft and Amazon, employ roughly 160,000 local people. Amongst the top largest employers in the County is the University of Washington, a public university that employs over 35,000 people. Healthcare employers also provide a large number of jobs in the Seattle Metro area.

TABLE D-1
SEATTLE METRO AREA - LARGEST EMPLOYERS

BOEING 53,830 employees	AMAZON 53,500 employees	MICROSOFT 51,854 employees	W UNIVERSITY of WASHINGTON 35,659 employees
WALMART 19,944 employees	PROVIDENCE Health & Services 17,500 employees	FredMeyer 15,500 employees	STARBUCKS 12,610 employees
SWEDISH 12,205 employees	CHI Franciscan 11,800 employees	KAISER PERMANENTE. 11,623 employees	MultiCare 11,000 employees
COSTCO WHOLESALE 10,500 employees	Weyerhaeuser 10,000 employees	NORDSTROM 8,800 employees	Alaska AIRLINES 7,150 employees

As per data compiled by Puget Sound Business Journal, as of June 2020, the 15 largest King County office space tenants are included below:

TABLE D-2

15 LARGEST KING COUNTY OFFICE SPACE TENANTS

Company	Office Space Leased in King County	Number of Full-Time Employees in WA
Amazon.com Inc.*	12.03 million	60,000
Microsoft Corp.*	7.95 million	55,100
The Boeing Co.	1.94 million	71,800
T-Mobile US Inc.*	1.76 million	7,900
Facebook Inc.	1.64 million	5,000
Google Inc.	1.53 million	5,500
WeWork	1.47 million	3,000
Starbucks Coffee Co.*	1.20 million	14,000
Costco Wholesale Corp.	770,172	18,000
UnitedHealth Group Inc.	730,798	-
Kaiser Permanente	716,474	10,000
Nordstrom Inc.*	657,412	9,200
Tableau Software Inc.*	630,000	4,200
Apple Inc.	626,251	3,000
Bill & Melinda Gates Foundation*	600,000	1,000

* Headquartered in Seattle

Source: Puget Sound Business Journal Book of Lists 2020

Boeing, the world's largest aerospace company and America's largest exporter, assembles commercial airplanes; defense products; and aerospace components in the United States. Among Boeing's 161,000 total employees (as of January 2020) more than 70,000 are employed in Washington State, the majority in King and Snohomish counties.

Prior to the outbreak of the COVID-19 pandemic, Boeing was in the midst of a crisis due to two airline crashes in late 2018 and early 2019 of its most popular airplanes, the 737 Max. The 737 Max fleet has been grounded since March 2019, and while recertification is eventually expected, industry experts indicate uncertainty as to timing. The aerospace giant announced a production freeze that started in January 2020 and some regional aerospace companies have already laid-off workers. As of late-April 2020, Boeing announced it would resume commercial airplane production in Washington State and bring back approximately 27,000 workers, and then shortly after announced that it would cut 16,000 jobs throughout the company through voluntary layoffs, natural turnover and involuntary layoffs, or about 10% of its workforce company wide. Although not representative of full-scale Boeing production, it does represent one of the first major "return to work" initiatives of a top area employer. If the freeze is prolonged, along with the implications of the COVID-19 virus, the impact could ripple throughout the regional economy. In October 2020, Boeing announced that production of the 787 Dreamliner jet which is currently in Snohomish County, will be consolidated into a plant in South Carolina resulting in a reduction of the workforce in the local Everett (Snohomish County) plant by approximately 2,000 workers.

Microsoft was originally based in Albuquerque, New Mexico, and relocated in 1979 to Washington State. Microsoft is considered the catalyst for the Seattle area's tech boom that, over forty years later, remains a driving force of the area's economy.

Microsoft Corporation is a technology company that develops, licenses and supports a wide range of software products, services and devices. The Company's products include operating systems; cross device productivity applications; server applications; business solution applications; desktop and server management tools; software development tools; video games, and training and certification of computer system integrators and developers. It also designs, manufactures, and sells devices including personal computers (PCs), tablets, gaming and entertainment consoles, phones, other intelligent devices and related accessories that integrate with its cloud-based offerings. Microsoft is in the midst of expanding its Redmond campus, which is home to approximately 47,000 employees. At completion, which is anticipated for 2025, the expansion will include 17 new office buildings totaling approximately 3 million square feet and accommodating an additional 8,000 employees.

Amazon is the largest contributor to the promotion of online shopping in America. Based in Seattle, Amazon employs over 53,000 people in the Greater Seattle area and has expanded their presence in the downtown Seattle and adjacent South Lake Union ("SLU") neighborhoods and is the largest occupier of office space in the downtown and SLU market. Amazon continues to expand its downtown Seattle footprint with plans to build out to 14 million square feet by 2022. Even as the largest tenant in the downtown Seattle and the SLU market, Amazon is continuing to grow throughout King County. Over the past two years, Amazon has been leasing space and building its own space on the eastside in downtown Bellevue. It is reported that Amazon's goal is to have enough office space in Bellevue, an estimated 5.5 million square feet, to accommodate a workforce of 25,000 by 2025.

Facebook. According to company representatives, the greater Seattle area has become the largest engineering hub outside of their Menlo Park headquarters and is committed to the region. In September 2020, Facebook purchased the unused and recently completed 400,000 square foot Bellevue campus originally envisioned for REI as their new headquarters location. The campus is comprised of three five-story buildings on a six-acre site and is bordered on the east and the west by Blocks 6, 16 and 24, designated future office sites that are in various stages of development. Having first opened a Seattle office in 2010 with three engineers, Facebook will have more than three million square feet of commercial office space in the Seattle and greater Puget Sound area once the REI campus and adjacent office developments are completed and occupied, indicating the company's continuing strong desire to create a significant presence in the local market.

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, totaling over 630-acres, is home to one of Seattle's largest employers, with approximately 31,400 employees and 59,300 students during the 2019 fiscal year 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 and was ranked by Times Higher Education as a top 10 of public university nationally and a top 30 university globally. The University also ranks seventh in terms of National Institutes of Health grant awards, receiving nearly $527 million in 2019. To accommodate the explosive growth of its research department, UW Medicine created 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 by 2028, UW anticipates total enrollment at its University District campus to increase to over 55,400 students and 30,000 faculty and staff. Based on a study completed in November 2019 (the most recent information available), the University of Washington's annual economic impact on the State of Washington was $15.7 billion.

To accommodate this meaningful growth, the University plans to significantly expand its campus by adding new academic, research, and office space, detailed in the 2018-2028 Campus Master Plan ("CMP"). The potential development sites are located throughout four campus sectors including Central Campus, West Campus, South Campus and East Campus and at buildout could include up to 6.0 million square feet of new development.

TABLE D-3
UNIVERSITY OF WASHINGTON CAMPUS SECTORS

Puget Sound/King County Commercial Office Market: The Puget Sound regional office market benefits from a 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, including the Amazon headquarters campus in South Lake Union, and the Eastside market, located east of Lake Washington and includes the Bellevue and Redmond markets. Downtown Seattle comprises over 51.7 million square feet of office space, with a second quarter 2020 total vacancy rate of 7.8 percent. The Eastside adds another 31.9 million square feet of office space with a total vacancy rate of 7.2 percent, and, Microsoft's 10 million square feet of owner-occupied office space at its headquarters campus in Redmond. Comparatively, the overall US commercial office market posted a vacancy rate of 13.0 percent during the same period. In total, the Puget Sound region continues to perform strongly with its 111.3 million square-foot office market, making it the 3rd largest on the West Coast and the 11th largest in the US.

Additional details regarding the Puget Sound Office market as of Q2 2020 is outlined on the following page by submarket for locations throughout the Puget Sound area.

TABLE D-4
OFFICE MARKET STATISTICS

Submarket	Net Rentable Area (SF)	Direct Vacancy Rate (%)	Total Vacancy Rate (%)	Q2 2020 Net Absorption (SF)	Last 4 Qtrs Net Absorption (SF)	Under Construction (SF)	Class A Direct Weighted Avg. Asking Lease Rate, FS ($/SF/Yr)	Class A Total Weighted Avg. Asking Lease Rate, FS ($/SF/Yr)
Seattle CBD	22,313,122	7.0	9.0	(123,558)	(57,099)	1,718,176	53.89	49.85
Waterfront	2,610,552	9.3	14.3	(63,867)	(52,707)	0	42.06	43.13
Pioneer Square	4,484,973	5.7	7.7	(2,448)	(35,069)	0	51.78	50.57
Denny Triangle/Regrade	7,908,331	3.6	4.0	(18,678)	81,594	287,569	46.74	43.90
Lower Queen Anne	3,251,061	10.3	20.5	(93,811)	101,194	0	43.66	40.72
Lake Union	9,247,457	2.3	3.0	17,075	810,444	1,855,694	50.47	46.77
Canal	1,885,418	1.6	2.5	643	31,775	113,264	50.25	47.11
Downtown Seattle	51,700,914	5.7	7.8	(284,644)	880,132	3,974,703	51.62	47.55
North Seattle/Interbay	2,677,536	8.7	9.6	(14,938)	129,605	19,001	41.88	41.88
Capitol Hill/E Seattle/Rainier	1,091,131	5.5	5.5	3,415	64,456	0	34.00	34.00
South/West Seattle	2,207,485	4.4	6.3	42,578	6,480	0	40.60	41.53
Seattle Close-In	5,976,152	6.5	7.6	31,055	200,541	19,001	41.58	41.65
Sea-Tac	1,232,360	5.1	6.7	18,493	1	0	28.33	28.33
Tukwila	2,285,008	24.2	24.4	31,219	(34,528)	0	24.70	24.66
Renton	4,381,914	28.4	29.1	47,790	100,464	0	36.08	36.08
Kent	1,208,196	7.6	8.4	(26,933)	6,308	0	26.56	26.30
Auburn	289,025	0.0	0.0	0	2,154	0	N/A	N/A
Federal Way	2,585,628	29.2	29.9	3,963	32,013	0	24.67	24.61
Southend	11,982,131	22.6	23.3	74,532	106,412	0	31.86	31.76
Bellevue CBD	9,445,308	3.2	4.8	(31,761)	(43,583)	1,909,517	59.15	55.50
I-405	2,889,371	9.6	11.5	(44,515)	(116,178)	0	44.23	42.09
SR-520	2,421,613	13.9	15.3	(2,434)	(72,325)	0	44.37	43.84
I-90	7,115,312	5.7	6.4	(41,002)	202,179	68,570	41.67	40.41
Bel-Red Road	1,563,001	1.6	2.4	32,321	77,521	843,450	36.00	36.00
Kirkland	1,730,942	5.6	6.0	10,382	96,897	244,690	N/A	35.50
Redmond	4,122,815	2.3	3.6	55,396	9,033	245,000	37.75	31.75
Bothell	2,654,764	12.8	14.6	33,776	74,479	0	34.00	32.46
Eastside	31,943,126	5.9	7.2	12,163	228,023	3,311,227	44.18	43.59
Lynn/Edm/Mtlk Terr	2,559,934	7.2	8.4	(54,441)	(49,169)	0	31.64	29.73
Everett	2,074,129	9.9	10.6	3,003	65,928	0	23.85	23.33
Northend	4,634,063	8.4	9.4	(51,438)	16,759	0	30.51	28.34
Tacoma CBD	2,742,272	17.1	19.4	2,311	4,229	0	29.30	29.30
Tacoma Suburban	1,307,321	3.9	3.9	(178)	27,740	0	21.00	21.00
Fife	213,994	12.5	12.5	0	3,224	0	N/A	N/A
Puyallup	481,352	7.8	7.8	1,017	7,207	0	N/A	N/A
DuPont	364,020	0.0	0.0	0	0	0	N/A	N/A
Tacoma/Fife	5,108,959	11.4	12.6	3,150	42,400	0	29.17	29.17
Market Total	111,345,345	8.0	9.6	(215,182)	1,474,267	7,304,931	42.13	41.51

Source: CBRE Research, Q2 2020.

CBRE Econometric Advisors predicts the greater Seattle area will continue to experience positive job growth in office-occupying sectors in the long term. This prediction is predicated upon the presence of tech giants in the market having a cushion effect to lessen the impact of the COVID-19 Pandemic, coupled with Seattle having scored third highest in the country for its ability to attract and grow tech talent pools.

Industrial Market: In the second quarter of 2020, the Puget Sound industrial market had a brief pause as tenants pivoted to deal with new economic realities resulting from the COVID-19 Pandemic. As of June 2020, King; Pierce and Snohomish Counties have moved to Phase Two of the Washington State Safe Start Plan ("Safe Start Plan"), which is intended to slowly reopen the economy, while ensuring the continued containment of COVID-19.

In the short term, disruption is being felt as some retailers, wholesalers and the aerospace industry are being forced to shrink their footprint, with vacancy rates 20 basis points higher than last quarter, at 5.7 percent, while net absorption totaled negative 312,300 square feet. However, by June, most projects resumed, along with an additional 1.5 million square feet that recently began construction, denoting an eagerness to capture future demand created by trade and population growth in the region. In the long term, with the rapid adoption of e-commerce that has taken place during the Pandemic, we expect demand in the industrial market to continue to grow.

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. Demand throughout the greater Northwest, from Northern California to the Canadian border, has fueled the warehouse market in the Puget Sound.

Additional details regarding the Puget Sound Industrial market as of Q2 2020 is outlined on the following page by submarket for locations throughout the Puget Sound area.

TABLE D-5
INDUSTRIAL MARKET STATISTICS

Submarket	Net Rentable Area (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Total Availability Rate (%)	Q2 2020 Net Absorption (SF)	Last Four Quarters Net Absorption (SF)	Under Construction (SF)	Avg. Asking Lease Rate, NNN ($/SF/Mo.)
Downtown/Lk Union	2,331,903	129,580	5.6	5.6	(27,942)	(182,965)	0	
North Seattle/Interbay	7,062,712	303,394	4.3	6.5	(57,567)	(130,517)	0	
East Seattle/Rainier Valley	1,962,387	13,927	0.7	0.7	0	52,849	0	
South Seattle/West Seattle	40,246,165	1,987,194	4.9	6.4	10,213	597,346	0	
Seattle Close-in	51,603,167	2,434,095	4.7	6.1	(75,296)	336,713	0	1.19
SeaTac	6,005,250	294,774	4.9	4.4	23,598	512,582	0	
Tukwila	12,622,179	728,130	5.8	4.9	(69,595)	(160,966)	0	
Renton	16,045,793	545,318	3.4	5.7	27,343	(236,565)	164,480	
Kent	46,280,838	3,559,616	7.7	7.3	(292,431)	(632,142)	584,077	
Auburn	27,198,687	1,143,472	4.2	6.0	(112,078)	(151,673)	206,155	
Federal Way	1,618,321	222,976	13.8	13.8	63,164	125,457	0	
Sumner	17,412,621	1,509,880	8.7	7.7	125,847	331,505	464,659	
Kent Valley	127,183,689	8,004,166	6.3	6.6	(234,152)	(211,802)	1,419,371	0.69
Port of Tacoma/Downtown	12,982,871	1,544,560	11.9	8.2	113,139	301,155	106,765	
Tacoma West	6,370,307	235,883	3.7	2.8	93,625	36,023	50,000	
Fife	12,567,668	326,553	2.6	3.4	4,981	(75,826)	83,525	
Puyallup	6,528,407	134,066	2.1	3.8	(29,196)	205,096	458,359	
Frederickson	5,346,825	0	0.0	0.0	0	586,740	1,069,207	
Lakewood	5,021,711	577,941	11.5	16.4	31,078	(40,326)	230,130	
DuPont	4,150,898	631,616	15.2	26.0	(2,976)	910,757	494,900	
Tacoma/Fife	52,968,687	3,450,619	6.5	7.2	210,651	1,923,619	2,492,886	0.62
Bellevue	2,063,943	60,339	2.9	3.6	(5,345)	74,041	0	
I-90 Corridor	2,353,595	121,840	5.2	5.2	(46,709)	(30,711)	0	
Kirkland/Totem Lake	2,426,745	57,584	2.4	4.6	(31,033)	(32,315)	0	
Overlake	825,692	27,185	3.3	3.8	(9,663)	(3,217)	0	
Marymoor	3,405,602	265,992	7.8	1.7	59,743	58,338	130,000	
Willows	3,829,850	179,842	4.7	4.5	18,121	(20,759)	0	
Bothell/Mill Creek	3,681,933	245,222	6.7	13.2	(6,888)	164,472	0	
Woodinville/Maltby	6,754,940	296,089	4.4	5.9	(31,265)	539,504	0	
Eastside	25,342,300	1,254,093	4.9	5.7	(53,039)	749,353	130,000	1.06
Lynnwood/Ed/Mtlk Terrace	2,536,018	19,088	0.8	1.7	9,500	(4,644)	0	
Monroe	1,915,956	42,622	2.2	2.3	(19,578)	17,884	0	
Mukilteo	2,828,030	37,865	1.3	1.4	(17,119)	389	0	
Everett	9,335,344	722,577	7.7	7.6	(12,823)	(82,098)	76,000	
No. Snohomish	2,787,858	191,450	6.9	5.6	(120,445)	56,585	386,288	
Northend	19,403,206	1,013,602	5.2	5.1	(160,465)	(11,884)	462,288	0.79
Market Total	**276,501,049**	**16,156,575**	**5.8**	**6.5**	**(312,300)**	**2,786,000**	**4,504,545**	**0.80**
Whse/Bus Pk/Manuf	266,080,606	15,483,524	5.8	6.4	(383,731)	2,704,728	4,374,545	0.78
Flex	10,420,443	673,051	6.5	8.4	71,431	81,272	130,000	1.35

Source: CBRE Research, Q2 2020.

Convention Center: Two major convention centers serve the Seattle area: the Washington State Convention Center 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 102,200 square feet of dedicated meeting space, and 205,700 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. It has the ability to connect to the existing 205,700 square foot exhibit space. The WSCC broke ground in 2018 to expand the facility by roughly 570,000 square feet of total event space and construction is expected to be completed by 2022. Due to the impact COVID-19 has had on the hotel industry, the project completion timeline may be impacted.

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 with a capacity of up to 6,000 guests. 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 309,265 definite group room nights in 2019, representing 103 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. Booking pace for 2020 and 2021 at convention centers around the country, including the WSCC, has been severely impacted by the COVID-19 Pandemic. As of October 2020, a total of 61 citywide conventions previously booked at the Washington State Convention Center have cancelled due to COVID-19 or related restrictions. The majority of the cancellations were for conventions that were scheduled to meet in Seattle in 2020 and 2021, and, many of these groups are working with the WSCC to rebook their meetings for future dates beyond 2021.

WSCC Addition: The WSCC Addition is located one block northeast of the existing facility and bordered by Ninth Avenue North, Boren Avenue, Howell Street, and Olive Way. The WSCC Addition, also known as Summit, adds approximately 570,000 square feet of total event space including 248,000 square feet of exhibit space, 59 meeting rooms, and a 58,000 square-foot ballroom to the WSCC offerings. Each component of the building embraces natural light, and major spaces are connected vertically by two large atriums. The glass-enclosed stair "hillclimb" along Pine Street has west facing views of Pike Place Market and Puget Sound, and the open-air terraces on all levels, designed to accommodate a variety of events, look out to iconic views of the downtown Seattle experience. The expansion will create additional year-round demand for Seattle's hotels, restaurants, stores and entertainment venues. It is tentatively scheduled to be complete in 2022 and is estimated to generate as much as $260 million annually in visitor spending and add an additional 3,900 jobs. The following tables provide a summary of the expansion and a rendering of Summit.

TABLE D-6
WSCC ADDITION – FACILITIES OVERVIEW

Overview	Square Feet
Total Exhibit Space (Exhibit Hall + Exhibit Lobby + Flex Hall)	248,450
Flex Hall	99,250
59 Meeting Rooms	102,040
Ballroom	58,000
Total Lobby Area	145,300
Other Useable Space (Mixing Zone, Garden Terrace)	27,000
Total Event Space	570,290

Source: Washington State Convention Center "Summit: Preliminary Floor Plans, Capacities and Dimensions - August 2018"

TABLE D-7
RENDERING OF WSCC ADDITION - SUMMIT

View of Summit looking northeast from Ninth and Pine

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 $260 million per year from visitor 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. Once completed, it is expected that the WSCC Addition will generate additional lodging demand in the market of approximately 200,000 annual room nights upon stabilization according to the August 2020 TAP Report provided by the WSCC.

In anticipation of the opening of the WSCC Addition, several new hotels have recently opened or are in the development stage proximate to the WSCC Addition site. As will be discussed in Section E, a 1,260-room Hyatt Regency opened in December 2018, which serves as a self-contained convention hotel and will serve as a primary headquarter hotel for large events booked at the WSCC Addition.

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 Link Light rail (Sound Transit) began carrying passengers in July 2009, stopping at 13 stations and running 4.4 miles on elevated tracks, 2.5 miles in tunnels and seven miles at grade. It currently runs from SeaTac in the south to the University District in the north. To support that line, Sound Transit retrofitted the Downtown Seattle Transit Tunnel and its existing stations for joint use by both light rail trains and buses. Sound Transit has also built a new light rail station in the following locations: near the sports stadiums and at Lander Street just south of downtown Seattle; at Beacon Hill; at McClellan, Henderson, Othello and Edmunds Streets in the Rainier Valley; in Tukwila, and at the Seattle-Tacoma International Airport. Work is progressing on the link from the University of Washington to the Northgate neighborhood. Completion of this link is scheduled for 2021. Sound Transit will also be expanding to city of Lynnwood to the north and the cities of Bellevue and Redmond in east King County. Completion for these segments is anticipated in 2024. An additional proposal, known as ST3, was approved by voters in November of 2016 and will ultimately expand and expedite service all the way to Everett, roughly 30 miles north of Seattle, and Tacoma, 30 miles south. At full build-out, it will add an additional 62 miles of light rail.

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 eighth busiest airport in the US in terms of total passengers. The airport offers 31 scheduled passenger airlines that serve 91 non-stop domestic destinations and 28 international cities. In 2019, the airport achieved record highs in passenger traffic with regard to both domestic and international travel, hosting approximately 51.8 million passengers, up 3.8 percent for domestic and 5.5 percent for international passengers relative to the 49.8 million passengers accommodated in 2018.

In 2017, the Port of Seattle broke ground on a brand-new terminal in order to meet demand from historical increases in international traffic. The new facility will approximately double the passenger handling capability at SeaTac. Scheduled to open in the first quarter of 2021, the new approximately $970 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. 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.

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, Seattle Waterfront, 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 the 2019 Visit Seattle Annual Report, Seattle and King County hosted 41.9 million visitors who spent $8.1 billion. Overnight visitors accounted for 21.9 million which was three percent higher than 2018 overnight visitor levels. Seven percent of total visitors were international and contributed 17 percent of the total expenditures. Prior to the outbreak of COVID-19, the cruise line industry, in particular, was a major source of demand for local hotels and businesses. In 2018, the Port of Seattle hosted over 1.1 million passengers and in 2019 accommodated over 1.2 million passengers. Although cruises were suspended in 2020 due to the outbreak of COVID-19, the Port of Seattle expects a return of this dynamic leisure demand generator in 2021 and has future plans to add another $200 million pier to accommodate additional cruise vessels.

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, Major League Baseball ("MLB") Mariners and the Seattle Dragons, the XFL professional football team. In addition, the Seattle Kraken, a professional ice hockey expansion team, intends to make their debut in the National Hockey League's 2021-22 season. The Seattle Kraken will play at Climate Pledge Arena, a new $1.0 billion arena under construction at the site of the former Key Arena at Seattle Center and originally built for the 1962 Seattle World's Fair.

Colleges and Universities: King County is home to several two-year and four-year colleges and universities, the largest of which is the aforementioned University of Washington, with nearly 59,300 undergraduates and graduate and professional students during the 2019 academic year. Other notable colleges and universities include Seattle University with 7,200 students, Seattle Pacific University with 3,500 students, Green River College with 10,000 students, Highline College with 10,000 students, Bellevue College with 29,000 students, and the Seattle Community College campuses with over 14,500 students.

Waterfront Project: After nearly five years of construction and delays, the removal of the viaduct and the underground Alaska Way tunnel replacement, opened in early 2019. In conjunction with the reconstruction of the Seattle Waterfront Seawall and the Pike Place Market expansion, will transform the Seattle Waterfront and establish it as an iconic destination. Seattle's Waterfront Project will enhance pedestrian travel with a huge renovation to the waterfront spanning 20 acres. Projects include new and improved public space, walking and bicycling trails, expansion of existing piers, new retail stores and restaurants and other amenities.

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 opened its 900,000 square foot Seattle headquarter campus at a cost of $500 million in 2011. Founded by Bill Gates, Jr. and Melinda Gates in 2000, the foundation employs over 1,600 people with total grant payments of nearly $55 billion since inception.

First Hill Medical Community: The First Hill neighborhood is Seattle's greatest concentration of health care services, both trauma-level hospitals and medical office for routine care. The area is adjacent to Downtown Seattle but separated by I-5. The district has nearly 24,000 medical employees and 400 different health care related businesses including Swedish, Virginia Mason and Harborview Medical Centers – three of the region's largest hospitals. Virginia Mason recently announced it will combine its operations with CHI Franciscan through a Joint Operating Agreement. Expansions are underway at Swedish Hospital and Harborview as part of long-range plans. Voters will decide in Nov 2020 if Harborview can spend $1.74 Billion to modernize and expand the center which is the only Level 1 Trauma Center for Washington, Idaho, Montana and Alaska.

Cruise Industry: According to the Port of Seattle, the cruise line industry had 213 sailings with 1,209,000 passengers, generating $893.6 million in annual business output revenue for 2019. Passenger counts between 2010 and 2019 grew at an impressive 13 percent compound annual growth rate, which provides support for a strong recovery once Pandemic-related cruise industry restrictions are lifted.

Conclusion: The King County and Seattle region benefits from the unique confluence of capital, a highly educated workforce and an environment of collaboration. Recognized as the business, financial and cultural center of the Pacific Northwest, the region possesses a critical mass of well-capitalized and innovative companies; global leaders in industries such as aerospace, biotechnology, global health, research, retailing, software, technology and wireless services. Leading companies and organizations that draw upon the area's highly educated and productive workforce include Microsoft, Amazon, The Boeing Company, T-Mobile US Inc, Expedia.com, F5 Networks, Nordstrom, Facebook, Costco Wholesale, REI, Starbucks Coffee Co, Nintendo USA, Concur Technologies, Valve, Esterline Technologies, Tableau Software Inc, Vulcan and PACCAR. 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, despite the short-term impact of COVID-19, looks poised to provide strong demand for hotel rooms and conference facilities in the area in the long-term.

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, Additional Lodging Tax Revenues, and Extended Lodging Tax Revenues collections. 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, Table E-1, 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. 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 – 2019/20

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	-	$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
2017/18	$84,721,120	7.1%	$20,516,289	3.9%	$105,237,409
2018/19	$91,317,430	7.8%	$20,991,893	2.3%	$112,309,323
2019/20	$78,994,960	-13.5%	$20,070,559	-4.4%	$99,065,520
CAGR	**6.4%**	-	**12.5%**	-	**7.2%**

Source: WSCC

As noted, the sum of Regular Lodging Tax Revenues and Additional Lodging Tax Revenues increased at a CAGR of 7.2 percent from 1990/91 to 2019/20, 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 should also be noted that the 2019/20 fiscal year has been negatively impacted by the COVID-19 Pandemic which was reflected in the months of March through June 2020. As a point of comparison for the period excluding 2020 results, from 1990/91 to 2018/19, Total Lodging Tax Revenues increased at a CAGR of 8.0

percent. 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 rooms supply increases and continued growth in lodging demand are the leading reasons for the strength in historical average annual growth.

Table E-2, presented below highlights the Regular Lodging Tax Revenues, Extended Lodging Tax Revenues, and Additional Lodging Tax Revenues collected in calendar year 2019, and for the year to date period through September for 2019 and 2020, as provided to us by the WSCC. As a point of reference, we have displayed lodging tax revenue collections for 2018, however, as discussed previously, it should be noted that the Extended Lodging Taxes did not come into effect until 2019, and similarly, Additional Lodging Taxes were applied to Seattle web-based units beginning in 2019.

TABLE E-2
KING COUNTY HISTORICAL LODGING TAX REVENUES COLLECTIONS
REGULAR, EXTENDED, AND ADDITIONAL TAXES
CALENDAR YEAR 2018 & 2019 AND SEPTEMBER YEAR TO DATE 2019 & 2020

Year	Regular Lodging Tax	Percent Change	Extended Lodging Tax	Percent Change	Additional Lodging Tax	Percent Change	Total Lodging Tax Revenues	Percent Change
2018	$88,986,325	-	-	-	$19,877,370	-	$108,863,694	
2019	$91,512,035	2.8%	$1,746,711	-	$23,180,231	16.6%	$116,438,977	7.0%
9/19 YTD	$63,549,311	-	$1,090,809	-	$16,050,252	-	$80,690,373	
9/20 YTD	$26,442,427	-58.4%	$660,944	-39.4%	$6,608,364	-58.8%	$33,711,736	-58.2%

Source: WSCC

As demonstrated Table E-2, in 2019 Additional Lodging Tax revenue collections increased by 16.6 percent over 2018 levels, which is largely attributable to the application of the Additional Lodging Tax to web-based units in the City of Seattle in 2019. For the year to date period of September 2020, Total Lodging Tax Revenues have declined by approximately 58.1 percent as compared to the same period last year as a result of the negative impact caused by the COVID-19 Pandemic.

SUPPLY

For the purpose of our analysis, we first identified the current lodging supply in Seattle and the remaining King County area. Both the Regular Lodging Tax and the Additional Lodging Tax were historically collected from hotels with 60 or more guestrooms, and accordingly, we have first identified the inventory of hotels with 60 or more guestrooms and determined a supply base for this category of hotels. Table E-3 on the following page details the number of properties with 60 rooms or more 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 2019. 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	84	17,691	6,457,215
King County (Excluding Seattle)	143	21,989	8,025,833
Total Supply	**227**	**39,680**	**14,483,048**
Note: Supply Figures are as of year-end 2019			

As noted, the City of Seattle is comprised of 84 hotels with 60 rooms or more totaling 17,691 guestrooms available daily. The remaining King County area is comprised of 143 properties with 60 or more rooms totaling 21,989 guestrooms daily as of year-end 2019. Major King County markets outside Seattle include Auburn, Bellevue, Federal Way, Kent, Renton, Redmond, and SeaTac. Of the total of hotels with 60 rooms or more, there are 227 properties containing 39,680 guestrooms available daily or 14,483,048 guestrooms available annually. While Table E-3 summarizes the existing total supply of hotels with 60 or more rooms, it is also notable to demonstrate the growth in the number of hotels and guestrooms over the last several years. As outlined in Table E-4, a summary of the number of hotel properties with 60 or more rooms and the number of guestrooms that have opened or expanded over the last 20 years in King County is presented on the following page.

TABLE E-4
HOTELS WITH 60 ROOMS OR MORE - KING COUNTY
ADDITIONS TO SUPPLY (2000 – 2019)

Year	Total Number of Properties	Number of New Properties	Total Room Supply	Addition of New Supply	Change in Supply
2000	151	-	24,577	-	-
2001	155	4	25,412	835	3.4%
2002	161	6	26,416	1,004	4.0%
2003	163	2	27,015	599	2.3%
2004	165	2	27,566	551	2.0%
2005	167	2	27,752	186	0.7%
2006	171	4	28,443	691	2.5%
2007	173	2	29,271	828	2.9%
2008	178	5	29,957	686	2.3%
2009	180	2	30,728	771	2.6%
2010	185	5	31,273	545	1.8%
2011	185[1]	1	31,534	261	0.8%
2012	185[1]	1	31,682	148	0.5%
2013	185	0	31,774	92	0.3%
2014	185	0	31,866	92	0.3%
2015	194	9	32,737	871	2.7%
2016	199	5	33,810	1,073	3.3%
2017	208	9	35,024	1,214	3.6%
2018	220[2]	14	37,308	2,284	6.5%
2019	227[1]	8	39,680	2,371	6.4%
Total/CAGR	**227**	**81**	**2.6%**	**15,103**	**-**
Average Additional Rooms Per Year				**795**	

[1]Over the course of the year, an existing property closed for operations
[2]Over the course of the year, an existing property closed for operations, and a separate property lowered its room count below the 60 room threshold.
Source: STR, Inc.

As noted in Table E-4, over the last 20 years (2000 to 2019), 81 hotels representing 15,103 new hotel rooms opened resulting in an average of 795 new room openings per year. This historical 20-year growth results in an average annual increase of 2.6 percent. It is noteworthy that there have been new rooms that have opened in King County each year between 2000 and 2019, despite that fact that the U.S. economy has endured two recessions, including the "Great Recession" between 2007 and 2009.

Presented in Table E-5 on the following page 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
Hyatt Regency Seattle	Seattle	1,260	3.2%
Sheraton Grand Seattle	Seattle	1,236	3.1%
Westin Seattle	Seattle	891	2.2%
Doubletree Seattle Airport	SeaTac	850	2.1%
Hyatt Regency Bellevue	Bellevue	732	1.8%
Renaissance Seattle Hotel	Seattle	557	1.4%
Marriott Seattle Airport	SeaTac	462	1.2%
Grand Hyatt Seattle	Seattle	457	1.2%
Fairmont Olympic Hotel	Seattle	450	1.1%
W Hotel Seattle	Seattle	424	1.1%
Crowne Plaza Seattle Downtown	Seattle	417	1.1%
Hilton Seattle Airport & Conf Center	SeaTac	396	1.0%
Marriott Seattle Bellevue	Bellevue	384	1.0%
Marriott Seattle Waterfront	Seattle	361	0.9%
Hilton Bellevue	Bellevue	353	0.9%
Total		**9,230**	**23.3%**

Source: STR, Inc.

