

WASHINGTON CONVENTION AND SPORTS AUTHORITY
Formerly known as
WASHINGTON CONVENTION CENTER AUTHORITY
(Washington, D.C.)

\$492,525,000
SENIOR LIEN DEDICATED TAX REVENUE
AND REFUNDING BONDS, SERIES 2007A

DATED: FEBRUARY 8, 2007
BASE CUSIP⁺ NO. 93877M



2012/13
ANNUAL CONTINUING DISCLOSURE
INFORMATION STATEMENT
AS OF MARCH 26 2014

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I. INTRODUCTION

Pursuant to an Official Statement dated January 25, 2007 \$492,525,000 Senior Lien Dedicated Tax Revenue and Refunding Bonds, Series 2007A (the “2007A Bonds”) were issued by the Washington Convention Center Authority, now known as Washington Convention and Sports Authority (“WCSA”). The 2007A Bonds, together with other funds of WCSA, were sold to finance the refunding of the Senior Lien Dedicated Tax Revenue Bonds, Series 1998 (the “Series 1998 Bonds”) and to refinance a portion of the land acquisition costs of WCSA related to the Headquarters Hotel. The Series 1998 Bonds were used to finance a portion of the construction costs of a new convention center (the “New Convention Center”) in Washington D.C. (the “District”) in an area bounded by 7th and 9th Street, Mount Vernon Place and N Street NW.

Pursuant to an Official Statement dated October 20, 2010, the WCSA issued \$249,220,000 Senior Lien Dedicated Tax Revenue Bonds (Convention Center Hotel Project) consisting of \$66,710,000 Series 2010A (Tax-Exempt Recovery Zone Facility Bonds) (the “Series 2010A Bonds”) and \$109,670,000 Series 2010B (the “Series 2010B Bonds”); \$90,000,000 Subseries 2010B-1 (Federally Taxable – Issuer Subsidy-Recovery Zone Economic Development Bonds) (the “Subseries 2010B-1 Bonds”); \$19,670,000 Subseries 2010B-2 (Federally Taxable – Issuer Subsidy-Build America Bonds) (the “Subseries 2010B-2 Bonds”); and \$72,840,000 Senior Lien Dedicated Tax Revenue and Refunding Bonds (Convention Center Hotel Project), Series 2010C (Federally Taxable Bonds) (the “Series 2010C Bonds” and together with the Series 2010A Bonds, Series 2010B Bonds, Subseries 2010B-1 Bonds, and Subseries 2010B-2 Bonds, the “2010 Bonds”). A portion of the 2010C Bonds were used to defease to the earliest optional redemption date that portion of the WCSA’s 2007A Bonds, maturing on December 1, 2036 (the “Refunded Bonds”).

The 2007A Bonds are special obligations of WCSA, issued pursuant to the provisions of an Amended and Restated Master Trust Agreement as supplemented by a Second Supplemental Trust Agreement, both dated as of February 1, 2007 (collectively, the “Trust Agreement”). The 2007A Bonds are without recourse to, not a debt of, nor a pledge of the District. The principal of and interest on the 2007A Bonds are secured by and payable solely from dedicated tax receipts (the “Dedicated Taxes”) and pledged funds established under the Trust Agreement, as defined within the Official Statement, and are on parity with the 2010 Bonds. The Dedicated Taxes consist of 4.45% of the 14.5% sales tax on hotel-room charges, and 1.0% of the 10% sales-and-use tax on restaurant meals, alcoholic beverages consumed on-premises and rental-vehicle charges.

This Annual Continuing Disclosure Information Statement is being provided pursuant to a covenant made by WCSA for the benefit of the holders of the 2007A Bonds and includes the information specified in a Continuing Disclosure Agreement. For further information and a more complete description of WCSA and the 2007A Bonds, reference is made to the Official Statement.

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

II. BOND INFORMATION

A. PRINCIPAL OUTSTANDING

Bond Issue	As of September 30, 2013 (in thousands)
Senior Lien Dedicated Tax Revenue and Refunding Bonds, Series 2007A	\$403,440 ⁽¹⁾

(1) Principal balance excludes the Refunded Bonds.