As noted, the largest hotel in the King County lodging market is the 1,260-room Hyatt Regency Seattle, which opened in December 2018, and serves as one of the primary headquarters hotels for the WSCC. The second largest hotel is the Sheraton Grand Seattle, at 1,236 rooms, which also serves as a headquarters hotel for the WSCC.

FUTURE ADDITIONS TO THE HOTEL SUPPLY

In our analysis of future growth in rooms supply, we have utilized our local market knowledge and resources 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 impact the COVID-19 Pandemic has had on the overall hotel industry, financing for future hotel development projects will likely be impacted over the short term.

Given the strength of the Seattle area, new hotel construction increased considerably the past several years with some notable additions opening in the market. In 2018 and 2019, approximately 2,300 rooms were added in the Seattle market each of those consecutive years, with the December 2018 opening of the 1,260-room Hyatt Regency as the most significant hotel addition over the 20-year period.

Outlined in Table E-6, we have identified hotels with 60 rooms or more that have either recently opened or are currently under construction or in the development pipeline and expected to open in the City of Seattle over the next five years. As is typical with hotels in the planning phase of development, meaning those projects which have not yet started construction, not all planned 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. Table E-6 summarizes hotel projects with over 60 rooms that opened in 2019, 2020 and expected to open between 2021 and 2024 in the City of Seattle.

TABLE E-6
HOTELS WITH 60 ROOMS OR MORE – CITY OF SEATTLE
CHANGES IN AVERAGE DAILY ROOMS SUPPLY 2019 - 2024

Additions	Status	2019	2020	2021	2022	2023	2024
The Sound Hotel Tapestry Hotel	Open	130	12				
The State Hotel	Open	76	15				
Courtyard Northgate Hotel	Open		128	12			
citizenM Hotel Seattle South Lake Union	Open		176	88			
Hotel Lotte	Open		63	126			
Hampton Inn and Suites Seattle Expansion	Under Construction		7	27			
Best Western Pioneer Expansion	Under Construction			33			
Marriott Seattle Lake Union	Under Construction			212	71		
Fairfield Inn and Suites Seattle North	Under Construction			106	35		
citizenM Hotel Pioneer Square	Under Construction				216		
Tru by Hilton Downtown Seattle	Planning					179	
Nuvo Studios Hotel	Planning					249	
1931 2nd Avenue Hotel	Planning					108	108
Number of Additional Rooms		-	401	604	322	536	108
Percent Change from Prior Year		-	2.3%	3.3%	1.7%	2.8%	0.6%
Ending Supply		17,691	18,092	18,696	19,018	19,554	19,662

Note: Addition of rooms stated in annual proportion to the opening date of each hotel
Source: CBRE Hotels Advisory

As noted in Table E-6, we have identified 12 hotels with 60 or more rooms and one hotel expanding their room count, representing nearly 2,000 additional rooms to enter the City of Seattle hotel inventory over the next five years. While there are other projects rumored to enter the market, due to the uncertainty of those projects moving forward, we have not included them in our five-year outlook. 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 Table E-7 on the following page.

TABLE E-7
HOTELS WITH 60 ROOMS OR MORE - KING COUNTY (EXCLUDING SEATTLE)
CHANGES IN AVERAGE DAILY ROOMS SUPPLY 2019 - 2024

Additions	Status	2019	2020	2021	2022	2023	2024
Hilton Garden Inn SeaTac	Open	114	38				
Archer Hotel Redmond	Open	107	53				
Holiday Inn Express & Suites Auburn	Open	50	70				
Residence Inn Seattle South Renton	Open	61	85				
Wingate by Wyndham SeaTac Airport	Open	13	144				
Econolodge Kent[1]	Closed		-69	-14			
Hilton Garden Inn Redmond Town Center	Open		59	118			
Element Hotel Tukwila SeaTac	Under Construction			177			
Tru by Hilton Tukwila	Under Construction			78	16		
Holiday Inn Express Bellevue	Under Construction			50	100		
Intercontinental Bellevue	Under Construction					139	69
Number of Additional Rooms		-	**380**	**409**	**116**	**139**	**69**
Percent Change from Prior Year		-	**1.7%**	**1.8%**	**0.5%**	**0.6%**	**0.3%**
Ending Supply		21,989	22,369	22,777	22,893	23,031	23,101

[1]Purchased by King County to be used for public housing.

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 10 hotels with 60 rooms or more, representing a total of approximately 1,200 rooms as recently opened and/or likely to enter the King County (excluding Seattle) market over the next five years. We have also identified one hotel, the 83-room Econolodge in Kent, that has left the transient hotel inventory in 2020 as a result of its conversion to public housing.

Beginning in 2025, we have then projected cyclical hotel rooms supply additions over a five-year period throughout the remaining 25-year forecast with a "ramp up "and "ramp down" in new supply, 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 2025 for the remaining 25-year forecast period. 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 1.6 percent for Seattle. Similarly, we have estimated that the remaining King County market will add approximately 1,400 additional hotel rooms every five years beginning in 2025 for the remaining forecast period. 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 2025 (the first year of the five-year cycle), 700 rooms in 2026, 850 rooms in 2027, 700 rooms in 2028, and 500 rooms in 2029. 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 1.6 percent.

As a point of reference, the historical long-term average annual growth in supply for hotels with 60 rooms or more in King County from 2000 to 2019 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. In addition, due to the COVID-19 Pandemic, we expect that there will be some planned projects over the next five years that will not materialize due to financing limitations and overall feasibility.

It is worth noting that our forecast for new supply accounts for the addition of 19,333 new hotel rooms over the 30-year forecast period (59,013– 39,680 = 19,333). This equates to approximately 644 new hotel rooms per year, which is lower than the average annual increase in rooms between 2000 and 2019 of 795 rooms per year.

DEMAND GROWTH

Based on our review of historical performance results, the overall economic climate of the area and forecasts provided by Hotel Horizons for Upper-Price and Mid-Price hotels in the greater Seattle area, we project demand (the number of rooms occupied) to decline significantly in 2020 as a result of the outbreak of COVID-19 and the negative impact the Pandemic has had on the travel industry. While there has been a steep decline in lodging demand in King County year to date 2020, the economic outlook for the market in the long-term remains positive, and we anticipate that market occupancies will recover to pre-pandemic levels by 2025 for Seattle hotels and 2023 for remaining King County hotels.

Based on our knowledge of the demand segmentation of Seattle hotels with over 60 rooms, which is predominantly corporate/business and meetings/conventions demand, we estimate that total hotel demand (occupied rooms) will decrease by 59.0 percent in 2020 as a result of the Pandemic. In 2021, demand is estimated to increase by 32.0 percent over 2020 levels, which is reflective of the anticipated general economic recovery of the region. Demand is forecast to increase by 46.0 percent in the following year with the expectation of continued containment of the COVID-19 virus and assumes the opening of the WSCC Addition in mid-2022. For the years 2023, 2024 and 2025, we forecast demand growth of 18.0 percent, 12.0 percent, and 8.0 percent, respectively, and as outlined in Table E-8. Occupancy rates in 2025 return to the pre-COVID-19 occupancy levels achieved in 2019. Beginning in 2026 and throughout the remaining forecast period, demand growth is estimated between approximately 1.0 and 2.0 percent per year, with occupancies returning to the high 70-percent range for the City of Seattle. For the remaining King County market, we project demand to decline by 50.0 percent in 2020, followed by increases of 46.0 percent, 30.5 percent, and 10.0 percent for the years 2021, 2022, and 2023 as outlined in Table E-8. Our outlook for demand recovery in King County (excluding Seattle) is reflective of the expectation that Mid-Priced hotels will recover more quickly than Upper-Priced hotels which predominantly make up the Seattle market and are more reliant on corporate and group demand segments. With regard to the King County (excluding Seattle) market, beginning in 2026 and for the remaining forecast period, demand growth is estimated to range between approximately 0.5 and 1.0 percent with fluctuations corresponding to rooms supply increases and the resulting absorption of these additional hotel rooms in the market. Beginning in 2025 and throughout the forecast period, the estimated occupancy of the King County (excluding Seattle) market is estimated to fluctuate in the low 70 percent range, in line with historical trends.

Table E-8 details the forecasted demand growth rates from 2020 to 2026.

TABLE E-8
HOTELS WITH 60 ROOMS OR MORE
DEMAND GROWTH 2020 - 2026

Year	Seattle	King County (Excluding Seattle)	All King County
2020	-59.0%	-50.0%	-54.2%
2021	32.0%	46.0%	40.0%
2022	46.0%	30.5%	36.7%
2023	18.0%	10.0%	13.4%
2024	12.0%	3.0%	7.0%
2025	8.0%	2.0%	4.8%
2026	2.0%	1.0%	1.5%

Based on the foregoing demand growth estimates, in 2020 demand is forecasted to decrease by 54.2 percent over prior year levels for all of King County hotels with 60 or more rooms. As both Seattle and remaining King County are expected to begin to recover in 2021, we forecast a demand increase of 40.0 percent in that year. With the assumed completion of the WSCC Addition and anticipated resumption of travel, demand is projected to increase by 36.7 percent in 2022. The post-pandemic recovery in demand is anticipated to continue through 2026, at which point the greater King County market is forecast to reach stabilized levels of growth.

SEGMENTATION OF DEMAND

The overnight hotel demand captured by King County hotels is generated from numerous sources, or segments. The primary categories of demand include the transient and group market segments. The transient segment is comprised of individual business travelers, domestic and international leisure travelers, government travelers, and various individuals travelling as part of wholesale or package demand. The group market segment includes travel demand related to groups and conventions from the association, corporate, wholesale, and incentive markets as well as social groups, often referred to as SMERF 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, an airport and/or, prevalence of in-house meeting space facilities. For these hotels, such as the Fairmont, Hyatt Regency, Hyatt Bellevue, Sheraton Grand Seattle, Westin Bellevue, and Westin Seattle, 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 urban and airport areas or with little to no in-house meeting facilities, group demand represents a smaller portion of overall demand, typically between 10 and 25 percent of total demand with transient demand representing the largest segment.

AVERAGE DAILY RATE ("ADR") GROWTH

Future growth in the average daily room rate through 2028 has been based on historical performance results, our review of Hotel Horizons forecasts for Upper-Price and Mid-Price hotels in the greater Seattle area, as well as our knowledge and experience in the local lodging market. Based on the aforementioned, we have estimated ADR growth over the next eight years for Seattle and the remaining King County area as detailed Table E-9 on the following page.

**TABLE E-9
HOTELS WITH 60 ROOMS OR MORE
ADR GROWTH 2020 – 2028**

Calendar Year	Seattle	King County (Excluding Seattle)	All King County
2020	-22.0%	-20.0%	-22.9%
2021	1.0%	1.0%	-0.1%
2022	6.5%	9.0%	9.0%
2023	9.0%	5.0%	8.0%
2024	8.0%	7.0%	8.6%
2025	6.0%	4.0%	5.9%
2026	5.0%	3.0%	4.3%
2027	4.0%	3.0%	3.7%
2028	3.0%	3.0%	3.1%

Based on the timing between the actual generation of lodging revenue and the remittance of applicable lodging tax revenues to the WSCC which reflect a two-month lag, at PFM's request, the ADR growth forecast prepared for 2020 and 2021 outlined in Table E-9, reflects the requested adjusted twelve-month timeframe. Overall ADR is projected to decrease by nearly 23 percent in 2020, and remain effectively flat in 2021 given the impact COVID-19 has had on the travel industry and hotel demand. As hotel demand increases, ADR is forecasted to increase above inflationary levels through 2027, surpassing Pre-COVID-19 2019 levels in 2025. Beginning in 2028 and for the remaining analysis period, ADR for the King County lodging market is projected to increase by approximately 3.0 percent per annum, in line with long-term growth trends. For the 30-year projection period for Seattle and remaining King County, we forecast ADR to increase at a CAGR of approximately 3.7 percent.

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 informed by the WSCC.

Extended Lodging Tax Revenues are 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 receives 50 percent of these lodging tax revenues. Additionally, the WSCC receives 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. The analysis of hotels with fewer than 60 rooms is provided in Section G, and the analysis of web-based units is provided in Section XX.

Based on the preceding methodology and assumptions outlined for hotels with 60 or more rooms, 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

As of the date of this report, the nation, region, and local market area are impacted by the COVID-19 pandemic. This could have a prolonged effect on macroeconomic conditions, though at this time the length of duration is unknown. 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 following pages, it is also possible that economic downturns caused by a worsening of the COVID-19 Pandemic or other causes, unexpected additions/deletions to the room supply, or other external factors, could negatively impact the Seattle or King County lodging markets and resulting forecasts 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 for the analysis period 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, pandemics, 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 for 2020 through 2049. 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. Table F-1 on the following page outlines our projections. We have presented the calendar year 2019 Regular Lodging Tax Revenue collections as a point of reference.

In 2020, we project that Regular Lodging Tax Revenue will decrease by 68.0 percent over 2019 figures due to the negative impact the COVID-19 Pandemic has had on the travel and hotel industries. This impact is attributed to significant declines in both ADR and demand projected for the market. As previously mentioned, at PFM's request we have projected revenues based on the tax collection cycle, and therefore the projection for 2020 is higher than it otherwise would be as it includes four months (November 2019 to February 2020) of pre-pandemic revenues. As a result of the foregoing two-month lag which increases lodging tax revenues for 2020, the forecast of 33.3 percent revenue growth for 2021 is lower on a percentage basis than it would be if the periods for 2020 and 2021 were represented by a calendar year.

Our forecast is based on assumptions utilized by CBRE Hotels Research in their baseline forecasts that assumes broad compliance with mask-wearing and widespread testing slows the spread of COVID-19 nationwide, an effective therapy vaccine is ready for distribution by late-2021, gross domestic product ("GDP") recovers in 1.75 years, and aggressive stimulus and a consistent reopening of the economy supports steady growth in the fourth quarter 2020 and into 2021. 2022 forecasted revenue growth of 55.5 percent reflects demand and ADR are anticipated to recover meaningfully from the disruption caused by COVID-19 and the completion and opening of the WSCC Addition occurs as scheduled in mid-2022. As the local lodging market is anticipated to continue its recovery, we have projected increases in revenue of 28.6 percent, 20.9 percent, and 14.4 percent in Regular Lodging Tax Revenues between 2023 and 2025 with market occupancy forecasted to stabilize in 2025. Lodging Tax Revenues are anticipated to continue to increase slightly above long-run levels through 2027. Thereafter we project Regular Lodging Tax Revenues to increase between approximately 4.0 and 5.0 percent each year depending on when additional rooms enter the market. It should be noted that our 30-year projection period begins in 2020, a year which has been negatively impacted by the outbreak of the COVID-19 Pandemic. Therefore, the 30-year average growth rate in lodging tax revenues from 2020 through 2049 as presented in Table F-1, is considerably different when compared to prior forecasts due to the diminished revenues forecasted for 2020.

TABLE F-1
HOTELS WITH 60 ROOMS OR MORE - CITY OF SEATTLE
2020 - 2049 REGULAR LODGING TAX REVENUES PROJECTIONS[1]

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
2019	17,691	6,457,215	10.6%	5,120,936	11.0%	79.3%	$200.35	-7.0%	$1,025,970,000	$71,818,000	3.2%
2020	18,092	6,603,690	2.3%	2,099,584	-59.0%	31.8%	$156.27	-22.0%	$328,105,000	$22,967,000	-68.0%
2021	18,696	6,824,192	3.3%	2,771,451	32.0%	40.6%	$157.83	1.0%	$437,430,000	$30,620,000	33.3%
2022	19,018	6,941,631	1.7%	4,046,318	46.0%	58.3%	$168.09	6.5%	$680,160,000	$47,611,000	55.5%
2023	19,554	7,137,271	2.8%	4,774,655	18.0%	66.9%	$183.14	8.9%	$874,420,000	$61,209,000	28.6%
2024	19,662	7,176,691	0.6%	5,347,614	12.0%	74.5%	$197.70	8.0%	$1,057,209,000	$74,005,000	20.9%
2025	19,962	7,286,191	1.5%	5,775,423	8.0%	79.3%	$209.46	6.0%	$1,209,722,000	$84,681,000	14.4%
2026	20,362	7,432,191	2.0%	5,890,931	2.0%	79.3%	$219.83	5.0%	$1,294,996,000	$90,650,000	7.0%
2027	20,812	7,596,441	2.2%	6,008,750	2.0%	79.1%	$228.51	3.9%	$1,373,071,000	$96,115,000	6.0%
2028	21,212	7,742,441	1.9%	6,128,925	2.0%	79.2%	$235.37	3.0%	$1,442,548,000	$100,978,000	5.1%
2029	21,512	7,851,941	1.4%	6,190,214	1.0%	78.8%	$242.43	3.0%	$1,500,683,000	$105,048,000	4.0%
2030	21,812	7,961,441	1.4%	6,252,116	1.0%	78.5%	$249.70	3.0%	$1,561,161,000	$109,281,000	4.0%
2031	22,212	8,107,441	1.8%	6,377,158	2.0%	78.7%	$257.19	3.0%	$1,640,155,000	$114,811,000	5.1%
2032	22,662	8,271,691	2.0%	6,504,702	2.0%	78.6%	$264.91	3.0%	$1,723,147,000	$120,620,000	5.1%
2033	23,062	8,417,691	1.8%	6,634,796	2.0%	78.8%	$272.86	3.0%	$1,810,338,000	$126,724,000	5.1%
2034	23,362	8,527,191	1.3%	6,701,144	1.0%	78.6%	$281.04	3.0%	$1,883,295,000	$131,831,000	4.0%
2035	23,662	8,636,691	1.3%	6,768,155	1.0%	78.4%	$289.47	3.0%	$1,959,192,000	$137,143,000	4.0%
2036	24,062	8,782,691	1.7%	6,903,518	2.0%	78.6%	$298.16	3.0%	$2,058,327,000	$144,083,000	5.1%
2037	24,512	8,946,941	1.9%	7,041,589	2.0%	78.7%	$307.10	3.0%	$2,162,478,000	$151,373,000	5.1%
2038	24,912	9,092,941	1.6%	7,112,004	1.0%	78.2%	$316.31	3.0%	$2,249,626,000	$157,474,000	4.0%
2039	25,212	9,202,441	1.2%	7,183,124	1.0%	78.1%	$325.80	3.0%	$2,340,286,000	$163,820,000	4.0%
2040	25,512	9,311,941	1.2%	7,254,956	1.0%	77.9%	$335.58	3.0%	$2,434,600,000	$170,422,000	4.0%
2041	25,912	9,457,941	1.6%	7,327,505	1.0%	77.5%	$345.64	3.0%	$2,532,714,000	$177,290,000	4.0%
2042	26,362	9,622,191	1.7%	7,400,780	1.0%	76.9%	$356.01	3.0%	$2,634,782,000	$184,435,000	4.0%
2043	26,762	9,768,191	1.5%	7,474,788	1.0%	76.5%	$366.69	3.0%	$2,740,964,000	$191,867,000	4.0%
2044	27,062	9,877,691	1.1%	7,624,284	2.0%	77.2%	$377.70	3.0%	$2,879,657,000	$201,576,000	5.1%
2045	27,362	9,987,191	1.1%	7,776,770	2.0%	77.9%	$389.03	3.0%	$3,025,368,000	$211,776,000	5.1%
2046	27,762	10,133,191	1.5%	7,854,537	1.0%	77.5%	$400.70	3.0%	$3,147,290,000	$220,310,000	4.0%
2047	28,212	10,297,441	1.6%	7,933,083	1.0%	77.0%	$412.72	3.0%	$3,274,126,000	$229,189,000	4.0%
2048	28,612	10,443,441	1.4%	8,091,744	2.0%	77.5%	$425.10	3.0%	$3,439,796,000	$240,786,000	5.1%
2049	28,912	10,552,941	1.0%	8,253,579	2.0%	78.2%	$437.85	3.0%	$3,613,850,000	$252,970,000	5.1%
CAGR/AVG	1.6%	1.6%		4.8%		74.2%	3.6%		8.6%	8.6%	

[1]Rounded to the nearest $1,000
Note: Numbers may not foot due to rounding

Table F-2 on the following page summarizes our forecast of Seattle's room revenue, Regular Lodging Tax Revenues, and the 2.0 percent Additional Lodging Tax Revenues for hotels with over 60 rooms. 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 REVENUES[1]

Year	Seattle Room Revenues	Seattle Regular Lodging Tax Revenues	Additional Lodging Tax Revenues[2]
2019	$1,025,970,000	$71,818,000	$20,519,000
2020	$328,105,000	$22,967,000	$6,562,000
2021	$437,430,000	$30,620,000	$8,749,000
2022	$680,160,000	$47,611,000	$13,603,000
2023	$874,420,000	$61,209,000	$17,488,000
2024	$1,057,209,000	$74,005,000	$21,144,000
2025	$1,209,722,000	$84,681,000	$24,194,000
2026	$1,294,996,000	$90,650,000	$25,900,000
2027	$1,373,071,000	$96,115,000	$27,461,000
2028	$1,442,548,000	$100,978,000	$28,851,000
2029	$1,500,683,000	$105,048,000	$15,007,000
2030	$1,561,161,000	$109,281,000	
2031	$1,640,155,000	$114,811,000	
2032	$1,723,147,000	$120,620,000	
2033	$1,810,338,000	$126,724,000	
2034	$1,883,295,000	$131,831,000	
2035	$1,959,192,000	$137,143,000	
2036	$2,058,327,000	$144,083,000	
2037	$2,162,478,000	$151,373,000	
2038	$2,249,626,000	$157,474,000	
2039	$2,340,286,000	$163,820,000	
2040	$2,434,600,000	$170,422,000	
2041	$2,532,714,000	$177,290,000	
2042	$2,634,782,000	$184,435,000	
2043	$2,740,964,000	$191,867,000	
2044	$2,879,657,000	$201,576,000	
2045	$3,025,368,000	$211,776,000	
2046	$3,147,290,000	$220,310,000	
2047	$3,274,126,000	$229,189,000	
2048	$3,439,796,000	$240,786,000	
2049	$3,613,850,000	$252,970,000	
CAGR	**8.6%**	**8.6%**	**20.3%[3]**

[1]Rounded to the nearest $1,000

[2]2.0 percent of sales taxes generated by hotels in Seattle are rebated back to the WSCC through June 2029

[3]CAGR is calculated from 2020 to 2028

Note: Numbers may not foot due to rounding.

KING COUNTY

Similar to 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 for year-end 2020 through 2049. 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. Table F-3 on the following page outlines our projections. The lodging tax figures for calendar year 2019 have been provided as a point of reference.

For year-end 2020, we project that Regular Lodging Tax Revenues will decrease by 59.9 percent. Our forecast considers the differences of the hotels with 60 rooms or more for the remaining area in King County, as compared to the Seattle hotel market. Revenue is forecasted to begin recovering in 2021 with a projected increase by 47.5 percent, as demand in the lodging market returns from the Pandemic related low levels forecasted in 2020. In 2022 strong growth in ADR as room night demand increases is projected to contribute to a forecasted increase in Regular Lodging Tax Revenues of 42.2 percent. In 2023, increases in demand are projected to lift occupancy above 70 percent, and Regular Lodging Tax Revenues are projected to increase by 15.5 percent. In 2024 and 2025, the increase in Regular Lodging Tax Revenues is projected to taper to 10.2 percent and 6.1 percent, respectively. Thereafter we project Regular Lodging Tax Revenues to increase between approximately 3.0 and 4.0 percent each year. Years with stronger growth reflect timing of additional rooms supply projected to enter the market.

TABLE F-3
HOTELS WITH 60 ROOMS OR MORE - KING COUNTY (EXCLUDING SEATTLE)
2020 - 2049 REGULAR LODGING TAX REVENUES PROJECTIONS[1]

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
2019	21,989	8,025,833	3.2%	5,662,956	2.5%	70.6%	$124.25	-1.0%	$703,627,000	$19,702,000	1.5%
2020	22,369	8,164,624	1.7%	2,834,309	-50.0%	34.7%	$99.46	-20.0%	$281,908,000	$7,893,000	-59.9%
2021	22,778	8,313,788	1.8%	4,138,092	46.0%	49.8%	$100.46	1.0%	$415,702,000	$11,640,000	47.5%
2022	22,893	8,355,945	0.5%	5,400,209	30.5%	64.6%	$109.50	9.0%	$591,316,000	$16,557,000	42.2%
2023	23,032	8,406,558	0.6%	5,940,230	10.0%	70.7%	$114.97	5.0%	$682,970,000	$19,123,000	15.5%
2024	23,101	8,431,865	0.3%	6,118,437	3.0%	72.6%	$123.02	7.0%	$752,701,000	$21,076,000	10.2%
2025	23,301	8,504,865	0.9%	6,240,806	2.0%	73.4%	$127.94	4.0%	$798,465,000	$22,357,000	6.1%
2026	23,601	8,614,365	1.3%	6,303,214	1.0%	73.2%	$131.78	3.0%	$830,643,000	$23,258,000	4.0%
2027	24,001	8,760,365	1.7%	6,366,246	1.0%	72.7%	$135.73	3.0%	$864,118,000	$24,195,000	4.0%
2028	24,301	8,869,865	1.2%	6,429,909	1.0%	72.5%	$139.81	3.0%	$898,942,000	$25,170,000	4.0%
2029	24,501	8,942,865	0.8%	6,494,208	1.0%	72.6%	$144.00	3.0%	$935,169,000	$26,185,000	4.0%
2030	24,701	9,015,865	0.8%	6,526,679	0.5%	72.4%	$148.32	3.0%	$968,041,000	$27,105,000	3.5%
2031	25,001	9,125,365	1.2%	6,591,946	1.0%	72.2%	$152.77	3.0%	$1,007,053,000	$28,197,000	4.0%
2032	25,401	9,271,365	1.6%	6,657,865	1.0%	71.8%	$157.35	3.0%	$1,047,637,000	$29,334,000	4.0%
2033	25,701	9,380,865	1.2%	6,724,444	1.0%	71.7%	$162.07	3.0%	$1,089,857,000	$30,516,000	4.0%
2034	25,901	9,453,865	0.8%	6,758,066	0.5%	71.5%	$166.94	3.0%	$1,128,165,000	$31,589,000	3.5%
2035	26,101	9,526,865	0.8%	6,791,856	0.5%	71.3%	$171.94	3.0%	$1,167,820,000	$32,699,000	3.5%
2036	26,401	9,636,365	1.1%	6,859,775	1.0%	71.2%	$177.10	3.0%	$1,214,883,000	$34,017,000	4.0%
2037	26,801	9,782,365	1.5%	6,894,074	0.5%	70.5%	$182.42	3.0%	$1,257,586,000	$35,212,000	3.5%
2038	27,101	9,891,865	1.1%	6,963,014	1.0%	70.4%	$187.89	3.0%	$1,308,267,000	$36,631,000	4.0%
2039	27,301	9,964,865	0.7%	7,032,645	1.0%	70.6%	$193.52	3.0%	$1,360,990,000	$38,108,000	4.0%
2040	27,501	10,037,865	0.7%	7,102,971	1.0%	70.8%	$199.33	3.0%	$1,415,838,000	$39,643,000	4.0%
2041	27,801	10,147,365	1.1%	7,174,001	1.0%	70.7%	$205.31	3.0%	$1,472,896,000	$41,241,000	4.0%
2042	28,201	10,293,365	1.4%	7,245,741	1.0%	70.4%	$211.47	3.0%	$1,532,254,000	$42,903,000	4.0%
2043	28,501	10,402,865	1.1%	7,281,969	0.5%	70.0%	$217.81	3.0%	$1,586,113,000	$44,411,000	3.5%
2044	28,701	10,475,865	0.7%	7,354,789	1.0%	70.2%	$224.35	3.0%	$1,650,033,000	$46,201,000	4.0%
2045	28,901	10,548,865	0.7%	7,391,563	0.5%	70.1%	$231.08	3.0%	$1,708,032,000	$47,825,000	3.5%
2046	29,201	10,658,365	1.0%	7,465,479	1.0%	70.0%	$238.01	3.0%	$1,776,865,000	$49,752,000	4.0%
2047	29,601	10,804,365	1.4%	7,540,134	1.0%	69.8%	$245.15	3.0%	$1,848,473,000	$51,757,000	4.0%
2048	29,901	10,913,865	1.0%	7,615,535	1.0%	69.8%	$252.51	3.0%	$1,922,967,000	$53,843,000	4.0%
2049	30,101	10,986,865	0.7%	7,691,690	1.0%	70.0%	$260.08	3.0%	$2,000,462,000	$56,013,000	4.0%
CAGR/AVG	**1.0%**	**1.0%**		**3.5%**		**69.1%**	**3.4%**		**7.0%**	**7.0%**	

[1]Rounded to the nearest $1,000
Note: Numbers may not foot due to rounding

COMBINED SEATTLE AND KING COUNTY

On the following page, Table F-4 reflects the combined 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
2020 - 2049 REGULAR LODGING TAX REVENUES PROJECTIONS[1]

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
2019	39,680	14,483,048	6.4%	10,783,892	6.4%	74%	$160.39	-3.7%	$1,729,597,000	$91,520,000	2.8%
2020	40,461	14,768,314	2.0%	4,933,893	-54.2%	33%	$123.64	-22.9%	$610,013,000	$30,860,000	-66.3%
2021	41,474	15,137,980	2.5%	6,909,542	40.0%	46%	$123.47	-0.1%	$853,132,000	$42,260,000	36.9%
2022	41,911	15,297,576	1.1%	9,446,527	36.7%	62%	$134.60	9.0%	$1,271,476,000	$64,168,000	51.8%
2023	42,586	15,543,829	1.6%	10,714,885	13.4%	69%	$145.35	8.0%	$1,557,390,000	$80,332,000	25.2%
2024	42,763	15,608,556	0.4%	11,466,051	7.0%	73%	$157.85	8.6%	$1,809,910,000	$95,081,000	18.4%
2025	43,263	15,791,056	1.2%	12,016,229	4.8%	76%	$167.12	5.9%	$2,008,187,000	$107,038,000	12.6%
2026	43,963	16,046,556	1.6%	12,194,145	1.5%	76%	$174.32	4.3%	$2,125,639,000	$113,908,000	6.4%
2027	44,813	16,356,806	1.9%	12,374,996	1.5%	76%	$180.78	3.7%	$2,237,189,000	$120,310,000	5.6%
2028	45,513	16,612,306	1.6%	12,558,833	1.5%	76%	$186.44	3.1%	$2,341,490,000	$126,148,000	4.9%
2029	46,013	16,794,806	1.1%	12,684,422	1.0%	76%	$192.03	3.0%	$2,435,852,000	$131,233,000	4.0%
2030	46,513	16,977,306	1.1%	12,778,795	0.7%	75%	$197.92	3.1%	$2,529,202,000	$136,386,000	3.9%
2031	47,213	17,232,806	1.5%	12,969,104	1.5%	75%	$204.12	3.1%	$2,647,208,000	$143,008,000	4.9%
2032	48,063	17,543,056	1.8%	13,162,567	1.5%	75%	$210.50	3.1%	$2,770,784,000	$149,954,000	4.9%
2033	48,763	17,798,556	1.5%	13,359,239	1.5%	75%	$217.09	3.1%	$2,900,195,000	$157,240,000	4.9%
2034	49,263	17,981,056	1.0%	13,459,210	0.7%	75%	$223.75	3.1%	$3,011,460,000	$163,420,000	3.9%
2035	49,763	18,163,556	1.0%	13,560,011	0.7%	75%	$230.61	3.1%	$3,127,012,000	$169,842,000	3.9%
2036	50,463	18,419,056	1.4%	13,763,293	1.5%	75%	$237.82	3.1%	$3,273,210,000	$178,100,000	4.9%
2037	51,313	18,729,306	1.7%	13,935,662	1.3%	74%	$245.42	3.2%	$3,420,064,000	$186,585,000	4.8%
2038	52,013	18,984,806	1.4%	14,075,019	1.0%	74%	$252.78	3.0%	$3,557,893,000	$194,105,000	4.0%
2039	52,513	19,167,306	1.0%	14,215,769	1.0%	74%	$260.36	3.0%	$3,701,276,000	$201,928,000	4.0%
2040	53,013	19,349,806	1.0%	14,357,927	1.0%	74%	$268.18	3.0%	$3,850,438,000	$210,065,000	4.0%
2041	53,713	19,605,306	1.3%	14,501,506	1.0%	74%	$276.22	3.0%	$4,005,610,000	$218,531,000	4.0%
2042	54,563	19,915,556	1.6%	14,646,521	1.0%	74%	$284.51	3.0%	$4,167,036,000	$227,338,000	4.0%
2043	55,263	20,171,056	1.3%	14,756,758	0.8%	73%	$293.23	3.1%	$4,327,077,000	$236,278,000	3.9%
2044	55,763	20,353,556	0.9%	14,979,073	1.5%	74%	$302.40	3.1%	$4,529,690,000	$247,777,000	4.9%
2045	56,263	20,536,056	0.9%	15,168,333	1.3%	74%	$312.06	3.2%	$4,733,400,000	$259,601,000	4.8%
2046	56,963	20,791,556	1.2%	15,320,016	1.0%	74%	$321.42	3.0%	$4,924,155,000	$270,062,000	4.0%
2047	57,813	21,101,806	1.5%	15,473,216	1.0%	73%	$331.06	3.0%	$5,122,599,000	$280,946,000	4.0%
2048	58,513	21,357,306	1.2%	15,707,279	1.5%	74%	$341.42	3.1%	$5,362,763,000	$294,629,000	4.9%
2049	59,013	21,539,806	0.9%	15,945,269	1.5%	74%	$352.10	3.1%	$5,614,312,000	$308,983,000	4.9%
CAGR/AVG	1.3%	1.3%		4.1%		71.6%	3.7%		8.0%	8.3%	

[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 REVENUES[1]

Calendar Year	Seattle Regular Lodging Tax Revenues	King County (Excluding Seattle) Regular Lodging Tax Revenues	King County Regular Lodging Tax Revenues	Percent Change
2019	$71,818,000	$19,702,000	**$91,520,000**	2.8%
2020	$22,967,000	$7,893,000	**$30,860,000**	-66.3%
2021	$30,620,000	$11,640,000	**$42,260,000**	36.9%
2022	$47,611,000	$16,557,000	**$64,168,000**	51.8%
2023	$61,209,000	$19,123,000	**$80,332,000**	25.2%
2024	$74,005,000	$21,076,000	**$95,081,000**	18.4%
2025	$84,681,000	$22,357,000	**$107,038,000**	12.6%
2026	$90,650,000	$23,258,000	**$113,908,000**	6.4%
2027	$96,115,000	$24,195,000	**$120,310,000**	5.6%
2028	$100,978,000	$25,170,000	**$126,148,000**	4.9%
2029	$105,048,000	$26,185,000	**$131,233,000**	4.0%
2030	$109,281,000	$27,105,000	**$136,386,000**	3.9%
2031	$114,811,000	$28,197,000	**$143,008,000**	4.9%
2032	$120,620,000	$29,334,000	**$149,954,000**	4.9%
2033	$126,724,000	$30,516,000	**$157,240,000**	4.9%
2034	$131,831,000	$31,589,000	**$163,420,000**	3.9%
2035	$137,143,000	$32,699,000	**$169,842,000**	3.9%
2036	$144,083,000	$34,017,000	**$178,100,000**	4.9%
2037	$151,373,000	$35,212,000	**$186,585,000**	4.8%
2038	$157,474,000	$36,631,000	**$194,105,000**	4.0%
2039	$163,820,000	$38,108,000	**$201,928,000**	4.0%
2040	$170,422,000	$39,643,000	**$210,065,000**	4.0%
2041	$177,290,000	$41,241,000	**$218,531,000**	4.0%
2042	$184,435,000	$42,903,000	**$227,338,000**	4.0%
2043	$191,867,000	$44,411,000	**$236,278,000**	3.9%
2044	$201,576,000	$46,201,000	**$247,777,000**	4.9%
2045	$211,776,000	$47,825,000	**$259,601,000**	4.8%
2046	$220,310,000	$49,752,000	**$270,062,000**	4.0%
2047	$229,189,000	$51,757,000	**$280,946,000**	4.0%
2048	$240,786,000	$53,843,000	**$294,629,000**	4.9%
2049	$252,970,000	$56,013,000	**$308,983,000**	4.9%
CAGR	**8.6%**	**7.0%**	**8.3%**	

[1]Rounded to the nearest $1,000

Note: Numbers may not foot due to rounding

As noted in the preceding table, aka Table F-5, Regular Lodging Tax Revenues are projected to increase at a CAGR of 8.6 percent for the City of Seattle and 7.0 percent for King County (excluding Seattle) over the 30-year analysis period. 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 8.3 percent for the 30-year period. From 2028 through the end of the projection period, Regular Lodging Tax Revenues are forecast to increase by approximately 4.0 and 5.0 percent on an annual basis.