B. SENIOR DEBT SERVICE RESERVE ACCOUNT

Account Name	As of September 30, 2013 (in thousands)
Debt Service Reserve Account	\$37,203 ⁽¹⁾
Debt Service Reserve Account Requirement	\$33,700

(1) The WCSA decided to meet the requirements of the indenture by fully funding the debt service reserve account to substitute the surety.

Note: For additional fund information, see Note 2 of the WCSA's 2013 Audited Financial Statements.

C. DEBT SERVICE

Debt Service Requirements for the 2007A Bonds

<u>As of October 1,</u>	<u>Principal ⁽¹⁾</u>	<u>Interest</u>	<u>Debt Service</u>
2014	\$15,235,000	\$27,814,988	\$43,049,988
2015	15,935,000	26,766,713	42,701,713
2016	16,725,000	25,578,713	42,303,713
2017	17,545,000	24,349,013	41,894,013
2018	18,415,000	15,362,975	33,777,975
2019	19,335,000	14,442,225	33,777,225
2020	20,300,000	13,475,475	33,775,475
2021	21,315,000	12,460,475	33,775,475
2022	22,385,000	11,394,725	33,779,725
2023	23,390,000	15,581,100	38,971,100
2024	24,470,000	9,309,850	33,779,850
2025	25,690,000	8,086,350	33,776,350
2026	26,975,000	6,801,850	33,776,850
2027	28,325,000	5,453,100	33,778,100
2028	29,600,000	4,178,475	33,778,475
2029	30,930,000	2,846,475	33,776,475
2030	32,325,000	1,454,625	33,779,625
Total Outstanding ⁽²⁾	\$388,895,000	\$225,357,125	\$614,252,125

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

(2) Excludes \$25,405,000 to be refunded by the 2010 Bonds on October 1, 2016.

Note: Totals may not add up due to rounding.

III. FINANCIAL INFORMATION

The audited financial statements for the WCSA for the fiscal year ended September 30, 2013 have been separately filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") and are hereby incorporated by reference into this Annual Continuing Disclosure Information Statement.

A. STATEMENTS OF NET POSITION (in thousands)

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

	For Fiscal Years Ended September 30,				
	2009	2010	2011	2012	2013
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$7,240	\$14,103	\$11,611	\$10,455	\$12,506
Restricted Cash	-	2,500	936	2,287	7,600
Due from District of Columbia	8,438	8,487	8,405	12,611	8,224
Accounts Receivable, Net of Allowance for Uncollectible Accounts	699	2,185	3,846	2,533	2,335
Prepaid Expenses and Other Assets	-	1	27	-	70
Accrued Interest Receivable	-	1,526	2,925	678	254
Investments	87,351	81,645	45,082	59,056	66,700
Total Current Assets	\$103,728	\$110,447	\$72,832	\$87,620	\$97,689
Noncurrent Assets:					
Notes Receivable	-	-	-	-	\$25,008
Other Receivable	-	-	-	-	47,000
Restricted Investments	\$73,046	\$83,137	\$337,476	\$327,045	147,022
Non-Depreciable Capital Assets	44,004	45,004	45,374	46,998	47,535
Depreciable Capital Assets, Net of Accumulated Depreciation	630,166	626,555	606,680	591,954	569,434
Unamortized Bond Issue Costs	6,116	5,892	10,119	9,743	9,039
Total Noncurrent Assets	\$753,332	\$760,588	\$999,649	\$975,740	\$845,038
Total Assets	\$857,060	\$871,035	\$1,072,481	\$1,063,360	\$942,727
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$7,875	\$5,234	\$8,222	\$8,413	\$6,394
Due to District Government	-	2,422	791	5,666	1,886
Compensation Liabilities	324	599	361	588	665
Unearned Revenue	2,488	2,807	2,561	3,202	3,442
Accrued Interest Payable	11,381	11,111	17,676	17,376	17,037
Other Financing Arrangement Payable, Current Portion	719	719	719	719	-
Other Short-Term Liabilities	-	-	-	6,477	9,721
Capital Lease - Current portion	-	-	5,000	2,121	2,120
Bonds Payable, Current Portion	12,160	12,700	13,265	13,865	15,625
Total Current Liabilities	\$34,947	\$35,592	\$48,595	\$58,427	\$56,890
Noncurrent Liabilities:					
Compensated Absences	\$791	\$884	\$1,004	\$982	\$1,081
Long-Term Bonds Payable including Premium	465,625	453,298	659,044	645,299	629,474
Capital Lease-Long-Term	-	-	3,985	14,719	12,609
Long-term Other Financing Arrangement Payable	8,651	7,932	7,213	6,494	-
Total Noncurrent Liabilities	\$475,067	\$462,114	\$671,246	\$667,494	\$643,164
Total Liabilities	\$510,014	\$497,706	\$719,841	\$725,921	\$700,054
NET POSITION					
Net Position:					
Net Investment in Capital Assets	\$187,015	\$196,910	\$212,311	\$200,710	\$221,110
Restricted:					
Debt Service and Capital Interest	23,540	23,811	38,135	26,888	26,659
Capital Renewal	17,000	17,221	17,445	17,672	17,901
Operating Fund	23,000	28,126	31,098	31,580	33,706
Senior Proceeds Account	2	2	2	2	2
Marketing Fund	2,502	-	-	-	-
Debt Services Reserve	7,001	13,977	36,919	37,207	33,700
Kenilworth Park	-	145	145	144	144
Hotel Project	-	-	25,004	46,961	-
Unrestricted (Deficit)	86,986	93,137	(8,419)	(23,725)	(90,549)
Total Net Position	\$347,046	\$373,329	\$352,640	\$337,439	\$242,673