Table F-6 on the following page 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 REVENUES[1]

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
2019	$71,818,000	$19,702,000	**$91,520,000**	$20,519,000	**$112,039,000**
2020	$22,967,000	$7,893,000	**$30,860,000**	$6,562,000	**$37,422,000**
2021	$30,620,000	$11,640,000	**$42,260,000**	$8,749,000	**$51,009,000**
2022	$47,611,000	$16,557,000	**$64,168,000**	$13,603,000	**$77,771,000**
2023	$61,209,000	$19,123,000	**$80,332,000**	$17,488,000	**$97,820,000**
2024	$74,005,000	$21,076,000	**$95,081,000**	$21,144,000	**$116,225,000**
2025	$84,681,000	$22,357,000	**$107,038,000**	$24,194,000	**$131,232,000**
2026	$90,650,000	$23,258,000	**$113,908,000**	$25,900,000	**$139,808,000**
2027	$96,115,000	$24,195,000	**$120,310,000**	$27,461,000	**$147,771,000**
2028	$100,978,000	$25,170,000	**$126,148,000**	$28,851,000	**$154,999,000**
2029	$105,048,000	$26,185,000	**$131,233,000**	$15,007,000	**$146,240,000**
2030	$109,281,000	$27,105,000	**$136,386,000**		**$136,386,000**
2031	$114,811,000	$28,197,000	**$143,008,000**		**$143,008,000**
2032	$120,620,000	$29,334,000	**$149,954,000**		**$149,954,000**
2033	$126,724,000	$30,516,000	**$157,240,000**		**$157,240,000**
2034	$131,831,000	$31,589,000	**$163,420,000**		**$163,420,000**
2035	$137,143,000	$32,699,000	**$169,842,000**		**$169,842,000**
2036	$144,083,000	$34,017,000	**$178,100,000**		**$178,100,000**
2037	$151,373,000	$35,212,000	**$186,585,000**		**$186,585,000**
2038	$157,474,000	$36,631,000	**$194,105,000**		**$194,105,000**
2039	$163,820,000	$38,108,000	**$201,928,000**		**$201,928,000**
2040	$170,422,000	$39,643,000	**$210,065,000**		**$210,065,000**
2041	$177,290,000	$41,241,000	**$218,531,000**		**$218,531,000**
2042	$184,435,000	$42,903,000	**$227,338,000**		**$227,338,000**
2043	$191,867,000	$44,411,000	**$236,278,000**		**$236,278,000**
2044	$201,576,000	$46,201,000	**$247,777,000**		**$247,777,000**
2045	$211,776,000	$47,825,000	**$259,601,000**		**$259,601,000**
2046	$220,310,000	$49,752,000	**$270,062,000**		**$270,062,000**
2047	$229,189,000	$51,757,000	**$280,946,000**		**$280,946,000**
2048	$240,786,000	$53,843,000	**$294,629,000**		**$294,629,000**
2049	$252,970,000	$56,013,000	**$308,983,000**		**$308,983,000**
CAGR	8.6%	7.0%	8.3%	20.3%[3]	7.6%

[1]Rounded to the nearest $1,000

[2]2.0 percent of sales taxes generated by hotels in Seattle are rebated back to the WSCC through June 2029

[3]CAGR is calculated from 2020 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 previously discussed, as of 2019, the Extended Lodging Tax is applied to hotels with fewer than 60 rooms in both the City of Seattle and in the remaining area of King County. Further, the Additional Lodging Tax is applied to hotels with fewer than 60 rooms in the City of Seattle. In completing our forecast for hotels with fewer than 60 rooms, we have made the following assumptions:

- Given the market orientation of this segment of hotel properties, we have not accounted for any future additions to supply. This segment of the industry typically achieves a performance level well below the more typical "investment grade" properties with more than 60 rooms, and it is unlikely that the supply of this segment will experience any material growth over the forecast period.
- In line with our assumption that supply increase are unlikely for hotels with fewer than 60 rooms, we have not accounted for any growth in demand beyond 2024, once recovery from the COVID-19 Pandemic occurs and occupancy stabilization is reached. However, we have forecasted an annual growth in ADR of 3.0 percent per year, consistent with our long-term outlook for inflation.
- We have estimated the aggregate performance for all hotels with fewer than 60 rooms in the City of Seattle and separately for King County (excluding Seattle) for 2019 based on Hotel Horizons data for Lower-Priced hotels in the City of Seattle and for the remaining area of King County.
- Based on historical performance data sourced from Hotel Horizons for Lower-Priced hotels in submarkets that reflect the City of Seattle and the remaining King County area, we have estimated ADR and occupancy for 2019 for hotels with fewer than 60 units in the City of Seattle and the remaining King County area. For hotels with fewer than 60 rooms in the City of Seattle, we have estimated an ADR of $100 and an occupancy of 69 percent, and for similar hotels in King County (excluding Seattle), we have estimated an ADR of $85 and an occupancy of approximately 65 percent.

We have estimated the annual supply, demand, ADR, and resulting lodging revenues for hotels with fewer than 60 rooms in the City of Seattle for 2020 through 2049. As previously mentioned, as of January 2019, the WSCC receives 50 percent of the 7.0 percent Extended Lodging Tax Revenues generated by hotels with fewer than 60 rooms within the City of Seattle. Additionally, the WSCC receives 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. Based on our forecasts, we have calculated the total projected room revenue for all Seattle hotels with 60 rooms or fewer and have applied the aforementioned tax rates to the applicable forecasted lodging revenues. Table G-1 on the following page summarizes our lodging tax projections for hotels with fewer than 60 rooms in the City of Seattle.

TABLE G-1
HOTELS WITH FEWER THAN 60 ROOMS - CITY OF SEATTLE
2019 - 2049 EXTENDED AND ADDITIONAL LODGING TAX REVENUES PROJECTIONS[1]

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
2019	1,028	375,220	0.5%	258,902	-	69.0%	$100.00		$25,890,000	$1,812,000	$906,000	-	$518,000	-
2020	970	354,050	-5.6%	191,587	-26.0%	54.1%	$82.00	-18.0%	$15,710,000	$1,100,000	$550,000	-39.3%	$314,000	-39.4%
2021	970	354,050	0.0%	206,914	8.0%	58.4%	$82.82	1.0%	$17,137,000	$1,200,000	$600,000	9.1%	$343,000	9.2%
2022	970	354,050	0.0%	231,744	12.0%	65.5%	$91.10	10.0%	$21,112,000	$1,478,000	$739,000	23.2%	$422,000	23.0%
2023	970	354,050	0.0%	238,696	3.0%	67.4%	$100.21	10.0%	$23,920,000	$1,674,000	$837,000	13.3%	$478,000	13.3%
2024	970	354,050	0.0%	238,696	0.0%	67.4%	$106.22	6.0%	$25,356,000	$1,775,000	$888,000	6.1%	$507,000	6.1%
2025	970	354,050	0.0%	238,696	0.0%	67.4%	$109.41	3.0%	$26,116,000	$1,828,000	$914,000	2.9%	$522,000	3.0%
2026	970	354,050	0.0%	238,696	0.0%	67.4%	$112.69	3.0%	$26,900,000	$1,883,000	$942,000	3.1%	$538,000	3.1%
2027	970	354,050	0.0%	238,696	0.0%	67.4%	$116.07	3.0%	$27,707,000	$1,939,000	$970,000	3.0%	$554,000	3.0%
2028	970	354,050	0.0%	238,696	0.0%	67.4%	$119.56	3.0%	$28,538,000	$1,998,000	$999,000	3.0%	$571,000	3.1%
2029	970	354,050	0.0%	238,696	0.0%	67.4%	$123.14	3.0%	$29,394,000	$2,058,000	$1,029,000	3.0%	$294,000	-48.5%
2030	970	354,050	0.0%	238,696	0.0%	67.4%	$126.84	3.0%	$30,276,000	$2,119,000	$1,060,000	3.0%		
2031	970	354,050	0.0%	238,696	0.0%	67.4%	$130.64	3.0%	$31,184,000	$2,183,000	$1,092,000	3.0%		
2032	970	354,050	0.0%	238,696	0.0%	67.4%	$134.56	3.0%	$32,120,000	$2,248,000	$1,124,000	2.9%		
2033	970	354,050	0.0%	238,696	0.0%	67.4%	$138.60	3.0%	$33,083,000	$2,316,000	$1,158,000	3.0%		
2034	970	354,050	0.0%	238,696	0.0%	67.4%	$142.76	3.0%	$34,076,000	$2,385,000	$1,193,000	3.0%		
2035	970	354,050	0.0%	238,696	0.0%	67.4%	$147.04	3.0%	$35,098,000	$2,457,000	$1,229,000	3.0%		
2036	970	354,050	0.0%	238,696	0.0%	67.4%	$151.45	3.0%	$36,151,000	$2,531,000	$1,266,000	3.0%		
2037	970	354,050	0.0%	238,696	0.0%	67.4%	$155.99	3.0%	$37,235,000	$2,606,000	$1,303,000	2.9%		
2038	970	354,050	0.0%	238,696	0.0%	67.4%	$160.67	3.0%	$38,352,000	$2,685,000	$1,343,000	3.1%		
2039	970	354,050	0.0%	238,696	0.0%	67.4%	$165.49	3.0%	$39,503,000	$2,765,000	$1,383,000	3.0%		
2040	970	354,050	0.0%	238,696	0.0%	67.4%	$170.46	3.0%	$40,688,000	$2,848,000	$1,424,000	3.0%		
2041	970	354,050	0.0%	238,696	0.0%	67.4%	$175.57	3.0%	$41,909,000	$2,934,000	$1,467,000	3.0%		
2042	970	354,050	0.0%	238,696	0.0%	67.4%	$180.84	3.0%	$43,166,000	$3,022,000	$1,511,000	3.0%		
2043	970	354,050	0.0%	238,696	0.0%	67.4%	$186.27	3.0%	$44,461,000	$3,112,000	$1,556,000	3.0%		
2044	970	354,050	0.0%	238,696	0.0%	67.4%	$191.85	3.0%	$45,795,000	$3,206,000	$1,603,000	3.0%		
2045	970	354,050	0.0%	238,696	0.0%	67.4%	$197.61	3.0%	$47,169,000	$3,302,000	$1,651,000	3.0%		
2046	970	354,050	0.0%	238,696	0.0%	67.4%	$203.54	3.0%	$48,584,000	$3,401,000	$1,701,000	3.0%		
2047	970	354,050	0.0%	238,696	0.0%	67.4%	$209.64	3.0%	$50,041,000	$3,503,000	$1,752,000	3.0%		
2048	970	354,050	0.0%	238,696	0.0%	67.4%	$215.93	3.0%	$51,543,000	$3,608,000	$1,804,000	3.0%		
2049	970	354,050	0.0%	238,696	0.0%	67.4%	$222.41	3.0%	$53,089,000	$3,716,000	$1,858,000	3.0%		
CAGR/AVG	**0.0%**			**0.8%**		**66.6%**	**3.5%**		**4.3%**	**4.3%**	**4.3%**		**7.8%[3]**	

[1]Rounded to the nearest $1,000

[2]Taxes effective as of January 2019

[3]CAGR is calculated from 2020 to 2028

Note: Numbers may not foot due to rounding

Table G-2 on the following page summarizes our Extended Lodging Tax Revenues forecast for hotels with fewer than 60 rooms in King County (excluding Seattle).

TABLE G-2
HOTELS WITH FEWER THAN 60 ROOMS - KING COUNTY (EXCLUDING SEATTLE)
2020 - 2049 EXTENDED LODGING TAX REVENUES PROJECTIONS[1]

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
2019	1,228	448,220	0.0%	291,343	-	65.0%	$85.00	-	$24,764,000	$693,000	$347,000	-
2020	1,229	448,585	0.1%	215,594	-26.0%	48.1%	$69.70	-18.0%	$15,027,000	$421,000	$211,000	-39.2%
2021	1,229	448,585	0.0%	245,777	14.0%	54.8%	$70.40	1.0%	$17,302,000	$484,000	$242,000	14.7%
2022	1,229	448,585	0.0%	275,270	12.0%	61.4%	$77.44	10.0%	$21,316,000	$597,000	$299,000	23.6%
2023	1,229	448,585	0.0%	283,528	3.0%	63.2%	$85.18	10.0%	$24,151,000	$676,000	$338,000	13.0%
2024	1,229	448,585	0.0%	283,528	0.0%	63.2%	$90.29	6.0%	$25,600,000	$717,000	$359,000	6.2%
2025	1,229	448,585	0.0%	283,528	0.0%	63.2%	$93.00	3.0%	$26,368,000	$738,000	$369,000	2.8%
2026	1,229	448,585	0.0%	283,528	0.0%	63.2%	$95.79	3.0%	$27,159,000	$760,000	$380,000	3.0%
2027	1,229	448,585	0.0%	283,528	0.0%	63.2%	$98.66	3.0%	$27,974,000	$783,000	$392,000	3.2%
2028	1,229	448,585	0.0%	283,528	0.0%	63.2%	$101.62	3.0%	$28,813,000	$807,000	$404,000	3.1%
2029	1,229	448,585	0.0%	283,528	0.0%	63.2%	$104.67	3.0%	$29,678,000	$831,000	$416,000	3.0%
2030	1,229	448,585	0.0%	283,528	0.0%	63.2%	$107.81	3.0%	$30,568,000	$856,000	$428,000	2.9%
2031	1,229	448,585	0.0%	283,528	0.0%	63.2%	$111.05	3.0%	$31,485,000	$882,000	$441,000	3.0%
2032	1,229	448,585	0.0%	283,528	0.0%	63.2%	$114.38	3.0%	$32,429,000	$908,000	$454,000	2.9%
2033	1,229	448,585	0.0%	283,528	0.0%	63.2%	$117.81	3.0%	$33,402,000	$935,000	$468,000	3.1%
2034	1,229	448,585	0.0%	283,528	0.0%	63.2%	$121.34	3.0%	$34,404,000	$963,000	$482,000	3.0%
2035	1,229	448,585	0.0%	283,528	0.0%	63.2%	$124.98	3.0%	$35,437,000	$992,000	$496,000	2.9%
2036	1,229	448,585	0.0%	283,528	0.0%	63.2%	$128.73	3.0%	$36,500,000	$1,022,000	$511,000	3.0%
2037	1,229	448,585	0.0%	283,528	0.0%	63.2%	$132.60	3.0%	$37,595,000	$1,053,000	$527,000	3.1%
2038	1,229	448,585	0.0%	283,528	0.0%	63.2%	$136.57	3.0%	$38,722,000	$1,084,000	$542,000	2.8%
2039	1,229	448,585	0.0%	283,528	0.0%	63.2%	$140.67	3.0%	$39,884,000	$1,117,000	$559,000	3.1%
2040	1,229	448,585	0.0%	283,528	0.0%	63.2%	$144.89	3.0%	$41,081,000	$1,150,000	$575,000	2.9%
2041	1,229	448,585	0.0%	283,528	0.0%	63.2%	$149.24	3.0%	$42,313,000	$1,185,000	$593,000	3.1%
2042	1,229	448,585	0.0%	283,528	0.0%	63.2%	$153.71	3.0%	$43,582,000	$1,220,000	$610,000	2.9%
2043	1,229	448,585	0.0%	283,528	0.0%	63.2%	$158.33	3.0%	$44,890,000	$1,257,000	$629,000	3.1%
2044	1,229	448,585	0.0%	283,528	0.0%	63.2%	$163.08	3.0%	$46,237,000	$1,295,000	$648,000	3.0%
2045	1,229	448,585	0.0%	283,528	0.0%	63.2%	$167.97	3.0%	$47,624,000	$1,333,000	$667,000	2.9%
2046	1,229	448,585	0.0%	283,528	0.0%	63.2%	$173.01	3.0%	$49,052,000	$1,373,000	$687,000	3.0%
2047	1,229	448,585	0.0%	283,528	0.0%	63.2%	$178.20	3.0%	$50,524,000	$1,415,000	$708,000	3.1%
2048	1,229	448,585	0.0%	283,528	0.0%	63.2%	$183.54	3.0%	$52,040,000	$1,457,000	$729,000	3.0%
2049	1,229	448,585	0.0%	283,528	0.0%	63.2%	$189.05	3.0%	$53,601,000	$1,501,000	$751,000	3.0%
CAGR/AVG	**0.0%**	**0.0%**		**0.9%**		**62.4%**	**3.5%**		**4.5%**	**4.5%**	**4.5%**	

[1]Rounded to the nearest $1,000

[2]Taxes effective as of January 2019

Note: Numbers may not foot due to rounding

Table G-3 summarizes our Extended Lodging Tax Revenue and Additional Lodging Tax Revenues projections for hotels with fewer than 60 rooms for all of King County and is presented on the following page.

TABLE G-3
HOTELS WITH FEWER THAN 60 ROOMS - TOTAL KING COUNTY PROJECTED EXTENDED AND ADDITIONAL LODGING TAX REVENUES[1]

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]
2019	$906,000	$347,000	$1,253,000	$518,000
2020	$550,000	$211,000	$761,000	$314,000
2021	$600,000	$242,000	$842,000	$343,000
2022	$739,000	$299,000	$1,038,000	$422,000
2023	$837,000	$338,000	$1,175,000	$478,000
2024	$888,000	$359,000	$1,247,000	$507,000
2025	$914,000	$369,000	$1,283,000	$522,000
2026	$942,000	$380,000	$1,322,000	$538,000
2027	$970,000	$392,000	$1,362,000	$554,000
2028	$999,000	$404,000	$1,403,000	$571,000
2029	$1,029,000	$416,000	$1,445,000	$294,000
2030	$1,060,000	$428,000	$1,488,000	
2031	$1,092,000	$441,000	$1,533,000	
2032	$1,124,000	$454,000	$1,578,000	
2033	$1,158,000	$468,000	$1,626,000	
2034	$1,193,000	$482,000	$1,675,000	
2035	$1,229,000	$496,000	$1,725,000	
2036	$1,266,000	$511,000	$1,777,000	
2037	$1,303,000	$527,000	$1,830,000	
2038	$1,343,000	$542,000	$1,885,000	
2039	$1,383,000	$559,000	$1,942,000	
2040	$1,424,000	$575,000	$1,999,000	
2041	$1,467,000	$593,000	$2,060,000	
2042	$1,511,000	$610,000	$2,121,000	
2043	$1,556,000	$629,000	$2,185,000	
2044	$1,603,000	$648,000	$2,251,000	
2045	$1,651,000	$667,000	$2,318,000	
2046	$1,701,000	$687,000	$2,388,000	
2047	$1,752,000	$708,000	$2,460,000	
2048	$1,804,000	$729,000	$2,533,000	
2049	$1,858,000	$751,000	$2,609,000	
CAGR	4.3%	4.5%	4.3%	7.8%[5]

[1] Rounded to the nearest $1,000

[2] 50 percent of the 7.0 percent Extended Lodging Tax Revenues

[3] 50 percent of the 2.8 percent Extended Lodging Tax Revenues

[4] 2.0 percent of sales taxes generated by hotels in Seattle are rebated back to the WSCC through June 2029

[5] CAGR is calculated from 2020 to 2028

Note: Numbers may not foot due to rounding

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

The WSCC also receives 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 pricing of such accommodation set by the property owner.

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:

- The supply of web-based units in the City of Seattle and other King County areas was determined utilizing data provided by AirDNA (a data mining company for web-based accommodations). It should be noted that this data is predominately comprised of Airbnb rental units but not exclusively on Airbnb. Airbnb is the largest of the web-based rental companies in the greater Seattle MSA;
- To account for the fluid nature associated with the available supply of web-based units, we have capped the supply of web-based units at approximately 2.0 percent above the 2019 supply levels in 2023, and, for the remainder of the projection period;
- From the data obtained from AirDNA, 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. As of year-end 2019, there were 5,464 web-based units located within the City of Seattle and1,440 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. Based on year to date 2020 results, we have forecasted supply decreases of 30.0 percent in Seattle and 15.0 percent in King County (excluding Seattle) as owners have taken units offline in response to the Pandemic.
- AirDNA's data indicates that the web-based units in the City of Seattle achieved an occupancy of 65.3 percent and an ADR of $147.17 in 2019. Additionally, AirDNA data indicates that the web-based units in King County (excluding Seattle) achieved an occupancy of 58.5 percent and an ADR of approximately $136.54 in 2019;
- Upon the projected year of stabilization for the City of Seattle and for King County

(excluding Seattle), 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 Table H-1 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 does not receive Extended Lodging Tax Revenues from web-based units within the City of Seattle. Based on discussions with PFM and the WSCC, we understand that the WSCC collects 100 percent of the 2.0 percent Additional Lodging Tax.

Based on the 2019 performance results 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 2019 revenues of approximately $192 million. In consideration of the impact of the Pandemic, revenues for web-based units in the City of Seattle are forecast to decline approximately 50.5 percent in 2020. As travel begins to recover as forecasted for 2021, we project the Additional Lodging Tax Revenues (100 percent of the 2.0 percent Additional Lodging Tax) to increase by 48.4 percent, followed by estimated increases of 27.2 percent and 14.4 percent in 2022 and 2023. The web-based unit market is projected to stabilize from 2024 through June 2029 and attain increases of 3.0 percent in each full year. It should be noted that 2029 reflects the time period January through June and the Additional Lodging Tax Revenues forecast in 2029 is reflective of that partial year.

TABLE H-1
WEB-BASED UNITS - CITY OF SEATTLE
2020 - 2049 ADDITIONAL LODGING TAX REVENUES PROJECTIONS[1]

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	Additional Lodging Tax Revenues @ 2%[2]	Additional Lodging Tax Revenues Change
2019	5,464	1,994,241	3.3%	1,302,570		65.3%	$147.17	-2.2%	$191,696,819	$3,834,000	-
2020	3,825	1,395,969	-30.0%	716,414	-45.0%	51.3%	$132.45	-10.0%	$94,890,000	$1,898,000	-50.5%
2021	4,589	1,675,162	20.0%	1,002,979	40.0%	59.9%	$140.40	6.0%	$140,817,000	$2,816,000	48.4%
2022	5,278	1,926,437	15.0%	1,203,575	20.0%	62.5%	$148.82	6.0%	$179,119,000	$3,582,000	27.2%
2023	5,542	2,022,759	5.0%	1,323,932	10.0%	65.5%	$154.78	4.0%	$204,912,000	$4,098,000	14.4%
2024	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$159.42	3.0%	$211,059,000	$4,221,000	3.0%
2025	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$164.20	3.0%	$217,391,000	$4,348,000	3.0%
2026	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$169.13	3.0%	$223,913,000	$4,478,000	3.0%
2027	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$174.20	3.0%	$230,630,000	$4,613,000	3.0%
2028	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$179.43	3.0%	$237,549,000	$4,751,000	3.0%
2029	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$184.81	3.0%	$244,676,000	$2,447,000	-48.5%
2030	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$190.35	3.0%	$252,016,000		
2031	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$196.06	3.0%	$259,576,000		
2032	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$201.95	3.0%	$267,364,000		
2033	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$208.00	3.0%	$275,384,000		
2034	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$214.25	3.0%	$283,646,000		
2035	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$220.67	3.0%	$292,155,000		
2036	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$227.29	3.0%	$300,920,000		
2037	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$234.11	3.0%	$309,948,000		
2038	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$241.13	3.0%	$319,246,000		
2039	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$248.37	3.0%	$328,823,000		
2040	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$255.82	3.0%	$338,688,000		
2041	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$263.49	3.0%	$348,849,000		
2042	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$271.40	3.0%	$359,314,000		
2043	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$279.54	3.0%	$370,094,000		
2044	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$287.93	3.0%	$381,196,000		
2045	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$296.57	3.0%	$392,632,000		
2046	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$305.46	3.0%	$404,411,000		
2047	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$314.63	3.0%	$416,544,000		
2048	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$324.06	3.0%	$429,040,000		
2049	5,542	2,022,759	0.0%	1,323,932	0.0%	65.5%	$333.79	3.0%	$441,911,000		
CAGR/AVG	1.3%	1.3%		2.1%		64.7%	3.2%		5.4%	12.2%	

[1]Rounded to the nearest $1,000
[2]Taxes effective as of January 2019
[3]CAGR is calculated from 2020 to 2028
Note: Numbers may not foot due to rounding

Presented in Table H-2 on the following page are our Extended Lodging Tax Revenues projections for web-based units located in King County (excluding Seattle). The WSCC receives 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 forecasted to decrease by approximately 28.7 percent in 2020 due to the impact of the COVID-19 Pandemic. The web-based market is projected to attain increases in Extended Lodging Tax Revenues of 16.2 percent, 13.1 percent, 7.8 percent from 2021 to 2023, before reaching stabilized levels of growth approximating 3.0 percent beginning in 2024 and for the remainder of the projection period.

TABLE H-2
WEB-BASED UNITS - KING COUNTY (EXCLUDING SEATTLE)
2020 - 2049 EXTENDED LODGING TAX REVENUES PROJECTIONS[1]

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
2019	1,440	525,514	17.4%	307,504	20.9%	58.5%	$136.54	5.9%	$41,987,744	$1,176,000	$588,000	-
2020	1,224	446,687	-15.0%	230,628	-25.0%	51.6%	$129.72	-5.0%	$29,916,000	$838,000	$419,000	-28.7%
2021	1,346	491,356	10.0%	265,222	15.0%	54.0%	$131.01	1.0%	$34,748,000	$973,000	$487,000	16.2%
2022	1,427	520,837	6.0%	291,744	10.0%	56.0%	$134.94	3.0%	$39,369,000	$1,102,000	$551,000	13.1%
2023	1,470	536,462	3.0%	304,873	4.5%	56.8%	$138.99	3.0%	$42,375,000	$1,187,000	$594,000	7.8%
2024	1,470	536,462	0.0%	304,873	0.0%	56.8%	$143.16	3.0%	$43,646,000	$1,222,000	$611,000	2.9%
2025	1,470	536,462	0.0%	304,873	0.0%	56.8%	$147.46	3.0%	$44,956,000	$1,259,000	$630,000	3.1%
2026	1,470	536,462	0.0%	304,873	0.0%	56.8%	$151.88	3.0%	$46,304,000	$1,297,000	$649,000	3.0%
2027	1,470	536,462	0.0%	304,873	0.0%	56.8%	$156.44	3.0%	$47,693,000	$1,335,000	$668,000	2.9%
2028	1,470	536,462	0.0%	304,873	0.0%	56.8%	$161.13	3.0%	$49,124,000	$1,375,000	$688,000	3.0%
2029	1,470	536,462	0.0%	304,873	0.0%	56.8%	$165.96	3.0%	$50,598,000	$1,417,000	$709,000	3.1%
2030	1,470	536,462	0.0%	304,873	0.0%	56.8%	$170.94	3.0%	$52,116,000	$1,459,000	$730,000	3.0%
2031	1,470	536,462	0.0%	304,873	0.0%	56.8%	$176.07	3.0%	$53,679,000	$1,503,000	$752,000	3.0%
2032	1,470	536,462	0.0%	304,873	0.0%	56.8%	$181.35	3.0%	$55,290,000	$1,548,000	$774,000	2.9%
2033	1,470	536,462	0.0%	304,873	0.0%	56.8%	$186.79	3.0%	$56,949,000	$1,595,000	$798,000	3.1%
2034	1,470	536,462	0.0%	304,873	0.0%	56.8%	$192.40	3.0%	$58,657,000	$1,642,000	$821,000	2.9%
2035	1,470	536,462	0.0%	304,873	0.0%	56.8%	$198.17	3.0%	$60,417,000	$1,692,000	$846,000	3.0%
2036	1,470	536,462	0.0%	304,873	0.0%	56.8%	$204.12	3.0%	$62,229,000	$1,742,000	$871,000	3.0%
2037	1,470	536,462	0.0%	304,873	0.0%	56.8%	$210.24	3.0%	$64,096,000	$1,795,000	$898,000	3.1%
2038	1,470	536,462	0.0%	304,873	0.0%	56.8%	$216.55	3.0%	$66,019,000	$1,849,000	$925,000	3.0%
2039	1,470	536,462	0.0%	304,873	0.0%	56.8%	$223.04	3.0%	$67,999,000	$1,904,000	$952,000	2.9%
2040	1,470	536,462	0.0%	304,873	0.0%	56.8%	$229.73	3.0%	$70,039,000	$1,961,000	$981,000	3.0%
2041	1,470	536,462	0.0%	304,873	0.0%	56.8%	$236.63	3.0%	$72,141,000	$2,020,000	$1,010,000	3.0%
2042	1,470	536,462	0.0%	304,873	0.0%	56.8%	$243.72	3.0%	$74,305,000	$2,081,000	$1,041,000	3.1%
2043	1,470	536,462	0.0%	304,873	0.0%	56.8%	$251.04	3.0%	$76,534,000	$2,143,000	$1,072,000	3.0%
2044	1,470	536,462	0.0%	304,873	0.0%	56.8%	$258.57	3.0%	$78,830,000	$2,207,000	$1,104,000	3.0%
2045	1,470	536,462	0.0%	304,873	0.0%	56.8%	$266.32	3.0%	$81,195,000	$2,273,000	$1,137,000	3.0%
2046	1,470	536,462	0.0%	304,873	0.0%	56.8%	$274.31	3.0%	$83,631,000	$2,342,000	$1,171,000	3.0%
2047	1,470	536,462	0.0%	304,873	0.0%	56.8%	$282.54	3.0%	$86,140,000	$2,412,000	$1,206,000	3.0%
2048	1,470	536,462	0.0%	304,873	0.0%	56.8%	$291.02	3.0%	$88,724,000	$2,484,000	$1,242,000	3.0%
2049	1,470	536,462	0.0%	304,873	0.0%	56.8%	$299.75	3.0%	$91,386,000	$2,559,000	$1,280,000	3.1%
CAGR/AVG	**0.6%**			**1.0%**		**56.5%**	**2.9%**		**3.9%**		**3.9%**	

[1]Rounded to the nearest $1,000

[2]Taxes effective as of January 2019

Note: Numbers may not foot due to rounding

Presented in Table H-3 on the following page is a summary of the forecasted Extended Lodging Tax Revenues and Additional Lodging Tax Revenues for web-based units in King County for 2020 to 2049.

TABLE H-3
WEB-BASED UNITS - TOTAL KING COUNTY PROJECTED EXTENDED AND ADDITIONAL LODGING TAX REVENUES[1]

Calendar Year	King County (Excluding Seattle) Extended Lodging Tax Revenues[2]	Additional Lodging Tax Revenues[3]
2019	$588,000	$3,834,000
2020	$419,000	$1,898,000
2021	$487,000	$2,816,000
2022	$551,000	$3,582,000
2023	$594,000	$4,098,000
2024	$611,000	$4,221,000
2025	$630,000	$4,348,000
2026	$649,000	$4,478,000
2027	$668,000	$4,613,000
2028	$688,000	$4,751,000
2029	$709,000	$2,447,000
2030	$730,000	$3,834,000
2031	$752,000	$1,898,000
2032	$774,000	
2033	$798,000	
2034	$821,000	
2035	$846,000	
2036	$871,000	
2037	$898,000	
2038	$925,000	
2039	$952,000	
2040	$981,000	
2041	$1,010,000	
2042	$1,041,000	
2043	$1,072,000	
2044	$1,104,000	
2045	$1,137,000	
2046	$1,171,000	
2047	$1,206,000	
2048	$1,242,000	
2049	$1,280,000	
CAGR	**3.9%**	**12.2%[4]**

[1]Rounded to the nearest $1,000

[2]50 percent of the 2.8 percent Extended Lodging Tax Revenues

[3]2.0 percent of sales taxes generated by hotels in Seattle are rebated back to the WSCC through June 2029

[4]CAGR is calculated from 2020 to 2028

Note: Numbers may not foot due to rounding

I. Total Lodging Tax Revenues Forecast – King County

Table I-1 on the following page summarizes the forecasted 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[1]

Calendar Year	Regular Lodging Tax Revenues	Extended Lodging Tax Revenues	Additional Lodging Tax Revenues[2]	Total Lodging Tax Revenues
2019[3]	$91,519,000	$1,841,000	$24,871,000	$118,231,000
2020	$30,860,000	$1,180,000	$8,774,000	$40,814,000
2021	$42,260,000	$1,329,000	$11,908,000	$55,497,000
2022	$64,168,000	$1,589,000	$17,607,000	$83,364,000
2023	$80,332,000	$1,769,000	$22,064,000	$104,165,000
2024	$95,081,000	$1,858,000	$25,872,000	$122,811,000
2025	$107,038,000	$1,913,000	$29,064,000	$138,015,000
2026	$113,908,000	$1,971,000	$30,916,000	$146,795,000
2027	$120,310,000	$2,030,000	$32,628,000	$154,968,000
2028	$126,148,000	$2,091,000	$34,173,000	$162,412,000
2029	$131,233,000	$2,154,000	$17,748,000	$151,135,000
2030	$136,386,000	$2,218,000		$138,604,000
2031	$143,008,000	$2,285,000		$145,293,000
2032	$149,954,000	$2,352,000		$152,306,000
2033	$157,240,000	$2,424,000		$159,664,000
2034	$163,420,000	$2,496,000		$165,916,000
2035	$169,842,000	$2,571,000		$172,413,000
2036	$178,100,000	$2,648,000		$180,748,000
2037	$186,585,000	$2,728,000		$189,313,000
2038	$194,105,000	$2,810,000		$196,915,000
2039	$201,928,000	$2,894,000		$204,822,000
2040	$210,065,000	$2,980,000		$213,045,000
2041	$218,531,000	$3,070,000		$221,601,000
2042	$227,338,000	$3,162,000		$230,500,000
2043	$236,278,000	$3,257,000		$239,535,000
2044	$247,777,000	$3,355,000		$251,132,000
2045	$259,601,000	$3,455,000		$263,056,000
2046	$270,062,000	$3,559,000		$273,621,000
2047	$280,946,000	$3,666,000		$284,612,000
2048	$294,629,000	$3,775,000		$298,404,000
2049	$308,983,000	$3,889,000		$312,872,000
CAGR	**8.3%**	**4.2%**	**18.5%[4]**	**7.3%**

[1] Rounded to the nearest $1,000
[2] 2.0 percent of sales tax generated by hotels in Seattle are rebated back to the WSCC through June 2029
[3] Lodging Tax Revenues for 2019 are CBRE estimates. Actual lodging tax collections may vary.
[4] CAGR is calculated from 2020 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 forecasted to increase from approximately $118,231,000 in 2020 to $312,872,000 in 2049, or at a CAGR of 7.3 percent over the next 30 years.

This concludes our analysis of the projected Lodging Tax Revenues for King County. After you have had an opportunity to review the forecasts contained in this letter, please feel free to contact us with any questions or comments. It has been a pleasure working with you on this interesting project.

Yours sincerely,

CBRE Hotels Advisory

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Addendum

Terms and Conditions

TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for consulting services (the "Agreement") between CBRE, Inc. (the "Consultant") and the client signing this Agreement, and for whom the consulting services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the office is located for the Consultant executing this Agreement.

2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the consulting fee and preparation of a consulting report (the "Consulting Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Consulting Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the prorated share of the fee based upon the work completed and expenses incurred (including travel expenses to and from the job site), with a minimum charge of $500. Additional copies of the Consulting Reports are available at a cost of $250 per original color copy and $100 per photocopy (black and white), plus shipping fees of $30 per report.

3. If Consultant is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Consulting Report, the Consultant's expertise, or the Property, Client shall pay Consultant's additional costs and expenses, including but not limited to Consultant's attorneys' fees, and additional time incurred by Consultant based on Consultant's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Consulting Report), meeting participation, and Consultant's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.

4. Consultant shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents, or without cause upon 30 days written notice.

5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Consultant executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.

6. Consultant assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Consultant to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Consulting fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.

7. In the event of any dispute between Client and Consultant relating to this Agreement, or Consultant's or Client's performance hereunder, Consultant and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Consultant executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding,

and reasonable attorney's fees. Client acknowledges that Consultant is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship between Client and Consultant. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Consulting Report discussed herein.

8. All statements of fact in the report which are used as the basis of the Consultant's analyses, opinions, and conclusions will be true and correct to Consultant's actual knowledge and belief. Consultant does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Consultant by Client or others. The conclusions and any permitted reliance on and use of the Consulting Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.

9. Consultant shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.

10. Client shall provide Consultant with such materials with respect to the assignment as are requested by Consultant and in the possession or under the control of Client. Client shall provide Consultant with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.

11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Consultant. With respect to data provided by Client, Consultant shall not violate the confidential nature of the Consultant-Client relationship by improperly disclosing any proprietary information furnished to Consultant. Notwithstanding the foregoing, Consultant is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial.

12. Unless specifically noted, in preparing the Consulting Report the Consultant will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material) on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Consulting fee.

13. In the event Client intends to use the Consulting Report in connection with a tax matter, Client acknowledges that Consultant provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Consulting Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Consulting Report. Client agrees that Consultant shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Consultant relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.

14. Consultant shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Consulting Report to any third party.

15. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATE, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES, AND AGGREGATE

DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO CONSULTANT UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS ($10,000). THIS LIABILITY LIMITATION SHALL NOT APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.

16. Client shall not disseminate, distribute, make available or otherwise provide any Consulting Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Consulting Report , in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by Consultant as an "Intended User" of the Consulting Report provided that either Consultant has received an acceptable release from such third party with respect to such Consulting Report or Client provides acceptable indemnity protections to Consultant against any claims resulting from the distribution of the Consulting Report to such third party, (ii) any third party service provider (including rating agencies and Client's auditors) using the Consulting Report in the course of providing services for the sole benefit of Client, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Consultant consents, in writing, to Client incorporating or referencing the Consulting Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Consultant with complete copies of such materials and Consultant has approved all such materials in writing. Client shall not modify any such materials once approved by Consultant. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Consulting Report by such party extend any right to the party to use and rely on such report, and Consultant shall have no liability for such unauthorized use and reliance on any Consulting Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Consultant, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Consultant and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Consulting Report.

17. In the event Client incorporates or references the Consulting Report, in whole or in part, in any offering or other material intended for review by other parties, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the engagement of or performance of services by any Indemnified Party hereunder, (ii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iii) an actual or alleged violation of applicable law by Client (including, without limitation, securities laws) or the negligent or intentional acts or omissions of Client (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Consultant (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.

18. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with paragraphs 16 and 17 above, Consultant and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement or the Consulting Report, (b) any services under this Agreement or (c) any acts or conduct relating to such services, shall be filed within two (2) years from the date of delivery to Client of the Consulting Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.

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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
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
2019	7,546,410	2,226,300	747,300	145,300	248,275
2020	7,656,200	2,260,880	761,100	148,100	249,100

[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

	2015	2016	2017	2018	2019
Seattle Metropolitan Area[1]	$ 63,685	$ 66,330	$ 69,844	$ 74,815	$ 78,073
King County	76,327	79,875	84,598	91,161	94,974
State of Washington	53,870	55,802	58,437	62,209	64,758
United States	49,019	50,015	52,118	54,606	56,490

[1] 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

	New Single Family Units		New Multi-Family Units		
Year	**Number**	**Value**	**Number**	**Value**	**Total Value**
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	3,375,978,228
2017	4,356	1,735,074,421	14,285	2,174,576,693	3,909,651,114
2018	4,442	1,747,483,826	14,018	1,642,109,582	3,389,593,408
2019	3,777	1,494,505,945	14,142	2,071,136,054	3,565,641,999
2020	3,623	1,427,109,062	9,530	1,285,925,830	2,713,034,892
2021(2)	307	121,309,626	1,018	80,964,588	202,274,214

(1) Estimates with imputation.
(2) Through January 2021.
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
2016	$ 59,530,882,870	$ 24,287,539,378
2017	62,910,608,935	26,005,147,210
2018	69,018,481,965	28,292,065,861
2019	72,785,180,223	29,953,200,188
2020(1)	48,439,134,083	18,863,518,272

(1) Through third quarter 2020.
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. The Boeing Company's production has declined following the grounding of the 737 Max airplane and COVID-19's impacts on the travel and airline industries. In October 2020 Boeing announced plans to eliminate about 30,000 jobs by the end of 2021, with at least 10,000 in the State. In addition to reducing Boeing's workforce, these reductions are anticipated to affect businesses associated with aerospace throughout the Puget Sound.

TABLE B-5
MAJOR EMPLOYERS

Employer	Employees
The Boeing Company	71,829
Amazon.com Inc.(1)(2)(3)	60,000
Microsoft Corp.(1)	55,063
Joint Base Lewis-McChord	54,000
University of Washington(1)	46,824
Providence Health & Services(1)	31,400
Wal-Mart Stores Inc.(2)	19,412
Costco Wholesale Corp.(1)	18,045
Multicare Health System	17,187
Fred Meyer Stores	16,164
King County Government(1)	15,851
City of Seattle(1)	15,733
Starbucks Coffee Co.(1)(2)	14,000
CHI Franciscan Health	12,516
Seattle Public Schools(1)	11,886
Kaiser Permanente	10,000
Alaska Air Group Inc.(1)	9,574
Nordstrom, Inc.(1)	9,200
Virginia Mason Health System	9,066
Washington State University	8,248
T-Mobile US Inc.	7,909
Google, Inc.	5,441
Tacoma Public Schools	5,245
Comcast NBC Universal	4,558
Expedia Group	4,363

(1) Headquartered within the County.
(2) Estimate only.
(3) Headcount reflects full and part-time employees.
Source: Puget Sound Book of Lists, as of July 30, 2020.

TABLE B-6
RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT
SEATTLE METROPOLITAN DIVISION
(KING AND SNOHOMISH COUNTIES)
(NOT SEASONALLY ADJUSTED)

	2016	2017	2018	2019	2020	2021(1)
Civilian Labor Force	1,629,251	1,661,908	1,695,567	1,729,943	1,719,228	1,744,408
Total Employment	1,565,055	1,602,318	1,640,578	1,680,738	1,589,583	1,629,299
Total Unemployment	64,196	59,590	54,989	49,205	129,645	115,109
Percent of Labor Force	3.9%	3.6%	3.2%	2.8%	7.5%	6.6%

(1) Through January 2021.
Source: Washington State Employment Security Department.

TABLE B-7
RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT
WASHINGTON STATE
(NOT SEASONALLY ADJUSTED)

	2016	2017	2018	2019	2020	2021[1]
Civilian Labor Force	3,644,319	3,726,120	3,807,013	3,914,154	3,932,285	3,845,972
Total Employment	3,452,854	3,551,136	3,637,581	3,747,713	3,606,890	3,585,510
Total Unemployment	191,465	174,984	169,432	166,441	325,395	260,462
Percent of Labor Force	5.3%	4.7%	4.5%	4.3%	8.3%	6.8%

[1] Through January 2021.
Source: Washington State Employment Security Department.

TABLE B-8

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

	2016	2017	2018	2019	2020	2021[1]
Civilian Labor Force	159,188,000	160,318,000	162,073,000	163,537,000	160,742,000	160,186,000
Total Employment	151,436,000	153,335,000	155,759,000	157,536,000	147,794,000	150,135,000
Total Unemployment	7,751,000	6,983,000	6,314,000	6,001,000	12,948,000	10,051,000
Percent of Labor Force	4.9%	4.4%	3.9%	3.7%	8.1%	6.3%

[1] Average through February 2021.
Source: United States Department of Labor Bureau of Labor Statistics.

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TABLE B-9
NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
SEATTLE-BELLEVUE-EVERETT METROPOLITAN STATISTICAL AREA
(KING AND SNOHOMISH COUNTIES)
(NOT SEASONALLY ADJUSTED)

NAICS INDUSTRY	2016	2017	2018	2019	2020
TOTAL NONFARM	1,644,400	1,685,300	1,723,300	1,764,300	1,672,900
Total Private	1,426,600	1,464,000	1,504,800	1,548,300	1,462,500
Goods Producing	262,200	259,600	264,700	271,300	256,200
Mining and Logging	800	800	800	800	700
Construction	92,400	96,800	102,000	103,600	101,700
Manufacturing	169,000	162,000	161,800	167,000	153,700
Service Providing	1,382,200	1,425,700	1,458,600	1,492,900	1,416,700
Trade, Transportation, and Utilities	301,900	316,500	323,000	330,300	322,200
Information	102,200	108,500	116,200	125,900	131,700
Financial Activities	83,200	84,300	86,700	88,400	86,400
Professional and Business Services	249,500	255,600	261,600	268,500	266,600
Educational and Health Services	207,800	213,800	221,400	226,400	213,500
Leisure and Hospitality	161,600	166,900	171,600	174,000	129,000
Other Services	58,200	58,700	59,700	63,600	57,000
Government	217,800	221,300	218,500	215,900	210,400
Workers in Labor/Management Disputes	0	0	0	0	0

Source: Washington State Employment Security Department.

TABLE B-10
SEATTLE-TACOMA INTERNATIONAL AIRPORT
HISTORICAL ENPLANED PASSENGERS 2016 – 2020

Year	Domestic	Year-over-Year Percentage Increase	International	Year-over-Year Percentage Increase	Total Enplaned Passengers	Year-over-Year Percentage Increase
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
2018	22,200,368	6.4	2,693,970	5.5	24,894,338	6.3
2019	23,015,911	3.7	2,857,964	6.1	25,873,875	3.9
2020(1)	9,373,402	(59.3)%	670,325	(76.6)%	10,043,727	(61.2)%

(1) Reflects effects of COVID-19 and related travel restrictions.
Source: Port of Seattle Airport Statistics (website not incorporated herein).

TABLE B-11
SEATTLE HARBOR CRUISE PASSENGERS
2016 – 2020

Year	Cruise Ship Passengers
2016	983,539
2017	1,071,594
2018	1,114,888
2019	1,210,722
2020[1]	--

(1) The 2020 cruise season was cancelled due to COVID-19 and related travel restrictions. On March 14, 2020, the U.S. Centers for Disease Control (the "CDC") issued a temporary No Sail Order for cruise ships, which the CDC ultimately extended through the end of October 2020. On October 31, 2020, the CDC announced the framework for a phased approach to resume cruise ship passenger operations in U.S. waters. On February 4, 2021, the Canadian government extended its ban on large cruise ships in Canadian waters through February 28, 2022, affecting, among others, Alaska cruises in particular. Several cruise lines (Norwegian Cruise Lines, Princess and Holland America) have cancelled cruises through June, 2021.

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

TABLE B-12
MEDIAN HOUSEHOLD INCOME FOR COUNTIES
WITH POPULATION OVER TWO MILLION
2019

Area Name	Median Household Income	Median Household Income as a Percent of State Total	Population
King County, WA	$102,338	130.1%	2,252,782
Orange County, CA	95,761	119.1	3,175,692
San Diego County, CA	83,576	103.9	3,338,330
Queens County, NY	72,975	101.3	2,253,858
Riverside County, CA	72,905	90.7	2,470,546
Los Angeles County, CA	72,721	90.4	10,039,107
Tarrant County, TX	70,130	109.5	2,102,515
Cook County, IL	69,375	100.2	5,150,233
Maricopa County, AZ	68,634	110.7	4,485,414
San Bernardino County, CA	67,398	83.8	2,180,085
Kings County, NY	66,501	92.3	2,559,903
Clark County, NV	62,131	98.2	2,266,715
Dallas County, TX	61,807	96.5	2,635,516
Harris County, TX	61,638	96.2	4,713,325
Bexar County, TX	58,956	92.1	2,003,554
Miami-Dade County, FL	54,991	92.9	2,716,940

Source: USDA, Economic Research Service

TABLE B-13
ASSESSED VALUE OF TAXABLE PROPERTY
2016 – 2020

Tax Year	Assessed Value of Property in the District's Taxing District[1]	Year-over-Year Change
2017	471,456,288,019	10.58%[2]
2018	534,662,434,753	13.41
2019	606,623,698,132	13.46
2020	642,490,492,044	5.91
2021	659,534,881,337	2.65

(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." The District's taxing district coincides with the boundaries of the County.
(2) Based on a 2016 assessed value of $426,335,605,837.
Sources: *King County Assessor's Office*.

TABLE B-14
LARGEST COUNTIES IN THE UNITED STATES BY POPULATION 2019

Ranking	County	State
1	Los Angeles	California
2	Cook	Illinois
3	Harris	Texas
4	Maricopa	Arizona
5	San Diego	California
6	Orange	California
7	Miami-Dade	Florida
8	Dallas	Texas
9	Kings	New York
10	Riverside	California
11	Clark	Nevada
12	Queens	New York
13	King	Washington
14	San Bernardino	California
15	Tarrant	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, 2019 AND 2018

(See Attached)

Miller & Miller, P.S.

Washington State Convention Center Public Facilities District

Financial Statements and Independent Auditor's Report

For The Years Ended December 31, 2019 and 2018

Washington State Convention Center Public Facilities District
Financial Statements and Independent Auditor's Report
December 31, 2019 and 2018
Table of Contents

Miller & Miller, P.S.

4240 West Cramer Street, Seattle, Washington 98199
Phone 206.281.0281 / Fax 206.281.0276

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, 2019 and 2018, 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, 2019 and 2018, 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.

Emphasis of Matter

As disclosed in the notes to these financial statements, the COVID-19 pandemic has caused substantial harm to the operating and non-operating tax revenues expected to be received in 2020. Convention events have been cancelled and lodging tax revenues have been severely reduced. While this event does not change the valuations of assets and liabilities reported in the 2019 financial statements, this event will have a substantial impact on the District's 2020 operations.

Miller & Miller, P.S.

Certified Public Accountants

May 27, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ending December 31, 2019 and 2018

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 ninth full year of operations in 2019. 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. RCW 36.100.010 authorized King County to create the District that is 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 I of the State Constitution.

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 of Seattle 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.

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 sale on food and beverage at the facility. About 70 percent of its convention business comes from association meetings, especially medical and high tech. Attracting hundreds of thousands of people to the Greater Seattle area, results were enriching the local economy in 2019 with hotel nights of 317,735, generating attendee spending of $359,912,847, generated sales tax of $27,952,382 plus, retail spending, and other direct spending on goods and services as reported by Econ Northwest.

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 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

The District's 2019 revenues surpassed all other fiscal years, while the District continued to focus on customer experience and building the Summit Building.

A. Net position increased by approximately $29.7 million from 2018 to 2019. The increase is due to the receipt of lodging tax revenues exceeding the District's interest costs and operating results.
B. Fiscal year 2019 marked a successful year, with strong non-operating revenues. Operating revenues surpassed originally adopted budget projections. Food services revenues grossed over $23 million. Facility services such as electric, conductivity and audio/visual generated revenue over $3.5 million. Compared to 2018, the 2019 operating and marketing loss increased by $3 million due to decreases in operating revenue and a minor increase in operating expenses. Net non-operating revenue decreased approximately $10 million from 2018 to 2019 due to the increase in interest expense from the 2018 bond issuance in 2018 that had interest expense for only a portion of the year and a full year of interest in 2019, offset by the increase in interest income for the investment of bond proceeds from the 2018 bond issuance.
C. On March 23, 2018, the Governor signed into law Chapter 245, 2018 Laws and the Board of Directors approved Resolution 2018-3 to modify collections of the Lodging Tax. Effective January 1, 2019, Regular and Additional Lodging Tax were extended to lodgings with 60 units or fewer and to Web-based units (Airbnb, VRBO, HomeAway, etc.). First funds transfer from the Office of the State Treasurer was March 29, 2019. Total new tax for 2019 generated $1,917,849.
D. In April of 2019, the District entered into a purchase and sales agreement for the office unit with Hudson Pacific Properties L.P. The office project block is bounded by Boren Avenue, Howell Street, Terry Avenue and Olive Way. The project will be composed of approximately 540,000 square feet in a 16-story building, which includes sub terrain building core. The office tower will be constructed at grade level and on top. It comes with parking rights and easement in the Summit parking garage. Purchase price at closing is $86,000,000. Upon signing of the purchase agreement Hudson Pacific Properties paid $20,500,000 in earnest money, which has been recorded as a reduction of Construction in Progress.
E. The District entered into an Option Agreement with the purchaser, C&MRes LLC for the residential project. C&MRes LLC is required to make non-refundable deposits of $150,000 and comply with certain conditions and covenants. The District will receive total consideration for the sale of $15,750,000. The expected closing date is July 2021. The residential project block is bounded by Olive Way, Terry Avenue, Howell Street and Ninth Avenue. It will have approximately 400 units in a 29-story tower. The plaza at Olive, 9th Avenue, and Howell Street is being specifically designed with weather protection for an adjoining restaurant.
F. The City Council in May 2018 unanimously approved the five street and alley vacations required to go forward with the Summit building construction. With the leadership of the Seattle Mayor, the King County Executive and representatives from the Community Package Coalition (CPC) and the District agreed on terms for the District to provide more than $92.1 million towards a suite of benefits for the community. This partnership moves the WSCC Summit building project – and the creation of new convention space –on scheduled for completion in 2021.
G. In June, S&P Global Ratings raised its long-term and underlying rating to AA- from A+ on Washington State Convention Center Public Facilities District's previously issued series 2010B and 2018 lodging-tax bonds. S&P Global Ratings also affirmed its A- long-term and underlying ratings on the district's series 2018 subordinate lodging-tax bonds.
H. The District made its last principal payment on revenue bonds series 2010A in July 2014. The District made its fifth principal payment on its bond series 2010B in July 2019. As of December 31, 2019, the remaining bond series 2010B is $263,860,000. 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.

I. In June 2018, the District Board of Directors approved Resolution 2018-06 authorizing issuance and sale of two series of Lodging Tax Bonds in aggregate principal amount not to exceed $1,250,000,000. In addition, purchase of one or more reserve fund Surety polices were approved. The District closed August 9, 2018 on the sale of $1,003,595,000 of Lodging Tax Bonds, 2018 and Subordinate Lodging Tax Bonds plus, net original issue premium of $81,830,398, consisting of $598,790,000 Lodging Tax Bonds and $404,805,000 Subordinate Lodging Tax Bonds. In 2019 the District made its first two interest payments for the Lodging Tax Bonds, 2018 and Subordinate Lodging Tax Bonds. Lodging Tax Bonds, 2018 combined interest accrued and reported in fiscal 2019 was $47,170,750.
J. Resolution number 2019-05 authorized the sale of the marshalling yard at 150 South Horton Street, Seattle for $12,360,000 and the purchase of the marshalling yard at 9645 Martin Luther King Jr. Way South, Seattle for $7,600,000. The MLK marshalling yard is better suited to support and enhance the facilities event related needs as well as the net exchange of funds funding Summit Project.
K. The District purchased Cyber, Business interruption and Terrorist insurance in 2019.
L. In December, the District no longer accepted cash. All transactions are electronic bank transactions, checks or credit cards. Petty cash was reduced from $46,125 to $10,000. Deposits are sent electronically, armored truck service is cancelled, labor to double count cash is no longer needed and risk of having cash on hand is reduced. Subcontractor Aramark continues to accept cash.
M. For the last six 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 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, 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, 2019 and 2018 are reported in the District's financial statements.

The District 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.

FINANCIAL ANALYSIS

CONDENSED COMPARATIVE STATEMENTS OF NET POSITION

	2019	2018	Percentage Change	2017	Percentage Change
ASSETS					
Current and Other assets	$ 955,179,532	$ 1,147,527,371	-17%	$ 181,270,800	533%
Capital Assets	1,134,550,307	882,724,699	29%	726,085,081	22%
Total Assets	2,089,729,839	2,030,252,070	3%	907,355,881	124%
LIABILITIES					
Current Liabilities	111,232,039	70,813,311	57%	67,669,213	5%
Noncurrent Liabilities	1,478,838,241	1,489,429,491	-1%	412,625,940	261%
Total Liabilities	1,590,070,280	1,560,242,802	2%	480,295,153	225%
NET POSITION					
Net invested in capital position	324,154,168	282,841,727	15%	303,604,538	-7%
Restricted	16,411,367	14,512,557	13%	14,994,204	-3%
Unrestricted	159,094,023	172,654,984	-8%	108,461,987	59%
Total Net Position	$ 499,659,558	$ 470,009,268	6%	$ 427,060,730	10%

Current and other assets decreased approximately $192 million from 2018 to 2019 from Summit (Expansion) costs and decreases in investment interest rates. From 2017 to 2018 Current and other assets increased approximately $966 million as a result 2018 Priority and Subordinate Bond sale, along with King County Metro site purchase and construction work at the Convention Place Station (CPS) site and Expansion costs.

Capital Assets increased approximately $252 million from 2018 to 2019 due to the Summit building site work including in Construction in progress, net of the Hudson Pacific Properties $20.5 million

earnest money: net of current year depreciation and the result of other capital asset additions and disposals.
Capital Assets increased by $157 million from 2017 to 2018 due to the Summit building site work included in Construction in progress: net of current year depreciation and the result of other capital asset additions and disposals.

Current liabilities increased due to large increases in accrued amounts due to the expansion project and due to the collection of Lodging Tax on 60 units or fewer and Web-based units (Airbnb, VRBO, HomeAway, etc.) and owed to the State of Washington, King County and City of Seattle. Current liabilities increased from 2017 to 2018 for a variety of reasons, including decreased payables from CPS and other Summit project costs, increases in the amount due to the state of Washington for certain lodging taxes and for operating expenses.

Net investment in capital assets increased from 2018 to 2019 from the growth of the Summit Project and payments of public benefits. 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 2017 to 2018 from the increase in Summit Project spending.

COMPARATIVE SCHEDULE OF CHANGES IN NET POSITION

	2019	2018	Percentage Change	2017	Percentage Change
OPERATING REVENUES					
Building rent	$ 4,263,280	$ 3,992,177	7%	$ 4,363,947	-9%
Food service	23,085,555	26,320,728	-12%	20,949,997	26%
Parking	3,897,330	3,783,815	3%	3,723,747	2%
Facility services	3,535,662	4,000,813	-12%	3,547,743	13%
Retail leases	823,020	716,152	15%	510,214	40%
Other	1,493,478	1,579,687	-5%	1,866,048	-15%
Total Operating Revenues	37,098,324	40,393,372	-8%	34,961,697	16%
MARKETING REVENUES					
Lodging tax for marketing	15,403,241	14,976,875	3%	13,944,123	7%
NONOPERATING REVENUES					
Lodging tax - regular	76,997,207	74,866,406	3%	69,705,450	7%
Lodging tax - extended	1,917,849	-	0%		
Build America Bonds subsidy	5,887,519	5,988,725	-2%	6,077,141	-1%
Interest and investment income	22,872,700	13,672,902	67%	1,337,620	922%
Total Revenues	160,176,840	149,898,281	7%	126,026,032	19%
OPERATING EXPENSES					
Salaries and wages	9,168,321	9,023,526	2%	8,505,409	6%
Employee benefits	5,331,519	5,283,711	1%	5,216,785	1%
Professional and other services	2,688,111	2,752,081	-2%	2,620,474	5%
Food service	13,761,126	14,063,741	-2%	12,253,134	15%
Supplies	585,368	630,204	-7%	584,990	8%
Utilities	3,272,140	3,150,868	4%	3,102,999	2%
Repair and maintenance	1,840,824	1,692,183	9%	1,703,191	-1%
Depreciation and amortization	13,995,164	13,791,941	1%	13,448,391	3%
Other administrative and contingency	376,795	376,940	0%	327,266	15%
Total Operating Expenses	51,019,368	50,765,195	1%	47,762,639	6%
MARKETING EXPENSES					
Visit Seattle, Outside Marketing	13,119,423	12,757,257	3%	11,940,816	7%
In-house Marketing	1,342,631	1,380,462	-3%	1,188,809	16%
Total Marketing Expenses	14,462,054	14,137,719	2%	13,129,625	8%
NONOPERATING EXPENSES					
Interest expense	64,469,549	36,617,777	76%	11,569,690	216%
Other expense	575,579	5,429,052	-89%	1,344,412	304%
Total Expenses	130,526,550	106,949,743	22%	73,806,366	45%
Change in Net Position	29,650,291	42,948,538	-31%	52,219,665	-18%
Net Position - Beginning	470,009,267	427,060,730	10%	374,841,065	14%
Net Position - Ending	499,659,558	470,009,267	6%	427,060,730	10%

Operating revenues have decreased from 2018 to 2019 due mainly to the mix of convention events in that food service and facility services were not required for the type of events held during 2019 as compared to 2018. Fiscal 2018 operating revenues were the strongest in its thirty-year history. Building rent revenues, with Parking, Retail leases and Other revenues all exceed 2017 revenues. Related operating expenses decreased one percent. Marketing revenues increased three percent and marketing expenses increased one percent.

Other non-operating revenue increased from 2018 to 2019 due to the increase in Lodging Tax revenue, Extended Lodging Tax and investment income. Other non-operating revenue increased from 2017 to 2018 due to increase in Lodging Tax revenue and investment income. Other non-operating expenses increased from 2018 to 2019 due to an increase in interest costs due to a full year of the 2018 bond issuance in 2019 and a partial year in 2018. Other non-operating expenses increased from 2017 to 2018 due to an increase of losses on disposal of assets in connection with capital improvement projects and an increase in interest expense from the 2018 Priority and Subordinate bond issues. Cost of issuance, underwriter discount, the purchase of Surety bonds of $4,759,235 were expensed in 2018 and not capitalized.

CAPITAL ASSETS

The following schedule is a summary of the District's investment in capital assets as of December 31, 2019, 2018 and 2017:

	12/31/2019	12/31/2018	12/31/2017
Capital assets, not being depreciated			
Land	321,485,456	313,878,484	313,857,947
Construction in progress	550,286,174	293,814,711	125,373,206
Total capital assets, not being depreciated	871,771,630	607,693,195	439,231,153
Capital assets, being depreciated			
Buildings and improvements	459,397,129	458,463,340	458,142,009
Other improvements and art collection	12,331,594	12,262,373	11,654,366
Machinery/equipment/furniture/fixtures	14,436,365	14,431,124	13,649,344
Total capital assets, being depreciated	486,165,088	485,156,837	483,445,719
Less accumulated depreciation for			
Buildings	(208,900,445)	(197,019,775)	(185,386,868)
Other improvements and art collection	(4,300,152)	(3,517,820)	(2,736,166)
Machinery/equipment/furniture/fixtures	(10,185,815)	(9,587,739)	(8,468,758)
Total accumulated depreciation	(223,386,411)	(210,125,333)	(196,591,791)
Total capital assets, being depreciated, net	262,778,677	275,031,504	286,853,928
Total capital assets	$ 1,134,550,307	$ 882,724,699	$ 726,085,081

Capital Assets increased from 2018 to 2019 due to increase in Summit Project spending, plus the net of current year depreciation and capital asset additions and disposals. 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 up graded to AA- by Standard and Poor's in June 2019 for 2010 Bonds and 2018 First Priority Bonds. Ratings for 2018 Subordinate Priority Bonds: Moody's A1 and Standard and Poor's A-.

As of December 31, 2019, the District had $1,478,664,057 in long term outstanding debt and $8,685,000 in the current portion of long-term debt. In 2018, the District's outstanding debt was $1,497,184,491. The District debt was issued August 9, 2018 for the construction of the Summit building in the amount of $648,151,581 2018 First Priority Bonds and $434,431,503 2018 Subordinate Priority Bonds generating aggregate issuance of $1,082,583,084. 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 common reserve. The new 2018 Bond issue replaced all common reserve funds with surety bonds. Additional information regarding long-term debt is provided in Note 8 to the financial statements.