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

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

	For Fiscal Years Ended September 30,				
	2009	2010	2011	2012	2013
Operating Revenues:					
Building Rental	\$8,448	\$8,126	\$9,151	\$8,536	\$10,030
Ancillary Charges	9,170	14,274	16,336	14,017	16,475
Total Operating Revenues	\$17,618	\$22,400	\$25,487	\$22,553	\$26,505
Operating Expenses:					
Personal Services	\$15,974	\$17,173	\$18,422	\$18,291	\$19,964
Contractual Services	12,513	16,105	18,201	18,064	18,207
Depreciation	27,516	32,385	33,215	31,442	30,510
Occupancy	6,023	6,598	7,003	7,056	6,925
Payments to District	-	3,527	2,775	2,380	2,292
Supplies	652	-	-	-	-
Miscellaneous	420	936	1,013	964	915
Bad Debt	252	204	335	1,213	100
Total Operating Expenses	\$63,350	\$76,928	\$80,964	\$79,410	\$78,913
Operating Loss	(45,732)	(54,528)	(55,477)	(56,857)	(52,408)
Non-operating Revenues and (Expenses):					
Interest Income	\$139	\$959	\$2,094	\$2,006	\$614
Dedicated Taxes	91,468	94,108	97,996	101,026	104,108
Parking Lot Revenue (Old Center Site)	2,601	-	-	-	-
Miscellaneous Revenue	416	189	1,231	4,284	2,732
Bond Interest and Amortization Issue Cost	(24,412)	(23,873)	(35,860)	(36,320)	(36,199)
Marketing Agencies Payments and Internal Marketing Expenses	(10,740)	(10,416)	(10,073)	(10,610)	(10,844)
Parking Lot Expenses	(915)	-	-	-	-
Funding Hotel Project	-	-	(20,600)	(18,730)	(95,197)
Funding Baseball Academy	-	-	-	-	(7,925)
Prior Year Cost Recovery	-	-	-	-	353
Total Non-operating Revenues and (Expenses)	\$58,557	\$60,967	\$34,788	\$41,656	(\$42,358)
Increase (Decrease) in Net Position	\$12,825	\$6,439	(\$20,689)	(\$15,201)	(\$94,766)
Net Position, Beginning of Year	334,221	347,046	373,329	352,640	337,439
Net Position, End of Year	\$347,046	\$353,485	\$352,640	\$337,439	\$242,673

IV. OPERATING INFORMATION

A. HISTORICAL DEDICATED TAX RECEIPTS

The following table shows a ten-year history of Dedicated Tax Receipts transferred to WCSA pursuant to the WCSA Act for fiscal years ended September 30, 2004 through 2013.