The District carries property insurance through Liberty Mutual Insurance Company in addition to coverage for terrorism and business interruption. The District has separate cyber-attack and deadly weapons incidents policies. 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 renovated Studio 10 and Studio 14 the old salon and Moby space in 2019. Improvements involve a flex space that can be used for pop-up retail, coat check, etc., and updating catering space. The District continued to market and signing contracts for the new under construction Summit building.

District is marketing to sell its existing marshalling yard located on Horton Street in the SODO district and purchased a more efficient marshalling yard located on Martin Luther King Way near the I-5 exit 158. Besides accommodating more trucks, the property comes with all the essential security features and additional funds from the sale will be added to the Summit project's source of funds.

The District Board of Director's authorized an operating budget of $37,785,109 for fiscal 2020. As disclosed in Note 13 to the financial statements, the Covid-19 pandemic has created substantial adjustments to the operating plan for 2020.

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.wscc.com.

Washington State Convention Center Public Facility District
Statement of Net Position
As of December 31, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	$ 68,872,014	$ 62,183,311
Restricted cash and cash equivalents	134,912,045	125,755,400
Investments	80,385,690	49,772,500
Restricted investments	555,566,210	582,448,881
Restricted investments interest receivable	1,669,648	4,579,359
Receivables (net)	16,625,290	2,761,254
Due from other governments	11,793,886	13,682,774
Prepayments and other current assets	822,964	652,544
Total Current Assets	870,647,746	841,836,023
Noncurrent Assets		
Investments	40,501,600	69,899,300
Restricted investments	43,596,144	235,384,982
Other noncurrent assets	434,041	407,066
Total Noncurrent Assets	84,531,785	305,691,348
Capital Assets		
Land	321,485,456	313,878,484
Buildings and improvements	459,397,129	458,463,340
Machinery/equipment/furniture/fixtures	14,436,365	14,431,124
Other improvements and art collection	12,331,594	12,262,373
Accumulated depreciation	(223,386,411)	(210,125,333)
Construction in progress	550,286,174	293,814,711
Total Capital Assets	1,134,550,307	882,724,699
Total Assets	2,089,729,838	2,030,252,070
LIABILITIES		
Current Liabilities		
Accounts payable	39,099,726	13,283,624
Retainage-payable from restricted assets	7,390,329	3,478,128
Salaries, benefits and taxes payable	1,163,051	1,176,247
Unearned revenue and deposits payable	2,558,411	2,085,806
Due to other governments	17,847,947	12,465,676
Interest payable	33,145,600	28,297,060
Current portion of long term debt	8,685,000	7,755,000
Other	1,341,976	2,271,770
Total Current Liabilities	111,232,040	70,813,311
Noncurrent Liabilities		
Bonds and Notes payable	1,478,664,057	1,489,429,491
Other	174,184	-
Total Noncurrent Liabilities	1,478,838,241	1,489,429,491
Total Liabilities	1,590,070,281	1,560,242,802
NET POSITION		
Net investment in capital assets	324,154,168	282,841,727
Restricted:		
Restricted for debt service	6,117,690	4,040,036
Restricted for Expansion	0	0
Restricted for operating reserve	10,293,677	10,472,521
Unrestricted	159,094,022	172,654,984
Total Net Position	$ 499,659,558	$ 470,009,268

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, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Building rent	$ 4,263,280	$ 3,992,177
Food service	23,085,555	26,320,728
Parking	3,897,330	3,783,815
Facility services	3,535,662	4,000,813
Retail leases	823,020	716,152
Other	1,493,478	1,579,687
Total Operating Revenues	37,098,324	40,393,371
OPERATING EXPENSES		
Salaries and wages	9,168,321	9,023,526
Employee benefits	5,331,519	5,283,711
Professional and other services	2,688,111	2,752,081
Food service	13,761,126	14,063,741
Supplies	585,368	630,204
Utilities	3,272,140	3,150,868
Repair and maintenance	1,840,824	1,692,183
Depreciation and amortization	13,995,164	13,791,941
Other administrative and contingency	376,795	376,940
Total Operating Expenses	51,019,368	50,765,195
OPERATING INCOME (LOSS)	(13,921,044)	(10,371,823)
MARKETING REVENUES		
Marketing Tax	15,403,241	14,976,875
MARKETING EXPENSES		
Visit Seattle, Outside Marketing	13,119,423	12,757,257
In-house Marketing	1,342,631	1,380,462
Total Marketing Expenses	14,462,054	14,137,719
INCOME FROM MARKETING	941,188	839,156
TOTAL NET OPERATING AND MARKETING LOSS	(12,979,856)	(9,532,667)
NONOPERATING REVENUES (EXPENSES)		
Lodging tax - regular	76,997,207	74,866,406
Lodging Tax - Extended	1,917,849	-
Interest and investment income	22,872,700	13,672,902
Interest expense	(64,469,549)	(36,617,777)
Build America Bonds subsidy	5,887,519	5,988,725
Loss on disposal of assets	(358,778)	(562,668)
Bond issuance costs	-	(4,759,235)
Other revenue (expenses)	(216,801)	(107,149)
Total Nonoperating Revenue	42,630,147	52,481,204
CHANGE IN NET POSITION	29,650,291	42,948,537
Net Position - Beginning	470,009,267	427,060,730
Net Position - Ending	$ 499,659,558	$470,009,267

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, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 38,599,117	$ 37,010,552
Receipts from governments	15,019,788	14,805,399
Payments to suppliers	(38,541,105)	(35,748,770)
Payments to employees	(14,513,036)	(14,278,444)
Payments to or receipt from others, net	26,842	260,375
Net Cash Provided By Operating Activities	591,607	2,049,112
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Nonoperating Portion of Lodging Taxes received	78,238,957	74,180,925
Lodging Tax received to be paid to state	34,328,662	19,877,370
Portion of Lodging Tax paid to state	(28,927,718)	(20,516,289)
Nonoperating revenues and expenses	(216,801)	(107,149)
Purchase of other noncurrent assets	(26,974)	(10,850)
Net Cash Provided By Noncapital Financing Activities	83,396,126	73,424,006
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Bond Proceeds	-	1,085,425,398
Purchases of Capital Assets	(243,145,700)	(175,042,365)
Interest and principal paid on capital debt	(68,306,010)	(25,071,847)
Payment to acquire land	(7,599,657)	(21,999,990)
Bond Issue Costs	-	(4,759,235)
BABs subsidy received	5,887,519	5,988,725
Net Cash Used By Capital and Related Financing Activities	(313,163,847)	864,540,686
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	23,484,703	4,788,446
Investment fees	(4,498)	(6,341)
Investment purchases	(676,851,132)	(1,115,341,736)
Investment maturities	898,392,389	261,448,788
Net Cash Provided (Used) By Investing Activities	245,021,462	(849,110,843)
Net Increase (Decrease) In Cash and Cash Equivalents	15,845,348	90,902,963
Cash and Cash Equivalents Balances - Beginning	187,938,711	97,035,748
Cash and Cash Equivalents Balances - Ending	$ 203,784,059	$ 187,938,711
Cash and Cash Equivalents as Reflected in the Statement of Net Position:		
Cash and cash equivalents	$ 68,872,014	$ 62,183,311
Restricted cash and cash equivalents	$ 134,912,045	$ 125,755,400
Total Ending Cash and Cash Equivalents in the Statement of Net Position	$ 203,784,059	$ 187,938,711
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ (12,979,856)	$ (9,532,666)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation and amortization	13,995,164	13,791,941
Changes in operating assets and liabilities:		
Accounts Receivable	1,028,189	(1,730,489)
Due from Other Governments-Operating Portion	(383,453)	(171,476)
Operating Accounts Payable	(408,958)	(97,676)
Prepayments	(170,420)	154,590
Salaries, benefits and taxes payable	(13,196)	28,793
Unearned revenue and deposits payable	472,604	(1,652,331)
Other operating liabilities	(948,468)	1,258,428
Net Cash Provided (Used) By Operating Activities	$ 591,607	$ 2,049,113
SCHEDULE OF NON-CASH INVESTING, CAPITAL, NON CAPITAL AND RELATED FINANCING ACTIVITY		
Capital Assets acquired by increases in accounts payable	$ 26,225,059	$ 4,004,694
Reimbursement of capital is included in receivables	175,138	152,509
Change in fair value of investments	2,297,709	4,331,454

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the Washington State Convention Center (WSCC) 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.

The District sold Bonds at the purchase price of $1,082,583,084 during August 2018. The purchase price for the 2018 First Priority Bonds was $648,151,581 (representing the aggregate principal amount of the 2018 First Priority Bonds, plus the original issue premium of $51,057,434 and less the Underwriters' Discount of $1,695,853). The purchase price for the 2018 Subordinate Priority Bonds was $434,431,503 (representing the aggregate principal amount of the 2018 Subordinate Priority Bonds, plus the original issue premium of $30,772,965 and less the Underwriters' Discount of $1,146,461). Proceeds are to finance a portion of the costs to construct the Summit facility. The Summit will 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 Summit will 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 feet ballroom.

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 of $601,127, total revenues of $2,163 and total expenses of ($443) as of December 31, 2019 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, 2019 and 2018. 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.

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 service revenues and food service 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 and 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. LMG is the preferred audio-visual provider. Generally, LMG pay's the District 23 to 40 percent commission depending on the service or rented equipment provided.

For fiscal 2019 and all comparable year's the District reports marketing revenues and expenses separately from the operating category. Marketing revenues and expenses 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. Prior to 2018, the District reports its interest expense net of capitalized interest on the Summit building project. The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement number 89 *Accounting for Interest Cost Incurred before the*

End of a Construction Period for its 2018 financial statements. This GASB statement requires that interest costs during construction be expensed. As such, the District no longer capitalizes interest costs as an addition to capital assets. The District separately reports its subsidy from the U.S. Federal government on its Build America Bonds in non-operating revenues.

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

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.

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. <u>Policy for defining cash equivalents</u>

It is the District's policy to invest temporary cash surpluses. 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. <u>Policy for application of restricted versus unrestricted resources</u>

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 compensate for any insufficiency with unrestricted resources.

E. Budgetary Information

1. Scope of Budget

The District adopts an annual operating budget by board action 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.

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 2019 Operating Reserve was funded in January 2019 to $10,022,170. In December 2019, the budget was amended by Resolution number 2019-19 and the Operating Reserve was increased to $10,293,677.

In January 2019, the Board of Directors approved by motion to update the Summit Project Financial Plan to $1,948,385,000.

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 action. Capital budgets are monitored throughout the length of the specific projects, and budgets are modified by board action.

F. Assets, Liabilities and Net Position

1. Cash and Cash Equivalents (see Note 3)

It is the District's policy to invest all temporary cash surpluses. At December 31, 2019 and 2018, the District had $68,872,014 and $62,183,311, respectively in short-term residual investments of surplus cash reported as unrestricted cash and cash equivalents.

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 investment policies 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.

The District maintained current and non-current restricted investments with external fiscal agents, which are presented on the Statement of Net Position as current restricted investments in the amount of $555,566,210 for 2019 and $582,448,881 for 2018, and noncurrent restricted investments of $43,596,144 for 2019 and $235,384,982 for 2018. Current restricted investments arise from the 2018 financing of First Priority and Subordinate Bonds reserved for construction expenditures that are due within one year. The 2010B bond Common Reserve was replaced with a Surety Bond in August 2018. Current and non-current unrestricted investments are $120,887,290 as of December 31, 2019 and $119,671,800 as of December 31, 2018. 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 and are presented net of an estimate of uncollectible accounts.

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

4. Due to/from Other Governments

As of December 31, 2019, and 2018, the due from other governments is mainly composed of Lodging Tax collected by the hotels and earned in November and December 2019 and 2018 but paid to District by the state of Washington in January and February 2020 and 2019 respectively. The due from other governments include $2,971,069 for 2018 from the US Government's Build America Bonds subsidy that was not received until January 2019. In 2019 the US Government's Build America Bonds subsidy was received in December 2019 and is not included in the Due from other governments in 2019.

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
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.

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

GASB Statement number 89, Accounting for Interest Cost Incurred before the end of a Construction Period suspends paragraphs 5-22 of GASB 62, which the District followed from 2014 through 2017.

In 2019 and 2018 following GASB Statement number 89, the District did not capitalize interest.

8. <u>Compensated Absences</u>

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. <u>Unearned Revenue and Deposits Payable</u>

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. <u>Restricted and Unrestricted Net Position</u>

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, 2019 through December 31, 2019, is the tenth year of operating revenues and expenses reported by the District. Comparative data for the period of January 1, 2018 through December 31, 2018 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 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, 2019, and 2018, cash and cash equivalents include:

Financial Institution		**2019**	**2018**
US Bank		53,958,021	59,337,237
Local Government Investment Pool		149,816,038	128,555,349
Petty Cash/Change Funds		10,000	46,125
TOTAL		203,784,059	187,938,711

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, 2019:

U.S. Government Treasury of $574,039,090 and Federal Government Agencies of $107,993,159, are valued using quoted prices in an active market for identical assets (Level 1 inputs). Corporate Commercial Paper of $11,126,231 are valued using quoted 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, 2019, the District had the following investments measured at fair value (in thousands). The following table identifies the types of investments, concentration of investments in any one issuer, and maturities of the District's investment portfolio as of December 31, 2019:

		Maturities			Ratings	
		Less Than		% of Total		
Investment Type	Fair Value	1 Year	1 to 5 Years	Portfolio	S&P	Moody's
Federal Home Loan Bank	$ 107,993	$ 87,696	$ 20,297	15.00%	AA+	AAA
Federal National Mortgage Assoc.	26,891	26,891		3.73%	AA+	AAA
Treasury Notes	$ 563,821	500,020	63,801	78.30%	AA+	AAA
Treasury Bills	10,218	10,218			AA+	AAA
Commerical Paper	11,126	11,126		1.55%		
Subtotal	720,049	635,951	84,098	100.00%		
Percentage of Total Portfolio		88.32%	11.68%	100.00%		

As of December 31, 2018, the District had the following investments measured at fair value (in thousands). The following table identifies the types of investments, concentration of investments in any one issuer, and maturities of the District's investment portfolio as of December 31, 2018:

		Maturities			Ratings	
		Less Than		% of Total		
Investment Type	Fair Value	1 Year	1 to 5 Years	Portfolio	S&P	Moody's
Federal Home Loan Bank	$ 25,075		$ 25,075	2.67%	AA+	AAA
Treasury Notes	872,941	592,731	280,210	93.11%	AA+	AAA
Resolution Funding Corporation	19,586	19,586		2.09%	AA+	AAA
Commerical Paper	19,904	19,904		2.12%		
Subtotal	937,506	632,221	305,285	100.00%		
Percentage of Total Portfolio		67.44%	32.56%	100.00%		

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, 88 percent of the investments mature in 2020 and remaining 12 percent of the investments mature in one to five years.

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 charts 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, 2019 and 2018 are reflected in the following charts.

ASSET CLASS	1/1/2019	Increases	Decreases	12/31/2019
Land	$ 313,837,908	$ 7,599,657	$ -	$ 321,437,565
Land Development	40,576	7,314	-	47,890
CIP	293,814,711	258,603,121	(2,131,659)	550,286,174
Capital Assets, not depreciating	607,693,195	266,210,093	(2,131,659)	871,771,629
Building & Improvements	458,463,340	1,306,681	(372,891)	459,397,129
Other Improvements, Art	12,262,373	106,993	(37,771)	12,331,595
Machinery, Equipment, FF&E	14,431,124	717,985	(712,744)	14,436,365
Capital Assets, depreciating	485,156,836	2,131,659	(1,123,406)	486,165,089
Less A/D:				
Buildings	(197,019,774)	(12,021,762)	140,912	(208,900,625)
Other Improvements, Art	(3,517,820)	(808,277)	26,125	(4,299,972)
Machinery, Equipment, FF&E	(9,587,739)	(1,165,125)	567,049	(10,185,815)
Total A/d	(210,125,333)	(13,995,164)	734,086	(223,386,411)
Net Capital Assets, depreciating	275,031,503	(11,863,505)	(389,320)	262,778,678
TOTAL CAPITAL ASSETS	$ 882,724,699	$ 312,759,601	$ (60,933,991)	$ 1,134,550,307

The increase in Construction in progress (CIP) for 2019 is net of $20,550,000 in receipts from developers to pay for their involvement in the expansion project.

Asset Class	January 1, 2018	Increases	Decreases	December 31, 2018
Capital assets, not being depreciated				
Land	$313,837,908			$313,837,908
Land development costs	20,039	20,537		40,576
Construction in progress	125,373,206	182,389,837	(13,948,332)	293,814,711
Total capital assets, not being depreciated	$439,231,153	$182,410,374	($13,948,332)	$607,693,195
Capital assets, being depreciated				
Buildings and improvements	458,142,009	1,142,753	(821,422)	458,463,340
Other improvements and art collection	11,654,366	608,007		12,262,373
Machinery/equipment/furniture/fixtures	13,649,344	781,780		14,431,124
Total capital assets, being depreciated	$483,445,719	$2,532,540	($821,422)	$485,156,837
Less accumulated depreciation for				
Buildings	(185,386,868)	(11,891,306)	258,399	(197,019,775)
Other improvements and art collection	(2,736,166)	(781,654)		(3,517,820)
Machinery/equipment/furniture/fixtures	(8,468,758)	(1,118,981)		(9,587,739)
Total accumulated depreciation	($196,591,791)	($13,791,941)	$258,399	($210,125,333)
Total capital assets, being depreciated, net	286,853,928	(11,259,401)	(563,023)	275,031,504
Total capital assets	$ 726,085,081	$ 171,150,973	$ (14,511,355)	$ 882,724,699

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 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 $297,135 and $296,246 for 2019 and 2018, 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:

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 2019 or 2018.

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 $19,000 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 $6,000. 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 $348,964 and $322,288 in 2019 and 2018, 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, 2019, 257 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 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 2018 and 2019, 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 ISL at $1 million with Companion Life through ASG Risk Management. 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"). In 2018, the retiree medical plan subsidy was eliminated. 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 Liberty Mutual Insurance Company of Kentucky through November 30, 2020, as follows: $566 million in total coverage for its facilities and operations including earthquake, flood and terrorism coverage. The total combined maximum deductible is $200,000.

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 2019.

C. Liability Insurance

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, in August 2018, issued bonds for the purchase price of $1,082,583,084, net of underwriter discount issuing revenue bonds. The par amount for the aggregate issuance of the 2018 First Priority Bonds and 2018 Subordinate Priority Bonds was $1,003,595,000.

	2018 First Priority Bonds	2018 Subordinate Priority Bonds	Aggregate Issuance
Par Amount	$ 598,790,000.00	$ 404,805,000.00	$ 1,003,595,000.00
Plus: Net Original Issue Premium	51,057,433.75	30,772,964.65	81,830,398.40
Less: Underwriters' Discount	(1,695,852.77)	(1,146,461.47)	(2,842,341.24)
Total Purchase Price	**$ 648,151,580.98**	**$ 434,431,503.18**	**$ 1,082,583,084.16**

The District issued revenue bonds to finance a portion of the Summit facility costs, an addition to adjacent to the Convention Center located on approximately 7.7-acre site bordered by Pine and Howell Streets and Ninth and Boren Avenues. The District has obtained a debt service reserve insurance policy in connection with its 2018 bond issuance that covers both the 2010 bonds and the 2018 bonds. To the extent that the District is not able to make debt service payment to bond holders from Lodging taxes, the insurance policy will pay for the debt service and will convert the amount of the debt service payment, not paid by the District, but paid by the insurance policy to a liability owed to the insurance company. As such, bond holders are protected for payment of their amount due under this insurance policy.

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 bonds and King County Note outstanding as of December 31, 2019 and changes from 2018 are as follows:

Description	Maturity	Interest Rates	Balance 12/31/2018	Additions	Reduction	Balance 12/31/2019	Amount Due Within One Year
Bonds 2010B	2019-2040	3.92%-6.79%	271,615,000	$ -	$(7,755,000)	$ 263,860,000	$ 8,005,000
Less Current Portion			(7,755,000)			(8,005,000)	
Long Term Portion			263,860,000			255,855,000	
King County CPS Note	2025-2056	4.25%	141,010,940			141,010,940	
Less Current Portion			-			-	
Long Term Portion			141,010,940			141,010,940	
			-				
2018 First Priority	2019-2058	5.00%	598,790,000			598,790,000	305,000
Less Current Portion						(305,000)	
Net Original Issue Premium			50,516,571		(1,298,070)	49,218,501	
Long Term Portion			649,306,571			647,703,501	
2018 Subordinate Priority	2019-2058	5.00%	404,805,000			404,805,000	375,000
Less Current Portion			-			(375,000)	
Net Original Issue Premium			30,446,979		(782,364)	29,664,615	
Long Term Portion			435,251,979			434,094,615	
Total Long Term Debt			$ 1,489,429,491	$ -	$(9,835,434)	$ 1,478,664,057	$ 8,685,000

Description	Maturity	Interest Rates	Balance 12/31/2017	Additions	Reduction	Balance 12/31/2018	Amount Due Within One Year
Bonds 2010B	2018-2040	5.02%-6.79%	279,135,000	$ -	$ (7,520,000)	$ 271,615,000	$ 7,755,000
Less Current Portion			(7,520,000)		(235,000)	$ (7,755,000)	
Long Term Portion			271,615,000			263,860,000	
King County CPS Note	2025-2056	4.25%	163,010,930		(21,999,990)	141,010,940	
Less Current Portion			(21,999,990)		21,999,990	-	
Long Term Portion			141,010,940			141,010,940	
						-	
2018 First Priority	2019-2058	5.00%		598,790,000		598,790,000	
Net Original Issue Premium				51,057,434	(540,863)	50,516,571	
Long Term Portion						649,306,571	
2018 Subordinate Priority	2019-2058	5.00%		404,805,000		404,805,000	
Net Original Issue Premium				30,772,964	(325,985)	30,446,979	
Long Term Portion						435,251,979	
Total Long Term Debt			$ 412,625,940	$ 1,085,425,398	$ (8,621,847)	$ 1,489,429,491	$ 7,755,000

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 was paid as follows:

- $20 million cash at closing.
- The balance of the Purchase Price was 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.
    - Year 7 begin payment on 25-year promissory note with a beginning balance of $141,010,940.
    - District paid separate from the purchase price, $5,000,000 in cash at closing to satisfy the Districts affordable housing obligation.

Revenue bond and note debt service requirements to maturity as of December 31, 2019 are as follows:

	2010B		Less BABs		CPS Note		2018 First Priority		2018 Subordinate Priority		
Year	Principal	Interest	Subsidy	Total	Principal	Interest	Principal	Interest	Principal	Interest	Total
2020	8,005,000	17,710,341	(5,789,509)	19,925,832		1,410,109	305,000	28,180,500	375,000	18,990,250	69,186,691
2021	8,280,000	17,292,400	(5,652,884)	19,919,516		1,410,109	325,000	28,165,250	395,000	18,971,500	69,186,375
2022	8,590,000	16,810,343	(5,495,299)	19,905,043		1,410,109	355,000	28,149,000	415,000	18,951,750	69,185,902
2023	8,970,000	16,227,082	(5,304,631)	19,892,450		1,410,109	385,000	28,131,250	435,000	18,931,000	69,184,809
2024	9,365,000	15,618,019	(5,105,529)	19,877,490	777,416	5,992,965	420,000	28,112,000	455,000	18,909,250	74,544,121
2025 - 2029	53,410,000	67,970,956	(22,219,699)	99,161,257	7,765,229	29,257,988	2,680,000	140,207,500	2,635,000	94,182,500	375,889,474
2030 - 2034	66,280,000	48,165,544	(15,745,312)	98,700,232	15,965,746	26,954,310	3,925,000	139,421,500	35,940,000	90,354,750	411,261,538
2035 - 2039	82,265,000	23,586,084	(7,710,288)	98,140,795	27,083,424	22,672,683	5,630,000	138,281,000	45,865,000	80,426,000	418,098,902
2040 - 2044	18,695,000	1,269,391	(414,964)	19,549,427	41,955,601	15,725,366	91,890,000	130,607,750	58,540,000	67,753,500	426,021,644
2045 - 2049					47,463,524	5,228,851	141,040,000	101,007,250	74,715,000	51,580,000	421,034,625
2050 - 2054							178,190,000	63,857,400	94,060,000	32,229,100	368,336,500
2055 - 2058							173,645,000	19,994,600	90,975,000	10,057,200	294,671,800
Total	$ 263,860,000	$ 224,650,156	$ (73,438,114)	$ 415,072,043	$141,010,940	$111,472,599	$598,790,000	$874,115,000	$ 404,805,000	$ 521,336,800	$3,066,602,382

As discussed in NOTE 11, Congress' BABs subsidies was originally 35 percent, sequestration measures have reduced to 32.69 percent. Effects of future subsidy reductions through 2040 have been reflected in the debt service to maturity 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 per FASB Statement Number 34. Statement Number 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* was approved and implemented in 2018. Statement Number 89 starting in 2018 discontinued the practice of capitalization of interest costs on construction projects. In addition, it does not allow restating prior period statements to change prior capitalized interest costs. Total interest cost, during 2018 with approximately half year of the King County note, and 2018 Priority and Subordinate bonds was $31,597,393. Total Capitalized Interest beginning in 2014 through 2017 is $17,578,572.

NOTE 9 – LEASES

Operating Leases

The District leases office equipment under non-cancellable operating leases. The total commitments under these leases are $92,660 until the end of the leases in 2024.

Tenant Leasing Agreements

The District leases building space to various retail tenants. A total of 17 retail leases provided revenue of $823,020 in fiscal 2019. 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, 2019, future minimum rental payments required for five succeeding years are:

Year	Lease Revenue
2020	$597,841
2021	$416,510
2022	$251,471
2023	$151,185
2024	$13,461
Total	$1,430,468

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.

Capital Leases

The District entered into a capital lease for radio equipment valued at $252,706 during 2019 as follows.

Year ended 12/31	**Principal**	**Interest**	**Total**
2020	$ 37,265.99	$ 13,379.53	$ 50,645.52
2021	39,624.00	11,021.52	50,645.52
2022	42,131.22	8,514.30	50,645.52
2023	44,797.08	5,848.44	50,645.52
2024	47,631.62	3,013.90	50,645.52
Total	211,449.91	41,777.69	253,227.60
Less current portion	(37,265.99)	(13,379.53)	(50,645.52)
Long term portion	$ 174,183.92	$ 28,398.16	$ 202,582.08

The long-term portion of this lease agreement is reflected as “other” noncurrent liabilities and the current portion is included in the “Other” Noncurrent liability classification.

Other Leasing Agreements

The District earns lease revenue from real property acquired for the Summit 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 non-operating revenues and was $13,165 in 2019 and $169,119 in 2018.

The District has entered into lease agreements in 2019 to support the Summit project addition. These lease payments will be capitalized as a part of the Summit project, during the construction period. Future lease commitments are as follows:

Year	Prime Property Fund (Construction Office)	FANA 8th&Pine LLC (Construction Staging)	WSDOT	TOTAL
2020	$ 268,500	$ 960,000	$ -	$ 1,230,520
2021	$ 275,873	$ -	$ -	$ 277,894
2022	$ 18,348	$ -	$ -	$ 20,370
2023	$ -	$ -	$ -	$ 2,023
2024	$ -	$ -	$ 463,483	$ 465,507
TOTAL	**$ 562,721**	**$ 960,000**	**$ 463,483**	**$ 1,986,204**

The District leases space for construction offices and construction staging. In addition, the District has a long-term lease with WSDOT for airspace rights which began July 2018 and terminates June 2084. Annual rental payments of $475,000 (prorated in 2024) begin in FY2024. Annual increases are based on CPI and there is an adjustment to market at 15 years. Total estimated payments under the WSDOT lease from 2024 to 2084 are approximately $28,726,000.

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.

Common Reserve Fund of $19,521,016 was funded from the 2010AB Bond sale to be held by the Trustee. The Common Reserve requirement was to cover the maximum annual debt service on the bonds. In August 2018 a Surety bond replaced the Common Reserve and the funds were spent by the District in October. As confirmed by BLX an Arbitrage firm there is no arbitrage liability.

B. Freeway Park

In February 1997, The District entered into a 30-year lease agreement with the city of Seattle for the 665-stall Freeway Park garage. Under this agreement, The District 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. Final capital reserve payment to bring the capital reserve account to $500,000 was made in 2018. The District is responsible for all repairs and maintenance.

C WSDOT Leases

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.

In July 2018, the District entered into a 66-year lease agreement with the WSDOT that expires June 30, 2084. Agreement allows the District to build the southeast corner of the Summit building adjacent to Boren Avenue and Pike Street over the I-5 freeway express lane ramp. It is anticipated WSDOT rent credits will off-set lease payments through 2024. Annual lease payments are $475,000. Annual increases are based on CPI. Every fifteen years adjustment are made to the market.

D. Expansion-Related Commitments

In connection with the convention center Summit Building project (Addition), the District has entered into various contracts for property development, project management, architectural, engineering and construction activities. Total commitments under these agreements total $854 million as of December 31, 2019.

E. Pending Lodging Excise Tax Removal of Exemption for Premises with Fewer Than Sixty Lodging Units

House bill 2015 and companion Senate bill 5850 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. Revenues from this bill is shared with the City of Seattle and King County. The District remitted to the City of Seattle all short-term rental funds collected in the City of Seattle. After the City of Seattle received their funds, the District remits to King County fifty percent of the funds received from this bill. The funds received from this legislation by the City of Seattle is 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 collections in 2019 are as follows; the District $1,746,711, King County $1,746,711 and City of Seattle $9,401,720. Total short-term rental funds collected for 2019 for all three governments totaled $12,895,142.

F. Issuing Debt for the Addition Project

In August 2018, the District net proceeds from the bond sale was $1,080,666, for the Summit building project. Budget for the project is $1.9 billion, another First Priority bond issue for approximately $235.5 million is expected in 2021. The remaining project funds will come 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 sequestration 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 2019 was $392,763. The original 2019 annual BAB subsidy was $6,334,901 less actual BAB subsidy received of $5,942,138. It is forecasted that the reduction in the 2020 BAB subsidy will be $365,719.

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, 2019:

Category	Assets	Related Liability	Net Position
Capital assets, net of accumulated depreciation	$ 1,134,550,307		
Less Bonds and Notes Payable		(1,482,455,286)	
Plus unspent proceeds reflected as restricted below		672,059,147	
Net position invested in capital assets			324,154,168
Restricted assets			
Restricted for Expansion	672,059,148	(672,059,147)	0
Restricted for debt service under bond covenants	44,331,245		
Interest payable to be paid from restricted assets		(33,145,600)	
Principle payable to be paid from restricted assets		(5,067,955)	
Retainage payable to be paid from restricted assets	7,390,329	(7,390,329)	6,117,690
Restricted for capital improvements	-	-	-
Restricted for operating reserve	10,293,677		10,293,677
Restricted net position			16,411,367
Unrestricted			159,094,022
Total Net Position			$ 499,659,558

The following provides detail of the components of net position as of December 31, 2018:

Category		Assets	Related Liability	Net Position
Capital assets, net of accumulated depreciation	$	882,724,699		
Less Bonds and Notes Payable			(1,492,660,776)	
Plus unspent proceeds reflected as restricted below			892,777,804	
Net position invested in capital assets				282,841,727
Restricted assets				
Restricted for Expansion		892,777,804	(892,777,804)	0
Restricted for debt service under bond covenants		36,860,811		
Interest payable to be paid from restricted assets			(28,297,060)	
Principle payable to be paid from restricted assets			(4,523,715)	
Retainage payable to be paid from restricted assets		3,478,128	(3,478,128)	4,040,036
Restricted for capital improvements		-	-	-
Restricted for operating reserve		10,472,521		10,472,521
Restricted net position				14,512,557
Unrestricted				172,654,982
Total Net Position				$ 470,009,267

Certain reclassifications are made to the 2018 net position as previously reported to conform to the presentation used in 2019.

NOTE 13 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through May 27, 2020, the date which the financial statements were available to be issued.

COVID-19

The District (or WSCC PDF) evaluated its December 31, 2019 financial statements for subsequent events through the date the financial statements were issued. The district submitted a statement under its continuing disclosure obligation for the bonds on May 15, 2020. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which will have negative impact on income and Lodging Tax revenues that were expected by the District. The Governor of the State of Washington has issued a proclamation that canceled events and closed the building for convention events on March 24, 2020.There is considerable uncertainty that the closure will extend past July 2020. The Governor deferred Lodging Tax payments for businesses for an additional two months during COVID-19 coronavirus outbreak. Therefore, Lodging Tax earned in March will not be known nor transferred to the District until the end of July. The potential impact of this deferral of taxes is unknown as of May 27, 2020, unpresented low tax receipts is forecasted in the industry.

The preliminary forecast projects a range of financial impacts, by estimating revenues under different decline and recovery scenarios. The WSCC PFD's preliminary estimates project a decrease in the WSCC PFD's lodging tax revenues for the period April-December 2020 of 60% to 75% (or an estimated decline of $47,004,000 to $59,173,000) as compared to April-December 2019. WSCC anticipates monthly revenue losses may exceed 85%,

The WSCC PFD expects that the Additional Lodging Tax Revenue pledged to its outstanding bonds will be used to pay of a portion of its June 1, 2020 interest payment, and that the WSCC PFD will therefore incur a Deficiency Loan obligation on that date to the State under RCW 36.100.040(5) and (6). Any Deficiency Loan accrues interest at a statutory rate equal to the twenty-bond general obligation bond buyer index plus one percentage point. Under the terms of the WSCC PFD's Transfer Agreement with the State, any Deficiency Loan is amortized over a five-year term. Based on current projections the WSCC PFD expects to continue to apply Additional Lodging Tax Revenues to pay a portion of upcoming debt service payments, incurring additional Deficiency Loan obligations to the extent of Additional Lodging Tax Revenues applied. The WSCC PFD also may be required to use unrestricted balances for debt service in the event that lodging tax revenues (including Additional Lodging Tax Revenues) are insufficient for this purpose.

The WSCC PFD is exploring several avenues in response to projected revenue impacts. The WSCC PFD has reviewed potential cost-saving measures, including identification of non-essential spending. The WSCC PFD has furloughed almost all management staff and has laid off 110 FTE until such time as business warrants rehiring opportunities.

All events previously booked at the WSCC from March 25, 2020 through July 15, 2020 have been cancelled per the Governor's Stay Home, Stay Healthy proclamation, resulting in net operating revenues to be less than 10% of normal monthly budgets for 2020. The WSCC PFD anticipates event revenues to be considerably lower for the remainder of 2020 with fewer events being held and less attendees.

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

NOTE RESOLUTION

(See Attached)

RESOLUTION NO. 2021-07

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF JUNIOR LODGING TAX NOTES OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $350,000,000 TO FINANCE A PORTION OF THE COSTS OF AN ADDITION TO THE WASHINGTON STATE CONVENTION CENTER, TO FUND A DEPOSIT TO, OR A SURETY POLICY FOR, A DEBT SERVICE RESERVE, TO CAPITALIZE INTEREST, AND TO PAY COSTS OF ISSUANCE; AND DELEGATING AUTHORITY TO APPROVE THE FINAL TERMS AND SALE OF THE NOTES.

ADOPTED: ____________, 2021

Prepared by:

PACIFICA LAW GROUP LLP
Seattle, Washington

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RESOLUTION NO. 2021-07
OF THE
WASHINGTON STATE CONVENTION CENTER
PUBLIC FACILITIES DISTRICT

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF JUNIOR LODGING TAX NOTES OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $350,000,000 TO FINANCE A PORTION OF THE COSTS OF AN ADDITION TO THE WASHINGTON STATE CONVENTION CENTER, TO FUND A DEPOSIT TO, OR A SURETY POLICY FOR, A DEBT SERVICE RESERVE, TO CAPITALIZE INTEREST AND TO PAY COSTS OF ISSUANCE; AND DELEGATING AUTHORITY TO APPROVE THE FINAL TERMS AND SALE OF THE NOTES.

WHEREAS, to finance the costs of acquiring, expanding, constructing, developing, improving, renovating, and equipping the Washington State Convention Center (the “WSCC”), the Washington State Convention Center Public Facilities District (the “District”) is authorized by chapters 36.100, 39.50 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 (the “Board”) on November 12, 2010 and the Trust Agreement dated as of November 1, 2010 between the District and U.S. Bank National Association (the “Trustee”), the District issued its Lodging Tax Bonds, 2010A and its Lodging Tax Bonds, 2010B (Build America Bonds – Direct Payment); and

WHEREAS, pursuant to Resolution No. 2018-06, adopted by the Board on June 26, 2018, the Master Trust Agreement dated as of August 1, 2018 between the District and the Trustee (the “2018 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 and the Series Trust Agreement with respect to the Subordinate Priority Bonds, dated as of August 1, 2018 between the District and the Trustee, the District issued its Lodging Tax Bonds, 2018 and its Subordinate Lodging Tax Bonds, 2018; and

WHEREAS, pursuant to Section 2.02(b) of the 2018 Master Agreement, Lodging Tax Revenues (as such capitalized term and other capitalized terms used in these recitals are defined therein) are disbursed to pay principal of and interest on First Priority Bonds, to satisfy reserve fund obligations for the First Priority Bonds, to pay principal of and interest on Subordinate Priority WSCC Obligations, to satisfy reserve fund obligations for the Subordinate Priority WSCC Obligations, and to make the annual payment amount and any loan repayment amounts owed to the State as required by RCW 36.100.040(6) and the Transfer Agreement prior to

payment of the Note evidencing the District’s obligations to King County (the “County”) under the Purchase and Sale Agreement at priority level “Seventh” (the “2018 Junior Note”); and

WHEREAS, upon the consent of the County pursuant to the Purchase and Sale Agreement and the consent of the State Treasurer pursuant to the Transfer Agreement, the District now desires to issue junior notes paid from Regular Lodging Tax Revenues and Extended Lodging Tax Revenues on a parity with the District’s payment obligations to the County on the 2018 Junior Note, to finance costs of completing an addition to the WSCC; and

WHEREAS, the District anticipates that the junior notes authorized herein will be refinanced with the proceeds of First Priority Bonds and/or Subordinate Priority WSCC Obligations, when Lodging Tax Revenues are sufficient to support the issuance of such obligations; and

WHEREAS, pursuant to Chap. 39.50 RCW, the District may issue notes in anticipation of the issuance of bonds, and may issue bonds paid from tax receipts and other revenues of the District pursuant to RCW 36.100.060 and RCW 39.46.110: and

WHEREAS, the District wishes to authorize and approve the sale of one or more series of junior notes payable from Regular Lodging Tax Revenues and Extended Lodging Tax Revenues as described herein, which shall be sold as provided herein;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, as follows:

<u>Section 1</u>. <u>Definitions</u>. 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 Junior Bonds, 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 Junior Bonds, 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 Sale Document authorizing the issuance of such Junior Bonds, respectively.

Addition Project means acquiring, expanding, constructing, developing, improving and equipping the WSCC, including without limitation the addition to the WSCC as approved by the Board.

Addition Project Fund means the project or construction fund created by the District for payment of costs of the Addition Project.

Additional First Priority Bonds means any obligations incurred pursuant to Section 3.02 of the 2018 Master Agreement.

Additional Junior Bonds means any obligations incurred pursuant to Section 14 of this Resolution.

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.

Additional Subordinate Priority WSCC Obligations means any obligations incurred pursuant to Section 3.03 of the 2018 Master Agreement.

Annual Debt Service means the total amount of Debt Service for Outstanding Junior Bonds 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.

Available Balance(s) means the dollar amount distributed to the District after the Required Monthly Deposit for that month has been made under the 2018 Master Agreement.

Balloon Maturity Bonds means any Junior Bonds that are so designated as "Balloon Maturity Bonds" in the resolution pursuant to which such Junior Bonds, 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. The 2021 Junior Notes are designated as Balloon Maturity Bonds.

Base Period means with respect to the issuance of a series of Junior 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 Junior Bonds.

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 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 Purchase Agreement means any bond or note purchase agreement for the sale of a Series of Underwritten Bonds, including the Bond Purchase Agreement approved by a Designated District Representative for the sale of the 2021 Junior Notes pursuant to Section 22(a) of this Resolution.

Bond Register means the registration books maintained by the Registrar for the purpose of identifying ownership of each series of Junior Bonds.

Bondowners' Trustee means the bank or financial institution selected by the Registered Owners of the Junior Bonds pursuant to Section 17 of this Resolution.

Capital Appreciation Bonds means Junior 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 Junior Bonds, respectively. If so provided in the resolution authorizing their issuance, Junior Bonds may be deemed to be Capital Appreciation Bonds for all or a portion of their term. On the date on which Junior Bonds, as applicable, no longer are Capital Appreciation Bonds, such Junior Bonds shall be deemed Outstanding in a principal amount equal to their Accreted Value.

Chair means the Chair of the Board.

Closing Memorandum means the closing memorandum prepared in connection with the issuance of Junior 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 a series of Tax-Exempt Notes 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 Notes, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

Continuing Disclosure Certificate means the written undertaking for the benefit of the owners and Beneficial Owners of each series of 2021 Junior Notes 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 Junior Bonds means the Covered Junior Bonds secured by the Junior Common Reserve Fund and may include the 2021 Junior Notes if so designated in the Sale Document for the 2021 Junior Notes.

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 Junior Bonds, as applicable.

Credit Facility Issuer means the issuer of any Credit Facility.

Date of Issue means the date on which any Junior Bonds are executed and delivered to the original purchaser(s) thereof.

Debt Service means for any period of time and for the purpose of determining compliance with the conditions for issuance of Additional Junior 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 Sale Document 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 16 of this Resolution with respect to Derivative Products;

(b) with respect to any Outstanding Fixed Rate Bonds, an amount equal to (1) the principal amount of such Junior 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 Junior Bonds, plus (3) all interest payable during such period on any such Junior Bonds Outstanding and, with respect to Junior 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 Junior Bonds on the date specified in the resolution or Sale Document authorizing such Junior Bonds; and

(c) with respect to all other series of Junior 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 Junior Bonds bearing variable rates of interest, an amount for any period equal to the amount which would be payable (1) as principal on such Junior Bonds during such period (computed on the assumption that the amount of Junior 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 Sale Document authorizing the issuance of such Junior 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 Junior Bonds payable in other than U.S. Dollars, Debt Service shall be calculated as provided in the resolution or Sale Document authorizing the issuance of such Junior 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 Junior Bonds or from earnings thereon. For the purpose of determining compliance with the conditions for issuance of Additional Junior Bonds and for the purpose of calculating the applicable Reserve Requirement, Debt Service also shall be net of Junior Bonds Debt Service Offsets unless otherwise provided in the applicable resolution or Sale Document.

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 Sale Document or resolution.

Debt Service Payment Date means an Interest Payment Date or a Principal Payment Date.

Default has the meaning provided in Section 17(a) of this 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 Junior Bonds, 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 on an equal and ratable basis with the Outstanding Junior Bonds;

(c) under which Reciprocal Payments are to be made directly into the Junior 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 Junior Bonds sold to a Direct Purchaser for its own account pursuant to this Resolution or a Supplemental Resolution.

Direct Purchaser means any bank or other entity 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 Lodging Tax Account means the Washington State Convention Center Public Facilities District – Junior Lodging Tax Account established by the District hereunder for the deposit and application of the Available Balance released to the District under the 2018 Master Agreement.

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 Resolution.

Extended Lodging Tax means the excise tax on the sale of or charge made for the furnishing of lodging authorized by 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. Note that Extended Lodging Tax Revenues exclude revenues from portion of the tax required by RCW 36.100.040(14) and (15) to be paid to the City of Seattle and the County as provided in the definition of Extended Lodging Tax.

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 Notes or Tax-Advantaged Notes, and attachments thereto.

First Priority Bonds means the Outstanding First Priority Bonds and any Additional First Priority Bonds issued from time to time pursuant to the 2018 Master 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.

Fiscal Year means the fiscal year used by the District at any time. As of the date of this Resolution, 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 a Designated District Representative.

Fixed Rate Bonds means those Junior Bonds, other than Capital Appreciation Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds, in which the rate of interest on such Junior Bonds, as applicable, is fixed and determinable through their final maturity or for a specified period of time. If so provided in the resolution or Sale Document authorizing their issuance, Junior Bonds may be deemed to be Fixed Rate Bonds for all or a portion of their term. Fixed Rate Bonds also shall include two or more series of Junior Bonds 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 Junior Bond Fund.

Interest Payment Date means each date on which a payment of interest on a series of Junior Bonds 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 Junior Bonds in accordance with their terms.

Junior Bond 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 Junior Bonds.

Junior Bond Fund means the "Washington State Convention Center Public Facilities District Lodging Tax Junior Bond Fund" authorized to be established under this Resolution.

Junior Bonds means the 2018 Junior Note, the 2021 Junior Notes and any future obligations paid from Pledged Lodging Tax Revenues on a parity with the 2018 Junior Note and the 2021 Junior Notes.

Junior Common Reserve Fund means the "Washington State Convention Center Public Facilities District Lodging Tax Junior Bond Common Reserve Fund" to be maintained by the District.

Junior Common Reserve Requirement means maximum Annual Debt Service with respect to Outstanding Covered Junior Bonds. The Junior Common Reserve Requirement shall be determined and calculated as of the date of issuance of each series of Covered Junior Bonds (and recalculated upon the issuance of a subsequent series of Covered Junior Bonds and also, at the District's option, upon the payment of principal of Covered Junior Bonds).

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 Junior Bonds.

Liquidity Facility Issuer means the issuer of any Liquidity Facility.

Loan Agreement means any loan agreement, direct purchase agreement or other financing agreement for the sale of one or more series of 2021 Junior Notes approved by a Designated District Representative pursuant to Section 22(b) of this Resolution.

Lodging Tax Account means the "Washington State Convention Center Public Facilities District – Lodging Tax Account" maintained pursuant to the 2018 Master Agreement.

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 a Designated District Representative.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions.

Operating Reserve Account means the account of such name held by the District.

Original Issue Discount Bonds means Junior Bonds, 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 resolution authorizing their issuance.

Outstanding, means, depending on the context:

(a) With respect to First Priority Bonds and Subordinate Priority WSCC Obligations, means all First Priority Bonds and Subordinate Priority WSCC Obligations of a series executed by the District and authenticated and delivered by the Trustee that have not been paid or canceled 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 the 2018 Master Agreement; and

(c) With respect to Junior Bonds, means all Junior Bonds of a series theretofore executed, authenticated and delivered by the District that have not been paid or canceled, the payment of which has not been fully provided for pursuant to Section 21 of this Resolution.

Owner or ***Bond Owner*** means the person in whose name a Junior Bond is registered on the Bond Register.

Pledged Lodging Tax Revenues means the Regular Lodging Tax Revenues and the Extended Lodging Tax Revenues.

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 Junior Bond Fund.

Principal Payment Date means each date on which a payment of principal of a series of Junior Bond is due and payable, as applicable, whether at maturity or upon a mandatory redemption date.

Purchase and Sale Agreement means the Purchase and Sale Agreement between the District and the County, dated July 25, 2017, as may be amended in accordance with its terms.

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 on the date that is 15 days preceding the applicable Debt Service Payment Date or redemption date**.**

Registered Owner means the person named as the registered owner of a Junior Bond in the Bond Register.

Registrar means, at the option of a Designated District Representative, either (i) the District Treasurer 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 Junior 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 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 currently in effect pursuant to RCW 36.100.040(4).

Repayment Deficiency Loan means any Repayment Deficiency Loan incurred from time to time pursuant to RCW 26.100.040(6)(c) and Section 2.3 of the Transfer Agreement, as such agreement may be amended pursuant to its terms

Required Monthly Deposit means, with respect to First Priority Bonds and Subordinate Priority WSCC Obligations, the amount set forth in the 2018 Master Agreement and the Sale Documents supplemental thereto.

Required Supplemental Deposit means, respect to First Priority Bonds and Subordinate Priority WSCC Obligations, the amount defined as the Required Supplemental Deposit in the 2018 Master Agreement and the Sale Documents supplemental thereto

Reserve Requirement means:

(a) With respect to Covered Junior Bonds, the Junior Common Reserve Requirement; and

(b) With respect to Uncovered Junior Bonds, the amount, if any, specified in the applicable Sale Document, 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.

Sale Document means the Bond Purchase Agreement or Loan Agreement, as applicable, 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 Junior Bonds as determined to be necessary by the District.

S&P means S&P Global Ratings, Inc. 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 a Designated District Representative.

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 a Designated District Representative.

State means the State of Washington.

State Treasurer means the Office of the State Treasurer of the State.

Subordinate Priority WSCC Obligations mean any the Outstanding Subordinate Priority WSCC Obligations of the District and any Additional Subordinate Priority WSCC Obligations issued from time to time pursuant to the 2018 Master Agreement. 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 Resolution means a resolution supplementing or amending this Resolution.

Taxable Notes means the 2021 Junior Notes of any Series determined to be issued on a taxable basis pursuant to this Resolution.

Tax-Advantaged Notes means the 2021 Junior Notes of any Series determined to be issued on a tax-advantaged basis pursuant to this Resolution.

Tax-Exempt Notes means the 2021 Junior Notes of any Series determined to be issued on a tax-exempt basis pursuant to this Resolution.

Tax-Exempt Projects means any portions of the Addition Project financed with the proceeds of Tax-Exempt Notes or Tax-Advantaged Notes.

Term Bonds mean any Junior Bonds identified as Term Bonds in the applicable Sale Document.

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.

Uncovered Junior Bonds means the 2021 Junior Notes, if so designated in the Sale Document for the 2021 Junior Notes, and any Additional Junior Bonds that will not be secured by the Junior Common Reserve Fund.

Underwriters means, with respect to the 2021 Junior Notes, J.P. Morgan Securities LLC, Citigroup Global Markets Inc. and Goldman, Sachs & Co. LLC, or the underwriters for any other series of Underwritten Bonds issued pursuant to this Resolution.

Underwritten Bonds means any series of Junior Bonds sold pursuant to a negotiated sale by the District pursuant to this Resolution or a Supplemental Resolution.

WSCC means the Washington State Convention Center.

2010 Bond Resolution means Resolution No. 2010-12, adopted by the Board on November 12, 2010, as amended and as may be amended in accordance with its terms.

2018 Junior 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 the Purchase and Sale Agreement, as may be amended in accordance with its terms.

2018 Master Agreement means the Master Trust Agreement dated as of August 1, 2018 between the District and U.S. Bank National Association, as Trustee, as amended and as may be amended in accordance with its terms.

2021 Junior Notes mean the "Washington State Convention Center Public Facilities District Junior Lodging Tax Notes, 2021" issued in one or more series pursuant to this Resolution.

Section 2. Issuance of 2021 Junior Notes and Refunding Bonds.

(a) *Purpose and Authorization of 2021 Junior Notes*. For the purpose of financing and/or reimbursing the District for a portion of the costs of the Addition Project, funding a deposit, or purchasing Qualified Insurance, to satisfy the Reserve Requirement, capitalizing a portion of the interest on the 2021 Junior Notes, and paying related costs of issuance, the District hereby authorizes the issuance and sale of one or more series of 2021 Junior Notes in an aggregate principal amount not to exceed $350,000,000. Any series of 2021 Junior Notes may be sold as Underwritten Bonds or Direct Purchase Bonds as provided in Section 22 of this Resolution.

(b) *Purpose and Authorization of Refunding Bonds*. The District intends to issue First Priority Bonds and/or Subordinate Priority WSCC Obligations to pay the 2021 Junior Notes upon their maturity or earlier redemption. For the purpose of providing funds to finance or refinance the Addition Project, including costs of refunding the 2021 Junior Notes and issuing the First Priority Bonds and/or Subordinate Priority WSCC Obligations, the District hereby covenants to issue and sell First Priority Bonds and/or Subordinate Priority WSCC Obligations (or if necessary additional bond anticipation notes in the form of Additional Junior Bonds or other District obligations) that are general obligation bonds of the District in an amount at least sufficient to pay the principal of and interest on the 2021 Junior Notes or any additional bond anticipation notes issued to redeem the 2021 Junior Notes on or before maturity, to the extent not paid from other sources. The First Priority Bonds and/or Subordinate Priority WSCC Obligations (or if necessary additional bond anticipation notes) to be issued shall be in such series, principal amounts, denomination(s) and form; shall be dated and bear interest at such rate or rates; shall be payable at such place or places; shall have such option of payment prior to maturity; shall contain and be subject to such covenants; may be combined with any subsequently authorized bonds and issued as a single combined series, as provided hereafter by resolution of the Board. The First Priority Bonds and/or Subordinate Priority WSCC Obligations shall be payable from and secured by Lodging Tax Revenues and any additional bond anticipation notes shall be payable from and secured by Pledged Lodging Tax Revenues. The full faith, credit and resources of the District are pledged for the prompt payment of principal and interest of such obligations.

(c) *Description of 2021 Junior Notes*. The 2021 Junior Notes may be issued in one or more series, in principal amounts to be established within the parameters provided in Section 22 of this Resolution. Each series of 2021 Junior Notes will be designated "Washington State Convention Center Public Facilities District Junior Lodging Tax Notes," with an applicable year and series designation, all as established by the related Sale Document. The 2021 Junior Notes shall be general obligations of the District. Notwithstanding the foregoing, the issuance of any Additional Junior Bonds shall be subject to the terms set forth in Section 22 of this Resolution.

(d) *Registration.* The 2021 Junior Notes shall be fully registered as to both principal and interest; shall be in the denomination of $100,000 each or any integral multiple thereof within a series and maturity (except as provided in the Sale Document), provided that no 2021 Junior Note shall represent more than one maturity within a series; shall be numbered separately in such manner and with any additional designation as the Registrar deems necessary for purposes of identification; and shall be dated the date and mature on the dates, in the years and in the amounts approved by a Designated District Representative, subject to the parameters set forth in Section 22 of this Resolution.

(e) *Additional Junior Bonds.* The District may issue Additional Junior Bonds from time to time upon satisfaction of the conditions set forth in Section 14. Any Additional Junior Bonds shall be authorized by Supplemental Resolution of the Board. Provisions regarding purpose, series designation, and registration shall be as provided in such Supplemental Resolution or in the Sale Document.

Section 3. Redemption and Purchase.

(a) *Optional Redemption*. All Junior Bonds 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 Sale Document.

(b) *Mandatory Redemption.* All Junior Bonds shall be subject to mandatory redemption and/or extraordinary mandatory redemption to the extent, if any, set forth in the applicable Sale Document.

(c) *Selection for Redemption*. If the Junior Bonds of a series are held in book entry only form, the selection of particular Junior Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC as may be further specified in the Sale Document. If the Junior Bonds of a series are not held by a depository, the selection of such Junior 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 Sale Document. If the District redeems at any one time fewer than all of the Junior Bonds of a series having the same maturity date, the particular Junior Bonds or portions of Junior Bonds of such series and maturity to be redeemed shall be selected randomly (or in such manner determined by the Registrar) in increments of $100,000 in the case of the 2021 Junior Notes and as set forth in the Supplemental Resolution or Sale Document in the case of Additional Junior Bonds. Except as otherwise set forth in the Sale Document, if the District redeems at any one time fewer than all of the Taxable Bonds of series having the same maturity date, the particular Taxable Bonds or portions of Taxable Bonds of such series and maturity to be redeemed shall be selected on a pro rata pass-through distribution of principal basis. In the case of a 2021 Junior Note of a denomination greater than $100,000, the District and the Registrar shall treat each 2021 Junior Note as representing such number of separate 2021 Junior Notes each of the denomination of $100,000 as is obtained by dividing the actual principal amount of such 2021 Junior Note by $100,000. In the event that only a portion of the principal sum of a 2021 Junior Note is redeemed, upon surrender of such 2021 Junior Note at the designated office of the Registrar 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 2021 Junior Note or Notes 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 Sale Document.

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 Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the District to the Registrar 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 Registrar 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 Registrar amounts that, in addition to other money, if any, held by the Registrar, will be sufficient to redeem, on the redemption date, all the Junior Bonds to be redeemed. If and to the extent that funds have been provided to the Registrar for the redemption of Junior Bonds then from and after the date fixed for redemption for such Junior Bonds, interest on each such Junior Bonds shall cease to accrue, and such Notes or portions thereof shall cease to be Outstanding and to be entitled to any benefit, protection or security of this Resolution. The Registered Owners of such Junior Bonds or portions thereof shall thereafter have no rights in respect thereof except to receive payment of the redemption price upon delivery of such Junior Bonds or Obligations to the Registrar.

Any notice mailed as described above will be conclusively presumed to have been given, whether or not actually received by any Owner of a Junior Bond, as applicable. The failure to mail notice with respect to any Junior Bond will not affect the validity of the proceedings for the redemption of any other Note 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 Junior Bonds in the applicable Sale Document which shall be deemed to apply to such Junior Bonds.

(f) *Purchase of Notes.* The District may acquire Junior Bonds by purchase of such Junior 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. Such Junior Bonds so acquired need not be surrendered to the Registrar for cancellation. Any Junior Bonds 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 the 2018 Master Agreement to purchase any of the Junior Bonds.

Section 4. Place and Medium of Payment. The principal of, premium, if any, and interest on all Junior Bonds 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 Sale Document. 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 Registrar.

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 Sale Document. Interest, principal, and premium, if any, shall be payable to the Registered Owner of any Direct Purchase Bonds as provided in the applicable Sale Document.

Section 5. Registration.

(a) *Registrar/Bond Register*. So long as any Junior Bonds remain Outstanding, the Registrar shall create and maintain the Bond Register and make all necessary provisions to permit the exchange and registration of transfer of all Junior Bonds at its principal corporate trust office. The Registrar is authorized, on behalf of the District, to authenticate and deliver Junior Bonds transferred or exchanged in accordance with the provisions of this Resolution and the applicable Sale Document, and to carry out all of the Registrar's powers and duties under resolution and applicable Sale Document. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Junior Bonds.

(b) *Underwritten Bonds*.

(1) *Registered Ownership*. The District and the Registrar 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 Registrar shall be affected by any notice to the contrary. Payment of any such Underwritten Bond shall be made only as described in Section 4 hereof, but such Underwritten Bond may be transferred as herein provided. All such payments made as described in Section 4 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 Registrar 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 Resolution (except such notices as shall be required to be given by the District to the Registrar 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 Registrar 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 notes in the form of definitive 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 Registrar, together with a supply of definitive Underwritten Bonds, to issue Underwritten Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then Outstanding Underwritten Bonds together with a written request on behalf of the District to the Registrar, 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 Registrar 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 Registrar. Upon such surrender, the Registrar 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 Registrar 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 Registrar shall not be obligated to register the transfer or to exchange any Underwritten Bond following the Record Date applicable to the date any such Underwritten Bond is to be redeemed.

(c) *Direct Purchase Bonds*.

(1) *Registrar/Bond Registrar*. The Registrar 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 Resolution and to carry out all of the Registrar's powers and duties under this Resolution with respect to Direct Purchase Bonds.

(2) *Registered Ownership*. The District, the Registrar 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 Registrar 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 Sale Document are satisfied.

(d) *Registrar's Ownership of Notes*. The Registrar may become the Registered Owner of any Junior Bonds with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners or Beneficial Owners of Junior Bonds.

Section 6. Form and Execution of the Junior Bonds; Lost Bonds.

(a) *Form of Junior Bonds*. The Junior Bonds shall be in substantially the form set forth in Exhibit A attached hereto, which is incorporated herein by this reference.

(b) *Execution of Junior Bonds*. The Junior 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 Junior Bonds shall cease to be an officer or officers of the District before the Junior Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the District, such Junior 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 Junior Bond also may be signed and attested on behalf of the District by such persons as at the actual date of execution of such Junior Bond shall be the proper officers of the District although at the original date of such Junior Bond any such person shall not have been such officer of the District.

Only such Junior Bonds as shall bear thereon a Certificate of Authentication in the form provided herein, manually executed by the Registrar, 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 Junior Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

(c) *Lost Notes.* If any Junior Bond is lost, stolen or destroyed, the Registrar may authenticate and deliver a new Junior Bonds or Junior Notes of like amount, date, Series, interest rate and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the District and the Registrar in connection therewith and upon filing with the Registrar evidence satisfactory to the Registrar that such Junior Bond was actually lost, stolen or destroyed and of registered ownership thereof, and upon furnishing the District and the Registrar with indemnity satisfactory to a Designated District Representative and the Registrar.

Section 7. Establishment of Funds and Accounts.

(a) *Lodging Tax Accounts*. The Trustee under the 2018 Master Agreement has established and maintains the Lodging Tax Account for the benefit of the Owners of all First Priority Bonds and, on a subordinate basis, all Subordinate Priority WSCC Obligations. The Available Balance is distributed by the Trustee from the Lodging Tax Account to the District to be applied to satisfy priorities Sixth through Tenth under Section 2.02(b) of the 2018 Master Agreement. The District shall establish and maintain the District Lodging Tax Account. The Available Balance shall be deposited to the District Lodging Tax Account and applied as provided in Section 8(b) hereunder.

(b) *Junior Bond Fund*. The District shall establish and shall maintain the following fund and accounts for the benefit of the Owners of all Junior Bonds:

(1) the Junior Bond Fund, which shall include therein;

(A) the Interest Account; and
(B) the Principal Account.

(c) *Junior Bonds Reserve Funds*:

(1) The District shall establish and shall maintain the Junior Common Reserve Fund for the benefit of the Owners of all Covered Junior Bonds so long as any Covered Junior Bonds are Outstanding.

(2) The District may establish additional reserve funds or accounts for any series of Uncovered Junior Bonds, which shall be funded at the applicable Reserve Requirement. The terms related to such reserve fund shall be set forth in the applicable Sale Document.

(3) The District may establish additional funds and accounts as necessary or desirable for the purposes of this Resolution and any Supplemental Resolution.

Section 8. District Lodging Tax Account; Priority of Funds; Pledge. For so long as any Junior Bonds remain Outstanding, all Lodging Tax Revenues transferred to the District as Available Balance from the Trustee pursuant to the 2018 Master Agreement shall be deposited to the District Lodging Tax Account and applied as provided in subsection (b).

(a) *Deposits into District Lodging Tax Account*. The following sums shall be deposited into the District Lodging Tax Account:

(1) On the date of receipt thereof, the Available Balance distributed to the District under the 2018 Master Agreement; and

(2) As received, all interest earnings on the Lodging Tax Account, the Interest Account and the Principal Account.

(b) *Priority of Payments*. Lodging Tax Revenues deposited to the District Lodging Tax Account shall be disbursed to make the following payments in the following order of priority, at the times set forth in subsection (c):

(1) to make the Required Supplemental Deposit, if any is required under the 2018 Master Agreement, to the extent such Required Supplemental Deposit is not paid from other District funds;

(2) to pay 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 of the Transfer Agreement;

(3) (i) for deposit into the Interest Account for the payment of interest coming due on Junior Bonds, (ii) for deposit into the Principal Account for the payment of principal of Junior Bonds maturing or being redeemed by sinking fund redemption prior to scheduled maturity (and to make any required payments then due to Credit Facility Issuers and Liquidity Facility Issuers that have provided a Credit Facility or Liquidity Facility to pay the interest on and principal or purchase price of Junior Bonds), and (iii) to make all payments required to be made into the Junior Common Reserve Fund to maintain the Junior Common Reserve Requirement for Covered Junior Bonds and into any other reserve fund established for Additional Junior Bonds that are Uncovered Junior 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;

(4) 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 the 2018 Master Agreement;

(5) 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

(6) 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 (1), (2) and (3) of this subsection (b) in each Fiscal Year prior to authorizing or making any disbursement of Lodging Tax Revenues for the purposes identified as priorities (4), (5) and (6). 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) *Timing of Disbursements from the District Lodging Tax Account.* The District shall disburse Lodging Tax Revenues and other money in the District Lodging Tax Account on the following dates and in the following amounts:

(1) Upon receipt of any notice from the Trustee pursuant to the 2018 Master Agreement that the District is required to make a Required Supplemental Deposit, the District Treasurer shall promptly, but in no event later than the 24th day of the month, remit a Required Supplemental Deposit to the Trustee no later than the second business day thereafter;

(2) On or prior to each June 30, any annual payment amount due pursuant to RCW 36.100.040(6), and on or prior the date due, any loan repayment amount then coming due to the State pursuant to the Transfer Agreement;

(3) Prior to each Interest Payment Date, to the Interest Account, an amount sufficient to pay interest on Junior Bonds coming due on such Interest Payment Date taking into account amounts on deposit therein,

(4) Prior to each Principal Payment Date, to the Principal Account, an amount sufficient to pay principal of Junior Bonds maturing or subject to redemption on such Principal Payment Date, taking into account amounts on deposit therein,

(5) As and when required pursuant to Section 10 and any resolution providing for a reserve for Junior Bonds, the amount if any necessary to replenish such reserve to satisfy the Reserve Requirement; and

(6) Thereafter, to be applied to pay the amounts set forth in priorities (4) through (6) of subsection (b).

(d) *Pledge of Lodging Taxes and Credit*.

(1) *Covenants*. The District hereby irrevocably covenants and agrees for as long as any of the Junior Bonds 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 pursuant to RCW 36.100.040 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 2018 Master Agreement, this Resolution and any resolution relating to the issuance of Junior Bonds.

The Junior Bonds and the pledge created and established under this Resolution shall be payable from and secured by Pledged Lodging Tax Revenues in the order of priority set forth herein; provided, however, that any series of Junior Bonds also may be payable from and secured by a Credit Facility or Liquidity Facility pledged specifically to or provided for such series. The Additional Lodging Tax Revenues are expected to be available for payment of priorities (1) and (2) of this subsection (c) and are not expected to be available to payment of principal of and interest on the Junior Bonds.

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 the 2018 Master Agreement and this Resolution.

(2) *Junior Bonds Pledge*. From and after the time of issuance and delivery of each series of Junior 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 Junior Bonds out of Pledged Lodging Tax Revenues on or prior to the Debt Service Payment Date on which the interest on or principal of and interest on the Junior Bonds shall become due, the amount necessary to pay such interest or principal and interest coming due on the Junior Bonds of such series. The foregoing sentence shall constitute a pledge of the Pledged Lodging Tax Revenues to the payment of Junior Bonds. The full faith, credit and resources of the District are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Junior Bonds when due.