Receipts from Dedicated Taxes (dollars in thousands)

Fiscal Year	Hotel Sales Tax ⁽¹⁾	% Change	Restaurant Rental Car Sales Tax ⁽¹⁾	% Change	Total Receipts ⁽²⁾	% Change
2004	\$42,264	6.0%	\$19,936	4.8%	\$62,200	5.6%
2005	53,722	27.1%	23,768	19.2%	77,490	24.6%
2006	53,702	0.0%	26,005	9.4%	79,707	2.9%
2007	56,329	4.9%	26,983	3.8%	83,312	4.5%
2008	62,295	10.6%	29,199	8.2%	91,493	9.8%
2009	62,070	(0.4%)	29,398	0.7%	91,468	0.0%
2010	61,927	(0.2%)	32,181	9.5%	94,108	2.9%
2011	65,291	5.4%	32,705	1.6%	97,996	4.1%
2012	67,309	3.1%	33,717	3.1%	101,026	3.1%
2013	70,266	4.4%	33,842	0.4%	104,108	3.0%

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

(2) Total receipts are based on audited financial statements.

Note: numbers may not add up due to rounding.

B. DEBT SERVICE COVERAGE – Actual (dollars in thousands)

Fiscal Year	Dedicated Taxes	Debt Service			Debt Service Coverage
		2007A Bonds	2010 Bonds	Total	
2008/09	\$91,468	\$34,918	(1)	\$34,918	2.62x
2009/10	94,108	34,685	(1)	34,685	2.71x
2010/11	97,996	34,652 ⁽²⁾	\$2,172 ⁽³⁾	36,824	2.66x
2011/12	101,026	34,639 ⁽²⁾	2,333 ⁽³⁾	36,972	2.73x
2012/13	104,108	34,620 ⁽²⁾	2,333 ⁽³⁾	36,953	2.82x

(1) Debt service on the 2010 Bonds began in fiscal year 2010/11.

(2) Net of the Refunded Bonds.

(3) Net of subsidy payments and capitalized interest.

C. OPERATING INFORMATION/COLLECTION OF REVENUES UPDATE

In addition to the pledge of dedicated taxes, the District has pledged not to limit or alter any rights vested in the WCSA to fulfill agreements made with holders of the 2007A Bonds, or to impair rights and remedies of bondholders until the 2007A Bonds and the interest thereon are paid in full.

In connection to the projected pledge of revenues to meet the operating and debt service expenditures, if the projected revenues are insufficient, the WCSA Act requires the Mayor to impose a surtax in an amount sufficient to meet the projected deficiency. The District's Auditor determined that the projected dedicated taxes for fiscal year ending 2013 are expected to be sufficient to meet the projected expenditures and reserve requirements. Therefore, the Mayor imposed no surtax.

D. HOTEL AND TRAVEL TREND UPDATE

In 2005, the Washington Convention and Tourism Corporation, d/b/a Destination DC, began tracking visitation to the District of Columbia instead of visitation to the Washington, DC region to better reflect spending and tax benefits to the D.C. government.

1. HOTEL SALES TAXPAYERS

The Dedicated Hotel Sales Tax constitutes the largest portion of the Dedicated Tax Receipts. According to the Hotel Association, in 2012, the 25 largest hotels in the District accounted for approximately 14,678 guest rooms (or approximately 53.8% of all hotel rooms in the District).

2. HOSPITALITY INDUSTRY IN THE DISTRICT

The hospitality industry that services the business traveler, conventioner and tourist is one of the District's core industries and is a major source of jobs and personal income. The convention and tourism industry is second only to the government sector in terms of economic benefits generated for the District.