Said amounts so pledged to be paid into the Junior Bond Fund and the Principal and Interest Accounts contained therein are hereby declared to be a pledge of the Pledged Lodging Tax Revenues subordinate and junior to the pledge of Lodging Tax Revenues as set forth in the 2018 Master Agreement for the payment of principal and interest on First Priority Bonds, payments required to be made in connection with debt service reserves securing First Priority Bonds, payment of the principal of and interest on Subordinate Priority WSCC Obligations, payments required to be made in connection with debt service reserves securing Subordinate Priority WSCC Obligations, and annual payment amounts and loan repayment amounts owed to the State as required by Section 5(6)(a) of the Convention Center Act and Section 2 of the Transfer Agreement, equal to the payments required to be made to pay and secure the payment of the principal of and interest on Outstanding Junior Bonds and any Additional Junior Bonds, and superior to all other pledges of any kind or nature whatsoever.

(3) *Additional Junior Bonds*. The amounts pledged under the 2018 Junior 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, which is of equal priority to the payment of the 2021 Junior Notes and any Additional Junior Bonds. 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 Junior Bonds shall, subject to the provisions of Section 2.02 of the 2018 Master Agreement, have the priority with respect to Lodging Tax Revenues set forth in the resolution authorizing their issuance.

(4) *Limited Obligations*. The Junior 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.

Section 9. Junior Bond Fund. The Junior Bond Fund shall be maintained by the District and shall be drawn upon to pay the principal of and interest on the Junior Bonds as the same shall become due and payable.

(a) *Deposits into Interest Account*. The District shall deposit the following sums into the Interest Account:

(1) On the Date of Issue, a portion of the proceeds of the Junior Bonds to be applied to pay capitalized interest on such Junior Bonds, in the amount set forth in the Closing Memorandum, if any; and

(2) On the business day prior to each Interest Payment Date, an amount sufficient to pay interest on Junior Bonds coming due on the upcoming Interest Payment Date taking into account any amounts then on deposit in the Interest Account; and

(3) On the business day prior to each Interest Payment Date with respect to Junior Bonds that are Covered Junior Bonds or secured by a reserve fund (whether by redemption or maturity), to the extent that the balance on hand in the Junior Bond Fund is not sufficient to make such payment, money from the Junior Common Reserve Fund or reserve fund, as applicable, to the Interest Account to be used for such purpose.

(b) *Deposits into Principal Account*. The District shall deposit the following sums into the Principal Account:

(1) On the business day prior to each Principal Payment Date, an amount sufficient to pay principal (whether by redemption or maturity) on Junior Bonds coming due on the upcoming Principal Payment Date taking into account any amounts on deposit in the Principal Account; and

(2) On the business day prior to each Principal Payment Date with respect to Junior Bonds that are Covered Junior Bonds or secured by a reserve fund (whether by redemption or maturity), to the extent that the balance on hand in the Junior Bond Fund is not sufficient to make such payment, money from the Junior Common Reserve Fund or reserve fund, as applicable, to the Principal Account to be used for such purpose.

(c) *Disbursements from Principal and Interest Accounts in the Junior Bond Fund.* The District shall disburse money in the Principal and Interest Accounts in the Junior Bond Fund to the Registrar on the following dates and in the following amounts to be applied by the Registrar to the following purposes:

(1) To the Registered Owners thereof at such time required to pay on each date on which a payment of interest on Junior Bonds comes due, an amount equal to the interest on all of the Junior 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 Junior Bonds matures or is subject to redemption for as long as

any of the Junior Bonds are Outstanding and unpaid, an amount equal to the principal (including mandatory redemption amounts) of the Junior Bonds maturing or subject to redemption on such date; and

(3) To the Registered Owners thereof at such time required to pay on each date on which the Junior Bonds are subject to redemption prior to maturity, whether by optional, mandatory or extraordinary redemption prior to maturity, the redemption price of the Junior Bonds to be redeemed.

Section 10. Junior Common Reserve Fund. The Junior Common Reserve Fund shall be maintained by the District for the purpose of securing the payment of the principal of, premium, if any, and interest on all Junior Bonds that are Covered Junior Bonds. The District hereby covenants for so long as any Covered Junior Bonds remain Outstanding to maintain a balance in the Junior Common Reserve Fund in an amount at least equal to the Junior Common Reserve Requirement. On the date of issuance of each series of Junior Bonds that are designated as Covered Junior Bonds in the resolution or Sale Document authorizing their issuance and on each date of recalculation, the District shall certify the amount of the Junior Common Reserve Requirement in the Closing Memorandum.

(a) *Deposits into the Junior Common Reserve Fund*. The District shall deposit the following amounts on the following dates into the Junior Common Reserve Fund:

(1) On the date of issuance of each series of Covered Junior Bonds, the District will assure that the amount on hand in the Junior Common Reserve Fund shall be sufficient to meet the Junior Common Reserve Requirement; and

(2) If there shall be a deficiency in the Junior Common Reserve Fund, the District shall deposit Lodging Tax Revenues from the District Lodging Tax Account to the Junior Common Reserve Fund pursuant to Section 8(b)(3)(iii) of this Resolution.

(b) *Disbursements from the Junior Common Reserve Fund.* The District shall maintain and disburse the balances on hand in the Junior Common Reserve Fund in accordance with the following provisions.

The calculation of the Junior Common Reserve Requirement shall remain in effect until the earlier of (i) at the District's option, a payment of principal of Junior Bonds (designated as Covered Junior Bonds) or (ii) the issuance of a subsequent series of Additional Junior Bonds designated as Covered Junior Bonds (when the Junior Common Reserve Requirement shall be re-calculated).

The Junior Common Reserve Requirement 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. A Designated District Representative may decide to utilize Qualified Insurance or Qualified Letter(s) of Credit to satisfy all or a portion of the Junior Common Reserve Requirement. Upon such election, each 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 Junior Common Reserve Fund, all or a portion of the money on hand in the Junior Common Reserve Fund shall be transferred to the Addition Project Fund and/or the Lodging Tax Account, as directed by the District. In computing the amount on hand in the Junior 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 Registrar 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 Junior Common Reserve Fund may be satisfied by the transfer of investments to such account. If a deficiency in the Junior Common Reserve Requirement 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 Junior Common Reserve Fund is sufficient to satisfy the Junior Common Reserve Requirement, amounts in excess of such Junior Common Reserve Requirement shall be applied as provided in the following sentences. Whenever there is a sufficient amount in the Junior Bond Fund and the Junior Common Reserve Fund to pay the principal of, premium, if any, and interest on all Covered Junior Bonds, the money in the Junior Common Reserve Fund may be used to pay such principal and interest. If the balance on deposit in the Junior Common Reserve Fund is at least equal to the Junior Common Reserve Requirement, money in the Junior Common Reserve Fund in excess of the Junior Common Reserve Requirement may be transferred to the District Lodging Tax Account.

If a deficiency in the Junior Bond Fund with respect to Covered Junior Bonds shall occur, such deficiency shall be made up from the Junior Common Reserve Fund by the withdrawal of cash therefrom for that purpose and by the sale or redemption of investments held in the Junior Common Reserve Fund, in such amounts as will provide cash in the Junior Common Reserve Fund sufficient to make up any such deficiency with respect to the Covered Junior Bonds, and if a deficiency still exists immediately prior to an Interest Payment Date and after the transfer of cash from the Junior Common Reserve Fund to the Junior Bond Fund, the District shall then draw from any Qualified Letter of Credit or Qualified Insurance then credited to the Junior Common Reserve Fund for the Covered Junior 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 Junior Common Reserve Fund (or if there is both a Qualified Letter of Credit and Qualified Insurance then credited to the Junior Common Reserve Fund) for the Covered Junior 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 8(b)(1), (2) and (3)(i) and (ii) of this Resolution. In providing for the payments required to be made under Section 8(b)(3)(iii), 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 Junior Common Reserve Fund. If more than one Qualified Letter of Credit or Qualified Insurance is then credited to the Junior Common Reserve Fund (or if there is both a Qualified Letter of Credit and Qualified Insurance then credited to the Junior Common Reserve Fund) for the Covered Junior 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 Section 8(b)(3)(iii). If the District shall have failed to make any payment required to be made under such reimbursement agreement for Covered Junior Bonds, the issuer shall be entitled to exercise all remedies available at law or under the applicable authorizing resolution or Sale Document; provided, however, that no acceleration of Covered Junior Bonds shall be permitted, and no remedies that adversely affect Registered Owners of Covered Junior Bonds shall be permitted. Any deficiency created in the Junior 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 Junior 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, 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 Junior Common Reserve Fund by this Section 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 Junior Common Reserve Requirement 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 Junior Bond Fund.

Section 11. Investment of Money. All money held in any fund held pursuant to this Resolution and all accounts therein shall be invested 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 Resolution, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value.

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 District hereunder, provided that the District 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 Resolution.

Section 12. Deposit of Proceeds of 2021 Junior Notes. The District has established the Addition Project Fund for payment of Addition Project costs. As set forth in the Closing Memorandum, a portion of the proceeds of the 2021 Junior Notes shall be deposited to the Interest Account and applied to pay capitalized interest on the 2021 Junior Notes. The net proceeds of the 2021 Junior Notes shall be deposited to the Addition Project Fund. Amounts on deposit in the Addition Project Fund shall be used, together with other available funds, if any, for the purposes of paying or reimbursing the costs of acquiring, expanding, constructing, developing, improving and equipping the WSCC, including without limitation the addition to the WSCC as approved by the Board (the "Addition Project"), purchasing Qualified Insurance, purchasing one or more Credit Facilities, and paying the expenses incidental to the issuance of the 2021 Junior Notes. The deposit of proceeds of any Additional Junior Bonds shall be as set forth in the Supplemental Resolution or applicable Sale Document.

Section 13. General Covenants. The District hereby makes the following covenants and agreements with the Owners and holders of each of the Junior Bonds 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 a 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 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 Junior Bonds.

(d) *Interlocal Agreement.* The District shall observe and enforce the provisions of the Interlocal Agreement. The District agrees not to make any amendments to the Interlocal

Agreement that shall have a material adverse effect on the security of the Junior Bonds. The Registrar and the Registered Owners of Junior Bonds shall be third party beneficiaries of the Interlocal Agreement to the extent permitted by law.

(e) *Tax Covenants*. The District will take all actions necessary to assure the tax-advantaged status on the Tax-Advantaged Notes, or the exclusion of interest on the Tax-Exempt Notes from the gross income of the owners of the Tax-Exempt Notes 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 Tax-Advantaged or Tax-Exempt Notes, as applicable and as set forth in the Federal Tax Certificate, including but not limited to the following to the extent applicable:

(1) The District will ensure that the proceeds of the Tax-Exempt Notes are not so used as to cause the Tax-Exempt Notes issued as governmental Junior 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 or to cause any other Tax-Exempt Notes to fail to qualify as exempt private activity Junior Bonds.

(2) The District will not sell or otherwise transfer or dispose of (i) any personal property components of the projects financed or refinanced with proceeds of the Tax-Exempt Notes (the "Tax-Exempt Projects") other than in the ordinary course of an established government program under Treasury Regulation Section 1.141-2(d)(4) or (ii) any real property components of the Tax-Exempt Projects, unless it has received an opinion of nationally recognized bond counsel to the effect that such disposition will not affect the treatment of interest on the Tax-Exempt Notes as excludable from gross income for federal income tax purposes, as applicable.

(3) 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 Tax-Exempt Notes to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(4) 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.

(5) The District will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Tax-Exempt Notes, 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 Tax-Exempt Notes would have caused the Tax-Exempt Notes to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(6) The District will maintain a system for recording the ownership of each Tax-Exempt Note that complies with the provisions of Section 149 of the Code until all Tax-Exempt Notes have been surrendered and canceled.

(7) The District will retain its records of all accounting and monitoring it carries out with respect to the Tax-Exempt Notes for at least three years after the Tax-Exempt

Notes mature or are redeemed (whichever is earlier); however, if the Tax-Exempt Notes 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 Tax-Exempt Notes.

(8) In the event the District issues one or more Series of Tax-Advantaged Notes eligible for federal tax credits, a federal interest subsidy, or other subsidy, the District will comply with the provisions of the Federal Tax Certificate setting forth or incorporating applicable requirements.

(9) The District will comply with the provisions of the Federal Tax Certificate with respect to the applicable Tax-Exempt Notes or Tax-Advantaged Notes, 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. Additional tax covenants as necessary or desirable for any Series of Notes may be set forth in the Sale Document or Tax Certificate for that Series of Notes.

(10) The covenants of this section will survive payment in full or defeasance of the applicable Tax-Exempt Notes or Tax-Advantaged Notes.

(f) *Rating.* In the event that the 2021 Junior Notes are issued as unrated obligations, the Designated District Representative is authorized to execute a covenant on behalf of the District to provide that, upon the request of Registered Owners of a majority in principal amount of a series of Junior Bonds then Outstanding, the District shall use its best efforts to secure a rating for such series of Junior Bonds from one or more Rating Agency as directed by such Registered Owners of a majority in principal amount of such series of Junior Bonds then Outstanding, as such covenant may be further provided in a closing certificate of the Designated District Representative.

Section 14. Covenants Related to Additional Indebtedness.

(a) *Additional First Priority Bonds, Additional Subordinate Priority WSCC Obligations and Repayment Deficiency Loans.*

(i) As provided in the 2010 Bond Resolution and the 2018 Master Agreement, the District has reserved the right to issue from time to time one or more series of Additional First Priority Bonds and Additional Subordinate Priority WSCC Obligations, provided that the District shall comply with the terms and conditions for the issuance of Additional First Priority Bonds and Additional Subordinate Priority WSCC Obligations set forth in the 2010 Bond Resolution and 2018 Master Agreement, as each may be amended in accordance with their terms. The District has the right under RCW 36.100.040(6)(c) and the Transfer Agreement to apply Additional Lodging Tax Revenues to pay debt service on First Priority Bonds and Subordinate Priority WSCC Obligations and to incur Repayment Deficiency Loans from time to time. The District hereby reserves the right to issue Additional First Priority Bonds and Additional Subordinate Priority WSCC Obligations from time to time upon satisfaction of the conditions set forth in Sections 3.02 and 3.03 of the 2018 Master Agreement and as set forth in the 2010 Bond Resolution, as the 2018 Master Agreement and 2010 Bond Resolution may be amended pursuant to the terms thereof, and to incur Repayment Deficiency Loans pursuant to RCW 36.100.040(6)(c) and the Transfer Agreement.

(ii) As long as any Junior Bonds remain Outstanding, the District hereby further covenants and agrees that it will not issue any Additional First Priority Bonds or Additional Subordinate Priority WSCC Obligations unless there shall have been delivered prior to or on the date of the issuance of the Additional First Priority Bonds or Additional Subordinate Priority WSCC Obligations, a certificate executed by a Designated District Representative stating that Pledged Lodging Tax Revenues during the Base Period were at least equal to 100% of Annual Debt Service in each year following the issuance of the proposed Additional First Priority Bonds or Additional Subordinate Priority WSCC Obligations, taking into account the Annual Debt Service (as defined in the 2018 Master Agreement) to be paid from Lodging Tax Revenues for Outstanding First Priority Bonds, Subordinate Priority WSCC Obligations and Repayment Deficiency Loans as well as the Additional First Priority Bonds or Additional Subordinate Priority WSCC Obligations then proposed to be issued. Each 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 Junior 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 Junior 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 14(a)(ii) shall be demonstrated conclusively by a certificate delivered in accordance with this subsection. A certificate shall not be required as a condition to the issuance of Additional First Priority Bonds or Additional Subordinate Priority WSCC Obligations if the Additional First Priority Bonds or Additional Subordinate Priority WSCC Obligations are being issued for refunding purposes and a certificate showing debt service coverage is not required to be delivered under Sections 3.02 and 3.03 of the 2018 Master Agreement and as set forth in the 2010 Bond Resolution.

(b) *Conditions for the Issuance of Additional Junior Bonds.* As long as any Junior Bonds remain Outstanding, the District hereby further covenants and agrees that it will not issue any Additional Junior Bonds except in accordance with the conditions of this Section 14. The District hereby reserves the right to issue additional obligations that will be payable from Pledged Lodging Tax Revenues on a parity with the 2018 Junior Note and 2021 Junior Notes as provided in this Section. The issuance of Additional Junior Bonds shall be authorized by a resolution of the Board, which resolution shall (1) designate the Additional Junior Bonds as Covered Junior Bonds or Uncovered Junior Bonds, and the applicable Reserve Requirement, if any, or provide that such designations be made in the applicable Sale Document; (2) include (or incorporate by reference) the covenants set forth in Section 13 of this Resolution; and (3) authorize the execution and delivery of a Sale Document relating to the issuance of such Additional Junior

Bonds. If the Additional Junior Bonds are Covered Junior Bonds, the Junior Common Reserve Requirement shall be fully funded no later than the date of issuance of the Additional Junior Bonds.

The District hereby further covenants and agrees with the Owners and holders of each of the 2021 Junior Notes for as long as any of the same remain Outstanding that it will not issue any Additional Junior Bonds that constitute a charge upon the Pledged Lodging Taxes equal to the priority thereon of Outstanding Junior Bonds, unless at the time of the issuance of such Junior Bonds:

(A) the District is not in default under this Resolution or any resolution or Sale Document authorizing the issuance of Junior Bonds then Outstanding, and

(B) unless the District meets the conditions set forth in subsection (c) below, there shall have been delivered prior to or on the date of the issuance of the Junior Bonds, a certificate prepared as provided below and executed by a Designated District Representative stating that Pledged Lodging Tax Revenues during the Base Period were at least equal to 100% of Annual Debt Service in each year following the issuance of the proposed Additional Junior Bonds with respect to all Junior Bonds then Outstanding and then proposed to be issued, taking into account the Annual Debt Service (as defined in the 2018 Master Agreement) to be paid from Lodging Tax Revenues for Outstanding First Priority Bonds, Subordinate Priority WSCC Obligations and Repayment Deficiency Loans.

Each 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 Junior 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 Junior 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 14(b) shall be demonstrated conclusively by a certificate delivered in accordance with this subsection (b).

(c) *No Certificate Required*. A certificate shall not be required as a condition to the issuance of Additional Junior Bonds if the Additional Junior Bonds are being issued for refunding purposes upon compliance with the provisions of subsection (d)(1)(A), (B) or (C) or (d)(2) of this Section.

(d) *Additional Junior Bonds for Refunding Purposes*. The District may issue Additional Junior Bonds for refunding purposes, as follows:

(1) Additional Junior Bonds may be issued at any time for the purpose of refunding (including by purchase) Junior 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 Junior Bonds and of effecting such refunding upon delivery of a certificate as provided in subsection (b) above. Such refunding Additional Junior Bonds also may be issued without a certificate if:

(A) the latest maturity of the Additional Junior Bonds to be issued is not later than the latest maturity of the Junior 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) $100,000 or (ii) 5% of such Annual Debt Service on the Junior Bonds to be refunded; or

(B) the latest maturity of the Additional Junior Bonds to be issued is later than the latest maturity of the Junior Bonds to be refunded (were such refunding not to occur), and the maximum Annual Debt Service on all Junior Bonds to be Outstanding after the issuance of the refunding Junior Bonds shall not be greater than maximum Annual Debt Service were such refunding not to occur; or

(C) the Additional Junior Bonds are issued to refund the 2021 Junior Notes, or any Additional Junior Bonds issued to refund such refunding Additional Junior Bonds.

(2) Additional Junior Bonds may be issued without the requirement of a certificate pursuant to this Section for the purpose of refunding (including by purchase) any Junior 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 15. Priorities Subordinate to Junior Bonds. Nothing herein contained shall prevent the District from issuing revenue bonds or other obligations and pledging the Regular Lodging Tax Revenues and/or Extended Lodging Tax Revenues junior or inferior to the payments required by this Resolution or the applicable provisions of any resolution of Sale Document to be made out of such Pledged Lodging Tax Revenues to pay and secure the payment of any Junior 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. Derivative Products. 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 Junior Bonds, subject to the conditions provided in this Section. For purposes of this Resolution the following terms have the following meanings:

(a) *Conditions.* The following shall be conditions precedent to the use of any Derivative Product on a parity with any Junior Bonds:

(1) *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.

(2) *General Parity Tests*. The Derivative Product must satisfy the requirements for Additional Junior Bonds described in Section 14 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 Junior 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 Junior 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) of the 2018 Master Agreement.

(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 resolution or Sale Document and will not adversely affect the tax-exemption of the interest on or the tax-advantaged status of any Outstanding Junior 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 this Section, which shall:

(i) establish general provisions for the rights of providers of Derivative Products or Derivative Facilities; and

(ii) 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 17. Defaults and Remedies.

(a) *Events of Default*. The District hereby finds and determines that the deposit and disbursement of Pledged Lodging Tax Revenues are essential to the payment and security of the Junior Bonds and the failure or refusal of the District or any of its officers to perform the covenants and obligations of this Resolution and related documents will endanger the application of Pledged 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 Junior Bonds. Any one or more of the following events shall constitute a “Default” under this Resolution (but only with respect to the particular series of Junior Bonds):

(1) The District shall fail to make payment of the principal of such series of Junior Bonds 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 Junior Bonds 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 Resolution or the Sale Document relating to the issuance of such series of Junior Bonds, 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 Sale Document relating to the issuance of such series of Junior Bonds unless the Owners of at least a majority of the principal amount of such series of Junior Bonds then Outstanding have declared such default as a Default.

(b) *Remedies*

(1) Control by Credit Facility Issuer. Upon the occurrence and continuation of a Default described in Subsection (a), each Credit Facility Issuer will be entitled to exercise, on behalf of the Owners of any Junior Bonds secured by a Credit Facility provided by the Credit Facility Issuer, any of the remedies provided to the Registered Owners of such Junior Bonds under this section and, for so long as the Credit Facility Issuer is not in default of its obligations under the Credit Facility, the Credit Facility Issuer will be the only person entitled to exercise the remedies provided under this section with respect to such Junior Bonds.

(2) Appointment of Junior Bondowners’ Trustee. Upon the occurrence of a Default and so long as such Default is not remedied, and subject to the rights of any Credit Facility Issuer as provided in subsection (b)(1) of this section, a Bondowners’ Trustee may be appointed for the Registered Owners of the Junior Bonds by the Registered Owners of a majority in principal amount of the Junior Bonds then outstanding by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners or by their attorneys-in-fact duly authorized and delivered to the Bondowners' Trustee, notification thereof having been given to the District. Any Bondowners' Trustee appointed under the provisions of this section must be a bank or trust company organized under the laws of a state or a national banking association. The fees and expenses of the Bondowners’ Trustee must be borne by the Registered Owners of the Junior Bonds and not by the District. The bank or trust company acting as the Bondowners’ Trustee may be removed at any time, and a successor Bondowners’ Trustee may be appointed, by the Registered Owners of a majority in principal amount of the Junior Bonds then outstanding, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners or by their attorneys-in-fact duly authorized. The Bondowners’ Trustee may resign upon 60 days' notice and a new Bondowners’ Trustee appointed by the Registered Owners of a majority in principal amount of the Junior Bonds then outstanding; provided, that no such resignation or removal will be effective until a successor

Bondowners’ Trustee has been appointed and has delivered to the District and the Registered Owners of the Junior Bonds then outstanding a written instrument of acceptance of the duties and responsibilities of the Bondowners’ Trustee under this Resolution.

The Bondowners’ Trustee appointed in the manner herein provided, and each successor thereto, is hereby declared to be a trustee for the Registered Owners of all the Junior Bonds then outstanding and is empowered to exercise all the rights and powers herein conferred on the Bondowners’ Trustee.

(c). *Legal Action by Bondowners' Trustee*. Subject to the rights of the Credit Facility Issuer, if any, as provided in subsection (b)(1) of this section, upon the happening of a Default and during the continuation thereof, the Bondowners’ Trustee may, and upon the written request of the Registered Owners of not less than 25 percent in principal amount of the Junior Bonds then outstanding must, take such steps and institute such suits, actions or other proceedings as it may deem appropriate for the protection and enforcement of the rights of such Registered Owners to collect any amounts due and owing to or from 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 in the Junior Bonds. Any action, suit or other proceedings instituted by the Bondowners’ Trustee hereunder will be brought in its name as trustee for the Registered Owners of all Junior Bonds, and all such rights of action upon or under any of the Junior Bonds or the provisions of this Resolution may be enforced by the Bondowners’ Trustee without the possession of any of the Junior Bonds, and without the production of the same at any trial or proceedings relating thereto except where otherwise required by law. Any such suit or proceeding instituted by the Bondowners’ Trustee will be brought for the ratable benefit of all of the Registered Owners of the Junior Bonds, subject to the provisions of this Resolution. The respective Registered Owners of the Junior Bonds, by taking and holding the same, will be conclusively deemed irrevocably to have appointed the Bondowners’ Trustee the true and lawful trustee of the respective Registered Owners of the Junior Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums that become distributable on account of the Junior Bonds; to execute any paper or documents for the receipt of such money; and to do all acts with respect thereto that such registered owners themselves might have done. Nothing herein will be deemed to authorize or empower the Bondowners’ Trustee to consent to accept or adopt, on behalf of any Registered Owner of the Junior Bonds, any plan of reorganization or adjustment affecting such Junior Bonds or any right of any Registered Owner thereof, or to authorize or empower the Bondowners’ Trustee to vote the claims of the Registered Owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the District is a party.

(d) *Restrictions on Legal Action by Individual Owners*. Subject to the rights of the Credit Facility Issuer, if any, as provided in subsection (b)(1) of this section, no Registered Owner of any Junior Bonds has any right to institute any action, suit or proceedings at law or in equity for the enforcement of the same unless:

(1) a Default has happened and is continuing; and

(2) a Bondowners' Trustee has been appointed as herein provided; and

(3) such Registered Owner previously has given to the Bondowners' Trustee written notice of the Default as to which such suit, action or proceeding is to be instituted; and

(4) Registered Owners of not less than 25 percent in principal amount of the Junior Bonds then outstanding, after the occurrence of such Default, have made written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action or proceedings; and

(5) the Bondowners' Trustee has been offered security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and

(6) the Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time.

Notwithstanding any other provision of this Resolution, each Registered Owner of the Junior Bonds will have the absolute and unconditional right to receive payment of principal of and premium, if any, and interest on such Junior Bonds on and after the due date thereof, and to institute suit for the enforcement of any such payment.

(e) *Waivers of Default; Remedies not Exclusive*. The remedies herein conferred upon or reserved to the Registered Owners of the Junior Bonds and to the Bondowners' Trustee are not intended to be exclusive of any other remedy or remedies, and each and every such remedy will be cumulative and will 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 may be exercised from time to time and continued so long as and as often as the occasion therefor may arise.

Subject to the rights of the Credit Facility Issuer, if any, as provided in subsection (b)(1) of this section, the Bondowners' Trustee may waive any past Default and its consequences, except a default in the payment of the principal of or premium, if any, or interest on any of the Junior Bonds. No such waiver will extend to or affect any subsequent Default or impair any rights or remedies consequent thereon. No delay or omission of the Credit Facility Issuer or the Bondowners' Trustee to exercise any right or power accruing upon any Default will impair any such right or power or be construed to be a waiver of any such Default or acquiescence therein.

Section 18. Amendments without Consent of Owners. This Resolution and any authorizing resolution relating to a series of Junior Bonds may be amended or supplemented from time to time, without the consent of the Registered Owners of such series by a Supplemental Resolution 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 Sale Document 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 in an authorizing resolution or Sale Document; or

(b) to confirm as further assurance any pledge or provision for payment of the Junior Bonds under and the subjection to any claim or pledge created or to be created by the provisions of this Resolution or in an authorizing resolution or Sale Document of the Pledged Lodging Tax Revenues 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 Resolution, an authorizing resolution or a Sale Document 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 Resolution, an authorizing resolution or Sale Document, 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 Junior Bonds and the incurring of indebtedness by the District payable from the Pledged Lodging Tax Revenues and 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 Junior Bonds, as applicable; or

(f) to modify, alter, amend, supplement or restate this Resolution or any authorizing resolution or Sale Document 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 Resolution or any authorizing resolution or Sale Document 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 Junior Bonds, as applicable, or in order to obtain or retain such rating on any Junior Bonds, 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 Resolution or any authorizing resolution or Sale Document 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 Junior Bonds then Outstanding for purchase; or

(j) to modify any of the provisions of this Resolution, any authorizing resolution or any Sale Document in any other respects; provided that such modifications shall not materially and adversely affect the rights of any Owners of Junior Bonds then Outstanding or that such modifications shall not take effect until all then Outstanding Junior Bonds, as applicable, are no longer Outstanding; or

(k) in connection with the issuance of Additional Junior 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 18 to the contrary, without the specific consent of the Registered Owners of each Junior Bond, no supplement, amendment or such resolution amending or supplementing the provisions hereof, of any Sale Document or of any resolution shall reduce the percentage of Junior Bonds, the Registered Owners of which are required to consent to any such resolution amending or supplementing the provisions hereof; or give to any Junior Bond or Junior Bonds any preference over any other Junior Bond or Junior Bonds secured hereby. No Supplemental Resolution 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 Junior Bond, or reduce the principal amount or Accreted Value of any Junior 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 Junior Bond may first be called for redemption prior to its fixed maturity date (except as provided in the resolution or Sale Document authorizing the issuance of such Junior Bond) without the specific consent of the Registered Owner of that Junior Bond; and no such Supplemental Trust Agreement or other amendment shall change or modify any of the rights or obligations of any Registrar, paying agent or other agent for a series of Junior Bonds without its written assent thereto.

Section 19. <u>Amendments with Consent</u>. This Resolution and any authorizing resolution and/or Sale Document relating to a series of Junior Bonds may be amended from time to time by a supplemental resolution or Supplemental Resolution or Supplemental Sale Document, as applicable, approved by the Registered Owners of a majority in aggregate principal amount or Accreted Value of the Junior 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 Junior Bonds without the consent of the Registered Owners of a majority in aggregate principal amount or Accreted Value of the Junior Bonds so affected, and

(b) except as expressly authorized hereunder, no amendment that alters the interest rates on any Junior Bonds, the maturity date, interest payment dates, purchase upon tender or redemption provisions of any Junior Bonds, this Section 19 without the consent of the Registered Owners of all Outstanding Junior Bonds affected thereby.

For the purpose of consenting to amendments under this Section 19 except for amendments that alter the interest rate on any Junior 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 Junior 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.

Section 20. <u>Effective Date of Modification</u>. Upon the adoption of any supplemental resolution or Supplemental Resolution or supplemental Sale Document pursuant to the provisions of this Section, this Resolution, resolution or Sale Document, 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 Resolution, resolution or Sale Document, 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 Resolution or Supplemental Sale Document shall be deemed to be part of the terms and conditions of this Resolution, resolution and/or Sale Document, respectively, for any and all purposes. A copy of each supplemental resolution, Supplemental Resolution or supplemental Sale Document, as applicable, shall be provided to the Owners of the Junior Bonds so affected and may be so provided by posting a copy of the supplemental resolution, Supplemental Resolution or supplemental Sale Document on EMMA.

Section 21. <u>Defeasance</u>. Any Junior Bonds 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 Resolution and the related resolution and Sale Document 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 Junior Bonds of a series are to be optionally redeemed, the District shall have given to the Registrar irrevocable instructions to give such notice of redemption of such Junior Bonds, respectively, as may be required by the provisions of this Resolution and the applicable authorizing resolution or Sale Document; and

(b) there shall have been made an Irrevocable Deposit, in trust, with the Registrar 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 Junior Bonds, 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 Section 21 shall be construed to prohibit the partial defeasance of the pledge of this Resolution and the related authorizing resolution and Sale Document providing for the payment of one or more, but not all of the Outstanding Junior Bonds, as applicable. In the event of such partial defeasance, this Resolution and the authorizing resolution and Sale Document shall be discharged only as to the Junior Bonds so defeased.

The District shall cause notice of defeasance of Junior Bonds to be provided to Registered Owners of Notes being defeased and to each party entitled to receive notice in accordance with any Continuing Disclosure Certificate executed in connection with the 2021 Junior Notes so defeased.

Section 22. Sale of 2021 Junior Notes. The District hereby authorizes the issuance and sale of the 2021 Junior Notes. The 2021 Junior Notes will be sold in one or more series, any of which may be sold in a combined offering with other bonds and/or notes of the District, at the option of a Designated District Representative. A Designated District Representative will determine, in consultation with the District's financial advisors, the principal amount of each Series of the 2021 Junior Notes and whether any series of 2021 Junior Notes will be sold separately or in one or more combined Series, whether each series of 2021 Junior Notes will be sold by negotiated sale or otherwise and for current or future delivery, and whether such series of 2021 Junior Notes will be issued and sold as "green bonds" and/or social impact bonds, Tax-Advantaged Notes, Tax-Exempt Notes or Taxable Notes. The sale of any Additional Junior Bonds shall be authorized by Supplemental Resolution, which shall set forth any parameters applicable to such sale.

(a) *Negotiated Sale*. If a Designated District Representative determines that any series of 2021 Junior Notes will be sold by negotiated sale, the 2021 Junior Notes of such series shall be sold to the Underwriters pursuant to one or more Bond Purchase Agreements. Subject to the parameters set forth in subsection (c) of this section, the Bond Purchase Agreement(s) for such series of 2021 Junior Notes will specify whether the 2021 Junior Notes of such series are being issued and sold as Tax-Advantaged Notes, Tax-Exempt Notes or Taxable Notes, and whether any series of 2021 Junior Notes are designed as "green bonds" and/or social impact bonds, and will also identify any Term Bonds and the year and any applicable series designation, date, principal amounts and maturity dates, interest rates and interest payment dates, redemption and/or purchase provisions and delivery date for such series of 2021 Junior Notes.

(b) *Other Sales*. If a Designated District Representative determines that any series of 2021 Junior Notes will be sold to the federal government, the State or the County, or other purchaser to evidence a loan from that purchaser, the Designated District Representative will negotiate the sale of such 2021 Junior Notes and the terms of the Loan Agreement with the purchaser. The Loan Agreement for such series of 2021 Junior Notes will specify whether the 2021 Junior Notes of such series are being issued and sold as Tax-Advantaged Notes, Tax-Exempt Notes or Taxable Notes, and whether any series of 2021 Junior Notes are designed as "green bonds" and/or social impact bonds, and will also identify any Term Bonds and the year

and any applicable series designation, date, principal amounts and maturity dates, interest rates and interest payment dates, redemption and/or purchase provisions and delivery date for such series of 2021 Junior Notes.

(c) *Sale Parameters*. Subject to the terms and conditions set forth in this subsection, each Designated District Representative is hereby authorized to approve the issuance and sale of any series of the 2021 Junior Notes upon a Designated District Representative's approval of the final interest rates, final maturity date, aggregate principal amounts, principal amount and date of each maturity and redemption dates and rights for the series of the 2021 Junior Notes in accordance with the authority granted by this section so long as:

(1) The aggregate principal amount for the series of 2021 Junior Notes does not cause the aggregate principal amount all 2021 Junior Notes issued under this Resolution to exceed $350,000,000;

(2) The final maturity date for the series of 2021 Junior Notes to be issued is not later than 30 years after its date of issuance;

(3) The series of the 2021 Junior Notes to be issued are sold (in the aggregate) at a price not less than 95 percent;

(4) The true interest cost for the series of 2021 Junior Notes does not exceed 6.0% if the series of 2021 Junior Notes are issued as Tax-Exempt Notes;

(5) The true interest cost for the series of Notes does not exceed 7.0% if the series of 2021 Junior Notes are issued as Taxable or Tax-Advantaged Notes; and

(6) The series of 2021 Junior Notes conforms to all other terms of this Resolution.

Subject to the terms and conditions set forth in this section, each Designated District Representative is hereby authorized to execute each Sale Document to be dated the date of sale of the applicable Series of Notes. The signature of a Designated District Representative shall be sufficient to bind the District.

A Designated District Representative shall provide a report to the Board describing the Notes approved pursuant to the authority delegated in this section.

The authority granted to each Designated District Representative by this subsection (c) to execute Sale Documents shall expire on December 31, 2021; provided that an amendment to a Sale Document may be executed, and performance pursuant to any Sale Document may be completed, at any time. If a Sale Document for a series of the 2021 Junior Notes has not been executed by December 31, 2021, the authorization for the issuance of the 2021 Junior Notes shall be rescinded and the 2021 Junior Notes shall not be issued nor their sale approved unless such 2021 Junior Notes shall have been reauthorized by resolution of the Board. The resolution reauthorizing the issuance and sale of such 2021 Junior Notes may be in the form of a new resolution repealing this Resolution in whole or in part or may be in the form of an amendatory resolution approving a bond purchase contract, certificate of award or loan agreement or establishing terms and conditions for the authority delegated under this section.

(d) *Bond Insurance.* A Designated District Representative is hereby further authorized to solicit proposals from municipal bond insurance companies for the issuance of a bond insurance policy. In the event that the Designated District Representative receives multiple proposals in response to a solicitation, the Designated District Representative may select the proposal having the lowest cost and resulting in an overall lower interest cost with respect to the 2021 Junior Notes to be insured. Each Designated District Representative may execute a commitment received from the insurer selected by the Designated District Representative. The Board further authorizes all proper officers, agents, attorneys and employees of the District to cooperate with the insurer in preparing such additional agreements, certificates, and other documentation on behalf of the District as shall be necessary or advisable in providing for the bond insurance policy.

Section 23. Preliminary Official Statement and Final Official Statement. The District hereby authorizes and directs the Designated District Representative: (a) to review and approve the information contained in any preliminary official statement (each, a "Preliminary Official Statement") prepared in connection with the sale of each series of 2021 Junior Notes; and (b) for the sole purpose of compliance by the purchasers of such series of 2021 Junior Notes with subsection (b)(1) of the Rule, to "deem final" the related Preliminary Official Statement as of its date, except for such omissions as are permitted under the Rule. After each Preliminary Official Statement has been reviewed and approved in accordance with the provisions of this section, the District hereby authorizes the distribution of such Preliminary Official Statement to prospective purchasers of such related series of 2021 Junior Notes.

Following the sale of each series of 2021 Junior Notes, each Designated District Representative is hereby authorized to review and approve on behalf of the District a final official statement with respect to such series of 2021 Junior Notes. The District agrees to cooperate with the purchaser to deliver or cause to be delivered, within seven business days from the date of the Sale Document, and in sufficient time to accompany any confirmation that requests payment from any customer of such purchaser, copies of a final official statement pertaining to such series of 2021 Junior Notes in sufficient quantity to allow compliance with paragraph (b)(4) of the Rule and the rules of the MSRB.

Section 24. Undertaking to Provide Ongoing Disclosure. The District covenants to execute and deliver at the time of issuance and delivery of any series of 2021 Junior Notes pursuant to the terms of this Resolution a Continuing Disclosure Certificate. Each Designated District Representative is hereby authorized to execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery and sale of each series of 2021 Junior Notes with such terms and provisions as such officer shall deem appropriate and in the best interests of the District.

Section 25. Resolution a Contract. This resolution shall constitute a contract for the benefit of the Registrar and the owners of the 2021 Junior Notes, and its provisions may be

enforced by the Registrar or any owner to the extent provided under this Resolution and the applicable Sale Document.

Section 26. General Authorization. The appropriate District officials, agents and representatives are hereby authorized and directed to do everything necessary or advisable for the prompt sale, issuance, execution and delivery of each series of 2021 Junior Notes and for the proper use and application of the proceeds of the sale thereof. Actions taken in furtherance of this Resolution are hereby ratified.

Section 27. 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 2021 Junior Notes.

Section 28. Effective Date. This resolution shall become effective immediately upon its passage and approval.

PASSED by a vote of _____ to ______ this 23rd day of March, 2021.

WASHINGTON STATE CONVENTION
CENTER PUBLIC FACILITIES DISTRICT

BY:______________________________________
Frank K. Finneran, Chair

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. 2021-___ of the District (herein called the "Resolution"), as finally adopted at a special meeting of the Board held on the ____ day of _______, 2021, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, including but not limited to Washington State Governor Inslee's emergency proclamation No. 20-28 issued on March 24, 2020, as amended and supplemented, temporarily suspending portions of the Open Public Meetings Act (chapter 42.30 RCW), and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the 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 23th day of ______, 2021.

____
Secretary of the Board

EXHIBIT A

Form of 2021 Junior Note

UNITED STATES OF AMERICA

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 REQUEST 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.

R-__ **$**

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT
JUNIOR LODGING TAX NOTE, 2021

INTEREST RATE: **MATURITY DATE:** **CUSIP NO.:**

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ____________ AND NO/100 DOLLARS

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 Junior Bond Fund and the accounts held therein, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from ___, 2021, or the most recent date to which interest has been paid or duly provided for until payment of this note at the Interest Rate set forth above, payable on _____, 2021, and semiannually thereafter on the first day of each succeeding ____ and ____. Both principal of and interest on this note 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 note at the corporate trust office of U.S. Bank National Association, as Registrar (the "Registrar").

The notes 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. 2021-__ of the District adopted on March __, 2021 (the "Note Resolution"). Capitalized terms used in this note have the meanings given such terms in the Note Resolution.

This note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Note Resolution until the Certification of Authentication hereon shall have been mutually signed by or on behalf of the Registrar.

This note is one of an authorized issue of notes 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 Note Resolution to provide funds to pay or reimburse costs of the Addition Project, to purchase Qualified Insurance or fund a deposit to a debt service reserve, to capitalize interest on the notes, and to pay costs of issuance.

The notes of this issue are subject to redemption prior to maturity as provided in the Note Resolution.

The notes of this series are not private activity bonds. The notes 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 note that it will keep and perform all of the covenants of this note and the Note Resolution.

From and after the time of issuance and delivery of this note and so long thereafter as any of the same remain Outstanding, the District irrevocably obligates and binds itself to set aside and pay into the special funds created for the payment of each series of Junior Bonds out of Pledged Lodging Tax Revenues on or prior to the Debt Service Payment Date on which the interest on or principal of and interest on the Junior Bonds shall become due, the amount necessary to pay such interest or principal and interest coming due on the Junior Bonds of such series. The full faith, credit and resources of the District are irrevocably pledged for the prompt payment of the principal of and interest on the Junior Bonds when due. Said amounts so pledged to be paid into the Junior Bond Fund and the Principal and Interest Accounts contained therein are declared to be a pledge of the Pledged Lodging Tax Revenues subordinate and junior to the pledge of Lodging Tax Revenues for the payment of principal and interest on First Priority Bonds, payments required to be made in connection with debt service reserves securing First Priority Bonds, payment of the principal of and interest on Subordinate Priority WSCC Obligations, payments required to be made in connection with debt service reserves securing Subordinate Priority WSCC Obligations, and annual payment amounts and loan repayment amounts owed to the State as required by Section 5(6)(a) of the Convention Center Act and Section 2 of the Transfer Agreement, equal to the payments required to be made to pay and secure the payment of the principal of and interest on the 2018 Junior Note, notes of this series, and any Additional Junior Bonds, and superior to all other pledges of any kind or nature whatsoever.

This note 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, have been done and performed precedent to and in the issuance of this note have happened, been done and performed and that the issuance of this note and the notes 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 note to be executed by the manual or facsimile signatures of the Chair and the 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 ____, 2021.

WASHINGTON STATE CONVENTION
CENTER PUBLIC FACILITIES DISTRICT

(SEAL)

____
Chair, Board of Directors

ATTEST:

____
Secretary, Board of Directors

CERTIFICATE OF AUTHENTICATION

This note is one of the notes described in the within-mentioned Note Resolution and is one of the Junior Lodging Tax Notes, 2021 of the Washington State Convention Center Public Facilities District, dated ____, 2021.

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By ____________________________________

RESOLUTION NO. 2021-08

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, AMENDING RESOLUTION NO. 2021-07, WHICH AUTHORIZED THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF JUNIOR LODGING TAX NOTES OF THE DISTRICT, TO INCREASE THE AGGREGATE PRINCIPAL AMOUNT OF NOTES PERMITTED TO BE ISSUED TO NOT TO EXCEED $360,000,000.

ADOPTED: ____________, 2021

Prepared by:

PACIFICA LAW GROUP LLP
Seattle, Washington

RESOLUTION NO. 2021-08
OF THE
WASHINGTON STATE CONVENTION CENTER
PUBLIC FACILITIES DISTRICT

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, AMENDING RESOLUTION NO. 2021-07, WHICH AUTHORIZED THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF JUNIOR LODGING TAX NOTES OF THE DISTRICT, TO INCREASE THE AGGREGATE PRINCIPAL AMOUNT OF NOTES PERMITTED TO BE ISSUED TO NOT TO EXCEED $360,000,000.

WHEREAS, pursuant to Resolution No. 2021-07, adopted by the Board of Directors of the District (the "Board") on March 23, 2021, the Board authorized the issuance of junior lodging tax notes of the District in the not to exceed aggregate principal amount of $350,000,000; and

WHEREAS, the District wishes to authorize and approve the sale of one or more series of junior notes in an aggregate principal amount not to exceed $360,000,000;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, as follows:

Section 1. Amendment. Sections 2 and 22 of Resolution No. 2021-07 are hereby amended as follows (deleted text is struck and additions are double underlined).

1. Section 2. Issuance of 2021 Junior Notes and Refunding Bonds.

(a) *Purpose and Authorization of 2021 Junior Notes*. For the purpose of financing and/or reimbursing the District for a portion of the costs of the Addition Project, funding a deposit, or purchasing Qualified Insurance, to satisfy the Reserve Requirement, capitalizing a portion of the interest on the 2021 Junior Notes, and paying related costs of issuance, the District hereby authorizes the issuance and sale of one or more series of 2021 Junior Notes in an aggregate principal amount not to exceed $~~350,000,000~~360,000,000. Any series of 2021 Junior Notes may be sold as Underwritten Bonds or Direct Purchase Bonds as provided in Section 22 of this Resolution.

(b) *Purpose and Authorization of Refunding Bonds*. The District intends to issue First Priority Bonds and/or Subordinate Priority WSCC Obligations to pay the 2021 Junior Notes upon their maturity or earlier redemption. For the purpose of providing funds to finance or refinance the Addition Project, including costs of refunding the 2021 Junior Notes and issuing the First Priority Bonds and/or Subordinate Priority WSCC Obligations, the District hereby covenants to issue and sell First Priority Bonds and/or Subordinate Priority WSCC Obligations (or if necessary additional bond anticipation notes in the form of Additional Junior Bonds or other District obligations) that are general obligation bonds of the District in an amount at least sufficient to pay the principal of and interest on the 2021 Junior Notes or any additional bond anticipation notes issued to redeem the 2021 Junior Notes on or before maturity, to the extent not paid from other sources. The First Priority Bonds and/or Subordinate Priority WSCC Obligations (or if necessary additional bond anticipation notes) to be issued shall be in such series, principal amounts, denomination(s) and form; shall be dated and bear interest at such rate or rates; shall be payable at such place or places; shall have such option of payment prior to maturity; shall contain and be subject to such covenants; may be combined with any subsequently authorized bonds and issued as a single combined series, as provided hereafter by resolution of the Board. The First Priority Bonds and/or Subordinate Priority WSCC Obligations shall be payable from and secured by Lodging Tax Revenues and any additional bond anticipation notes shall be payable from and secured by Pledged Lodging Tax Revenues. The full faith, credit and resources of the District are pledged for the prompt payment of principal and interest of such obligations.

(c) *Description of 2021 Junior Notes*. The 2021 Junior Notes may be issued in one or more series, in principal amounts to be established within the parameters provided in Section 22 of this Resolution. Each series of 2021 Junior Notes will be designated "Washington State Convention Center Public Facilities District Junior Lodging Tax Notes," with an applicable year and series designation, all as established by the related Sale Document. The 2021 Junior Notes shall be general obligations of the District. Notwithstanding the foregoing, the issuance of any Additional Junior Bonds shall be subject to the terms set forth in Section 22 of this Resolution.

(d) *Registration.* The 2021 Junior Notes shall be fully registered as to both principal and interest; shall be in the denomination of $100,000 each or any integral multiple thereof within a series and maturity (except as provided in the Sale Document), provided that no 2021 Junior Note shall represent more than one maturity within a series; shall be numbered separately in such manner and with any additional designation as the Registrar deems necessary for purposes of identification; and shall be dated the date and mature on the dates, in the years and in the amounts approved by a Designated District Representative, subject to the parameters set forth in Section 22 of this Resolution.

(e) *Additional Junior Bonds.* The District may issue Additional Junior Bonds from time to time upon satisfaction of the conditions set forth in Section 14. Any Additional Junior Bonds shall be authorized by Supplemental Resolution of the Board. Provisions regarding purpose, series designation, and registration shall be as provided in such Supplemental Resolution or in the Sale Document.

2. Section 22.Sale of 2021 Junior Notes. The District hereby authorizes the issuance and sale of the 2021 Junior Notes. The 2021 Junior Notes will be sold in one or more series, any of which may be sold in a combined offering with other bonds and/or notes of the District, at the option of a Designated District Representative. A Designated District Representative will determine, in consultation with the District's financial advisors, the principal amount of each Series of the 2021 Junior Notes and whether any series of 2021 Junior Notes will be sold separately or in one or more combined Series, whether each series of 2021 Junior Notes will be sold by negotiated sale or otherwise and for current or future delivery, and whether such series of 2021 Junior Notes will be issued and sold as "green bonds" and/or social impact bonds, Tax-Advantaged Notes, Tax-Exempt Notes or Taxable Notes. The sale of any Additional Junior Bonds shall be

authorized by Supplemental Resolution, which shall set forth any parameters applicable to such sale.

(a) *Negotiated Sale*. If a Designated District Representative determines that any series of 2021 Junior Notes will be sold by negotiated sale, the 2021 Junior Notes of such series shall be sold to the Underwriters pursuant to one or more Bond Purchase Agreements. Subject to the parameters set forth in subsection (c) of this section, the Bond Purchase Agreement(s) for such series of 2021 Junior Notes will specify whether the 2021 Junior Notes of such series are being issued and sold as Tax-Advantaged Notes, Tax-Exempt Notes or Taxable Notes, and whether any series of 2021 Junior Notes are designed as "green bonds" and/or social impact bonds, and will also identify any Term Bonds and the year and any applicable series designation, date, principal amounts and maturity dates, interest rates and interest payment dates, redemption and/or purchase provisions and delivery date for such series of 2021 Junior Notes.

(b) *Other Sales*. If a Designated District Representative determines that any series of 2021 Junior Notes will be sold to the federal government, the State or the County, or other purchaser to evidence a loan from that purchaser, the Designated District Representative will negotiate the sale of such 2021 Junior Notes and the terms of the Loan Agreement with the purchaser. The Loan Agreement for such series of 2021 Junior Notes will specify whether the 2021 Junior Notes of such series are being issued and sold as Tax-Advantaged Notes, Tax-Exempt Notes or Taxable Notes, and whether any series of 2021 Junior Notes are designed as "green bonds" and/or social impact bonds, and will also identify any Term Bonds and the year and any applicable series designation, date, principal amounts and maturity dates, interest rates and interest payment dates, redemption and/or purchase provisions and delivery date for such series of 2021 Junior Notes.

(c) *Sale Parameters*. Subject to the terms and conditions set forth in this subsection, each Designated District Representative is hereby authorized to approve the issuance and sale of any series of the 2021 Junior Notes upon a Designated District Representative's approval of the final interest rates, final maturity date, aggregate principal amounts, principal amount and date of each maturity and redemption dates and rights for the series of the 2021 Junior Notes in accordance with the authority granted by this section so long as:

(1) The aggregate principal amount for the series of 2021 Junior Notes does not cause the aggregate principal amount all 2021 Junior Notes issued under this Resolution to exceed $~~350,000,000~~360,000,000;

(2) The final maturity date for the series of 2021 Junior Notes to be issued is not later than 30 years after its date of issuance;

(3) The series of the 2021 Junior Notes to be issued are sold (in the aggregate) at a price not less than 95 percent;

(4) The true interest cost for the series of 2021 Junior Notes does not exceed 6.0% if the series of 2021 Junior Notes are issued as Tax-Exempt Notes;

(5) The true interest cost for the series of Notes does not exceed 7.0% if the series of 2021 Junior Notes are issued as Taxable or Tax-Advantaged Notes; and

(6) The series of 2021 Junior Notes conforms to all other terms of this Resolution.

Subject to the terms and conditions set forth in this section, each Designated District Representative is hereby authorized to execute each Sale Document to be dated the date of sale of the applicable Series of Notes. The signature of a Designated District Representative shall be sufficient to bind the District.

A Designated District Representative shall provide a report to the Board describing the Notes approved pursuant to the authority delegated in this section.

The authority granted to each Designated District Representative by this subsection (c) to execute Sale Documents shall expire on December 31, 2021; provided that an amendment to a Sale Document may be executed, and performance pursuant to any Sale Document may be completed, at any time. If a Sale Document for a series of the 2021 Junior Notes has not been executed by December 31, 2021, the authorization for the issuance of the 2021 Junior Notes shall be rescinded and the 2021 Junior Notes shall not be issued nor their sale approved unless such 2021 Junior Notes shall have been reauthorized by resolution of the Board. The resolution reauthorizing the issuance and sale of such 2021 Junior Notes may be in the form of a new resolution repealing this Resolution in whole or in part or may be in the form of an amendatory resolution approving a bond purchase contract, certificate of award or loan agreement or establishing terms and conditions for the authority delegated under this section.

(d) *Bond Insurance.* A Designated District Representative is hereby further authorized to solicit proposals from municipal bond insurance companies for the issuance of a bond insurance policy. In the event that the Designated District Representative receives multiple proposals in response to a solicitation, the Designated District Representative may select the proposal having the lowest cost and resulting in an overall lower interest cost with respect to the 2021 Junior Notes to be insured. Each Designated District Representative may execute a commitment received from the insurer selected by the Designated District Representative. The Board further authorizes all proper officers, agents, attorneys and employees of the District to cooperate with the insurer in preparing such additional agreements, certificates, and other documentation on behalf of the District as shall be necessary or advisable in providing for the bond insurance policy.

Section 2. Authorization to Execute and Deliver Other Documents. Each Designated District Representative as defined in Resolution No. 2021-07 is hereby authorized and directed to approve, execute and deliver such other documents as are necessary to implement the amendments herein to Resolution No. 2021-07. The signature of one Designated District Representative shall be sufficient to bind the District.

Section 3. Ratification and Confirmation. All other terms and conditions of Resolution 2021-07 are hereby ratified and confirmed.

Section 4. 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.

Section 5. Effective Date. This resolution shall become effective immediately upon its passage and approval.

PASSED by a vote of _____ to ______ this 30th day of March, 2021.

WASHINGTON STATE CONVENTION
CENTER PUBLIC FACILITIES DISTRICT

BY:______________________________
Frank K. Finneran, Chair

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. 2021-08 of the District (herein called the "Resolution"), as finally adopted at a special meeting of the Board held on the ____ day of _______, 2021, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, including but not limited to Washington State Governor Inslee's emergency proclamation No. 20-28 issued on March 24, 2020, as amended and supplemented, temporarily suspending portions of the Open Public Meetings Act (chapter 42.30 RCW), and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the 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 30th day of ______, 2021.

____
Secretary of the Board

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APPENDIX E

PROPOSED FORM OF LEGAL OPINION

April 14, 2021

Washington State Convention Center Public Facilities District
King County, Washington

J.P. Morgan Securities LLC
Seattle, Washington

Citigroup Global Markets Inc.
New York, New York

Goldman Sachs & Co. LLC
Seattle, Washington

Re: Washington State Convention Center Public Facilities District
Junior Lodging Tax Notes, 2021 (Green Notes) - $341,500,000

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 Junior Lodging Tax Notes, 2021 in the aggregate principal amount of $341,500,000 (the "2021 Junior Notes"), issued pursuant to Resolution No. 2021-07 , adopted by the Board of Directors of the District (the "Board") on March 23, 2021, as amended by Resolution No. 2021-08, adopted by the Board on March 30, 2021 (together, the "Note Resolution"). Proceeds of the 2021 Junior Notes will be used for the purpose of financing and/or reimbursing the District for the costs of the Addition Project, funding a reserve deposit, capitalizing a portion of the interest on the 2021 Junior Notes, and paying related costs of issuance. Terms not otherwise defined herein shall have the meanings set forth in the Note Resolution.

As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Note Resolution 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 2021 Junior Notes as a "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 Note Resolution is a legal, valid and binding obligation of the District, has been duly authorized and is enforceable in accordance with its 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 2021 Junior Notes 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 2021 Junior Notes 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 Pledged Lodging Tax Revenues as security for payment of the principal of and interest on the 2021 Junior Notes, subject to the provisions of the Note Resolution permitting the application of amounts held thereunder to the purposes set forth therein. The pledge of the Pledged Lodging Tax Revenues as security for the payment of the principal of and interest on the 2021 Junior Notes is subordinate to the pledge for the payment of the principal of and interest on First Priority Notes, Subordinate Priority WSCC Obligations, Annual Payment Amounts and Deficiency Repayment Loans as set forth in the Note Resolution and is of equal priority to the pledge for the payment of the 2018 Junior Note and any Additional Junior Bonds.

5. Interest on the 2021 Junior Notes 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 2021 Junior Notes 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 2021 Junior Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2021 Junior Notes.

Except as expressly stated above, we express no opinion regarding any tax consequences related to the ownership, sale or disposition of the 2021 Junior Notes, or the amount, accrual or receipt of interest on, the 2021 Junior Notes. Owners of the 2021 Junior Notes should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2021 Junior Notes.

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 2021 Junior Notes 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

JUNIOR LODGING TAX NOTES, 2021

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 Junior Lodging Tax Notes, 2021 (the "2021 Junior Notes") pursuant to Resolution No. 2021-07 of the Board of Directors (the "Board") of the District adopted on March 23, 2021, and Resolution No. 2021-08 of the Board adopted on March 30, 2021 (together, the "Note Resolution"). Pursuant to the Note Resolution, 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 the 2021 Junior Notes 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 Note Resolution, , 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.

Financial Obligation means (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Official Statement related to the 2021 Junior Notes, dated March 31, 2021.

Participating Underwriter means the original underwriter of the 2021 Junior Notes required to comply with the Rule in connection with offering the 2021 Junior Notes.

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 2021 Junior Notes are outstanding, 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 2021 for the fiscal year ended December 31, 2020):

(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:

- Lodging Tax Revenues Collection History
- Historical Debt Service Coverage (showing historical debt service coverage on First Priority Bonds and

aggregate debt service coverage on First Priority Bonds, Subordinate Priority WSCC Obligations and Junior Bonds for so long as such bonds and/or obligations are outstanding)

- District Debt Capacity Computation
- District Employees
- Convention Center Events
- National Bookings
- 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 2021 Junior Notes:

- 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 2021 Junior Notes, or other material events affecting the tax status of the 2021 Junior Notes;
- Modifications to the rights of 2021 Junior Noteholders, if material;
- Optional, contingent or unscheduled 2021 Junior Note 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 2021 Junior Notes, 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;
- Appointment of a successor additional Registrar or the change of name of a Registrar, if material;
- Incurrence of a Financial Obligation of the District, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events

under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

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 2021 Junior Notes shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2021 Junior Notes.

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 2021 Junior Notes 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 2021 Junior Notes, as determined either by parties unaffiliated with the District (such as Bond Counsel) or by the approving vote of holders of the 2021 Junior Notes.

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. Note Owner's Remedies. The right of any 2021 Junior Noteowner or Beneficial Owner of 2021 Junior Notes 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 2021 Junior Notes. 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 2021 Junior Notes, including persons holding 2021 Junior Notes 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 14th day of April, 2021.

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT

By: ______________________________
Designated District Representative

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the 2021 Junior Notes is to be transferred and how the principal of and interest on the 2021 Junior Notes are to be paid to and credited by DTC while the 2021 Junior Notes are registered in its nominee's name.

The information in this section concerning DTC, Euroclear Bank SA/NV as operator of the Euroclear System ("Euroclear") and Clearstream Banking, S.A., Luxembourg ("Clearstream Banking") (DTC, Euroclear and Clearstream Banking together, the "Clearing Systems"), and DTC's book-entry-only system has been provided by DTC, Euroclear and Clearstream Banking for use in disclosure documents such as this Official Statement.

DTC will act as the initial securities depository for the 2021 Junior Notes. Euroclear and Clearstream Banking are participants of DTC and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders.

The information set forth below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect and the District expressly disclaims any responsibility to update this Official Statement to reflect any such changes. The information herein concerning the Clearing Systems has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriters take any responsibility for the accuracy or completeness of the information set forth herein. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The District and the Underwriters will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the 2021 Junior Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the 2021 Junior Notes, or redemption or other notices, to participants of the Clearing Systems ("Participants") (2) Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the 2021 Junior Notes), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC or the other Clearing Systems will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants (hereinafter defined) are on file with DTC.

Clearing Systems

DTC will act initially as Securities Depository for the 2021 Junior Notes. The 2021 Junior Notes 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 certificate will be issued for each maturity of the 2021 Junior Notes, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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, as amended. 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 of 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 a 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.

Purchases of 2021 Junior Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021 Junior Notes on DTC's records. The ownership interest of each actual purchaser of each 2021 Junior Note ("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 beneficial ownership interests in the 2021 Junior Notes 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 beneficial ownership interests in 2021 Junior Notes, except in the event that use of the book-entry system for the 2021 Junior Notes is discontinued.

To facilitate subsequent transfers, all 2021 Junior Notes 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 2021 Junior Notes with DTC and their registration in the name of Cede & Co., or such other DTC nominee, does not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2021 Junior Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2021 Junior Notes 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.

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 2021 Junior Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2021 Junior Notes, such as redemptions, tenders, defaults, and proposed amendments to the 2021 Junior Note documents. For example, Beneficial Owners of 2021 Junior Notes may wish to ascertain that the nominee holding the 2021 Junior Notes 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.

Redemption notices will be sent to DTC. If less than all of the 2021 Junior Notes within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed, unless other arrangements are made between the District and DTC.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2021 Junior Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to THE DISTRICT 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 2021 Junior Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the 2021 Junior Notes 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 the District or the Registrar, 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, the Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Registrar, 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.

DTC may discontinue providing its services as depository with respect to the 2021 Junior Notes at any time by giving reasonable notice to the District or the Registrar. Under such circumstances, in the event that a successor Securities Depository is not obtained, 2021 Junior Note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor Securities Depository). In that event, 2021 Junior Notes will be printed and delivered in accordance with the Note Resolution.

In reading this Official Statement it should be understood that while the 2021 Junior Notes are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the 2021 Junior Notes, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Trust Indenture will be given only to DTC.

Euroclear and Clearstream Banking

Euroclear and Clearstream Banking have advised as follows:

Euroclear and Clearstream Banking each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream Banking provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream Banking also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream Banking have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream Banking customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream Banking is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures

Any 2021 Junior Notes sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, for the account of its participants, including but not limited to Euroclear and Clearstream Banking. If the investors are participants in Clearstream Banking and Euroclear in Europe, or indirectly through organizations that are participants in the Clearing Systems, Clearstream Banking and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream Banking's and Euroclear's names on the books of their respective depositories. In all cases, the record holder of the 2021 Junior Notes will be DTC's nominee and not Euroclear or Clearstream Banking. The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream Banking or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream Banking or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream Banking or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream Banking participant on that business day. Cash received in Clearstream Banking or Euroclear as a result of sales of securities by or through a Clearstream Banking participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream Banking or

Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream Banking or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream Banking participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Banking participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream Banking participants or Euroclear participants may not deliver instructions directly to the depositories.

The District will not impose any fees in respect of holding the 2021 Junior Notes; however, holders of book-entry interests in the 2021 Junior Notes may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

Initial Settlement

Interests in the 2021 Junior Notes will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the 2021 Junior Notes through Euroclear and Clearstream Banking accounts will follow the settlement procedures applicable thereto and applicable to DTC. Book-entry interests in the 2021 Junior Notes will be credited by DTC to Euroclear and Clearstream Banking participants' securities clearance accounts on the business day following the date of delivery of the 2021 Junior Notes against payment (value as on the date of delivery of the 2021 Junior Notes). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the 2021 Junior Notes through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the 2021 Junior Notes following confirmation of receipt of payment to THE DISTRICT on the date of delivery of the 2021 Junior Notes.

Secondary Market Trading

Secondary market trades in the 2021 Junior Notes will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream Banking or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the 2021 Junior Notes may be transferred within Euroclear and within Clearstream Banking and between Euroclear and Clearstream Banking in accordance with procedures established for these purposes by Euroclear and Clearstream Banking. Book-entry interests in the 2021 Junior Notes may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the 2021 Junior Notes between Euroclear or Clearstream Banking and DTC shall be effected in accordance with procedures established for this purpose by Euroclear, Clearstream Banking and DTC.

Special Timing Considerations

Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the 2021 Junior Notes through Euroclear or Clearstream Banking on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream Banking and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the 2021 Junior Notes, or to receive or make a payment or delivery of 2021 Junior Notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream Banking is used, or Brussels if Euroclear is used.

Clearing Information

The District and the Underwriters expect that the 2021 Junior Notes will be accepted for clearance through the facilities of Euroclear and Clearstream Banking. [The international securities identification number, common code and CUSIP number for the 2021 Junior Notes are set out on the cover page of this Official Statement.]

General

None of Euroclear, Clearstream Banking or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the District, the Underwriters nor any of their agents will have any responsibility for the performance by Euroclear, Clearstream Banking or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

Limitations

For so long as the 2021 Junior Notes are registered in the name of DTC or its nominee, Cede & Co., the District and the Registrar will recognize only DTC or its nominee, Cede & Co., as the registered owner of the 2021 Junior Notes for all purposes, including payments, notices and voting. So long as Cede & Co. is the registered owner of the 2021 Junior Notes, references in this Official Statement to registered owners of the 2021 Junior Notes shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2021 Junior Notes.

Because DTC is treated as the owner of the 2021 Junior Notes for substantially all purposes, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the District or DTC, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the 2021 Junior Notes that may be transmitted by or through DTC.

The District will have no responsibility or obligation with respect to:

- the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any Beneficial Ownership interest in any 2021 Junior Notes;
- the delivery to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the 2021 Junior Note register kept by the Registrar, of any notice with respect to any 2021 Junior Notes including, without limitation, any notice of redemption with respect to any 2021 Junior Notes;
- the payment to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the 2021 Junior Note register kept by the Registrar, of any amount with respect to the principal of, premium, if any, or interest on, any 2021 Junior Notes; or
- any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book entry only system hereinabove described, the District and the Registrar may treat Cede & Co. (or such other nominee of DTC) as, and deem Cede & Co. (or such other nominee) to be, the absolute registered owner of the 2021 Junior Notes for all purposes whatsoever, including, without limitation:

- the payment of principal, premium, if any, and interest on the 2021 Junior Notes;
- giving notices of redemption and other matters with respect to the 2021 Junior Notes;
- registering transfers with respect to the 2021 Junior Notes; and
- the selection of 2021 Junior Notes for redemption.

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public facilities district

THE WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT • JUNIOR LODGING TAX NOTES, 2021 (GREEN NOTES)

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