3. VISITORS VOLUME 2008 – 2012 (In Millions of Visitors)

Since overseas tracking began in 1998, the District of Columbia “DC” dropped to 8th position in 2012, a 3.0% decrease in volume, as Honolulu, HI saw a surge in overseas visitation. An estimated total of 18.5 million visitors came to the District. DC’s total visitor volume in 2012 reached a record high and is expected to continue to increase through 2016.

The following table indicates the annual volume (in millions) of domestic and international visitors to the District from 2008 through 2012.

Year	Number of Visitors Domestic	Number of Visitors International	Total Number of Visitors
2008	15.2	1.4	16.6
2009	14.8	1.5	16.3
2010	15.5	1.7	17.2
2011	16.1	1.7	17.8
2012	16.8	1.7	18.5

Source: Destination DC, 2012 Visitor Statistics, most recent data available.

Note: Totals may not add up due to rounding.

4. HOTEL SUPPLY CHANGES IN WASHINGTON, DC

The District of Columbia’s hotels’ occupancy reaches its peak in March through July and October. Average daily rates reach their highest levels during April, May and October. According to the Hotel Association of Washington, D.C. in 2012 there were 129 hotels and 27,260 hotel rooms in DC. There are approximately 662 hotels and 107,136 hotel rooms in the Metro Area. The following are the top ten hotels based on number of total rooms.

Hotel	Rooms
Washington Marriott Wardman Park	1,314
Washington Marriott Marquis	1,175
Washington Hilton	1,070
Grand Hyatt	897
Omni Shoreham	836
Hyatt Regency Washington Capitol Hill	834
Renaissance Washington	807
JW Marriott	772
Renaissance Mayflower	657
Capital Hilton	544

Source: Hotel Association of Washington, D.C.

V. RECENT EVENTS–FUTURE IMPACTS

WCSA is exposed to various asserted claims and lawsuits arising from the normal course of business, the ultimate disposition of which, with one exception, is unknown. WCSA is presently involved in a contested case before a District of Columbia administrative tribunal involving a contractual dispute. Management and legal counsel have determined that it is probable that the action will settle for substantially less than the amount of the claim, estimated at \$775,000, and has been accrued in the Authority's fiscal year ended September 30, 2013 audited financial statements.

WCSA did not have any subsequent events, that based on the facts and circumstances, required recording or disclosure in the financial statements for the fiscal year ended September 30, 2013. Events and transactions were evaluated through January 29, 2014, the date the financial statements were available to be issued.

VI. OCCURRENCE OF LISTED EVENTS

As amended, the Continuing Disclosure Covenants outline the Occurrence of Listed Events that must be reported in not more than ten (10) business days after the occurrence of the event, ***irrespective of any determination as to whether such event may or may not be deemed material.*** The WCSA has no knowledge that any of the events listed below have occurred or have not been previously reported during the fiscal year ended September 30, 2013.

1. Principal and interest payment delinquencies on the 2007A Bonds.
2. Unscheduled draws on debt service reserves reflecting financial difficulties.
3. Unscheduled draws on credit enhancements reflecting financial difficulties.
4. Substitution of credit or liquidity providers, or their failure to perform.
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2007A Bonds.
6. Defeasances.
7. Tender offers.
8. Bankruptcy, insolvency, receivership or similar proceedings pertaining to WCSA.
9. Ratings changes.

As amended, the Continuing Disclosure Covenants outline the Occurrence of Listed Events that must be reported in not more than ten (10) business days after the occurrence of the event, ***if deemed material.*** WCSA has no knowledge that any of the events listed below have occurred or have not been previously reported during the fiscal year ended September 30, 2013.

10. Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of WCSA or the dissolution of WCSA.
11. Appointment of a successor or additional Trustee or the change of the name of the Trustee or any successor or additional Trustee.
12. Non-payment related defaults.
13. Modifications to the rights of Holders.
14. Optional, contingent or unscheduled bond calls, prepayment or redemptions other than defeasances.
15. Release, substitution or sale of property securing repayment of the 2007A Bonds.