

\$333,050,000
WASHINGTON CONVENTION AND SPORTS AUTHORITY
(WASHINGTON, D.C.)

\$275,535,000
SENIOR LIEN DEDICATED TAX
REVENUE REFUNDING BONDS
Series 2018A
(Tax-Exempt)

\$57,515,000
SENIOR LIEN DEDICATED TAX
REVENUE BONDS
Series 2018B
(Federally Taxable)

DATED: MARCH 6, 2018
BASE CUSIP⁺: 93878L



2020 ANNUAL CONTINUING DISCLOSURE
INFORMATION STATEMENT

AS OF MARCH 31, 2021



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

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I. INTRODUCTION

The Washington Convention and Sports Authority (“WCSA”) issued \$333,050,000 Senior Lien Dedicated Tax Revenue Refunding Bonds consisting of \$275,535,000 Series 2018A (Tax-Exempt Bonds) (the “Series 2018A Bonds”) and \$57,515,000 Series 2018B (Federally Taxable) (the “Series 2018B Bonds”, and together with the Series 2018A Bonds, the “2018 Bonds”).

The proceeds of the 2018 Bonds, together with certain other funds, were used primarily to (i) current refund the Senior Lien Dedicated Tax Revenue and Refunding Bonds Series 2007A (the “2007A Bonds”); (ii) advance refund the Senior Lien Dedicated Tax Revenue and Refunding Bonds (Convention Center Hotel Project) Series 2010C (Federally Taxable Bonds) (the “2010C Bonds” and together with the 2007A Bonds, the “Refunded Bonds”); and (iii) fund the Debt Service Reserve Account Requirement for each series of the 2018 Bonds.

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

The Series 2018 Bonds are special obligations of WCSA and are secured by and payable solely from their respective Trust Estates and are secured on a parity with WCSA’s outstanding Series 2010A Bonds and Series 2010B Bonds and any future Senior Bonds or Parity Obligations by a senior lien on Dedicated Tax Receipts, as defined in the Official Statement dated February 22, 2018 (the “Official Statement”)

The 2018 Bonds are without recourse to the District, shall not be a pledge of or involve the full faith and credit or the taxing power of the District (except to the extent that the District imposes and collects the Dedicated Taxes and any Surtax thereon and the taxes generating TIF Revenues), shall not constitute a debt of the District, and shall not constitute a lending of the public credit for private undertakings as prohibited by the Home Rule Act. The 2018 Bonds are not secured by a lien on the Convention Center, the Convention Center Hotel, or any District Sports and Entertainment Facility. WCSA has no taxing power. Payment of the principal of and interest on the 2018 Bonds is not subject to annual appropriation by the Council of the District of Columbia or the Congress of the United States.

This Annual Continuing Disclosure Information Statement (“Report”) is being provided pursuant to a covenant made by WCSA for the benefit of the holders of the 2018 Bonds and includes the information specified in a Continuing Disclosure Agreement (“CDA”). For further information, a more complete description of WCSA and the 2018 Bonds, reference is made to the Official Statement.

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

THIS REPORT IS OF A FACTUAL NATURE WITHOUT SUBJECTIVE ASSUMPTIONS, OPINIONS, OR VIEWS AND MAY NOT BE RELIED UPON AS ADVICE OR RECOMMENDATION TO PURCHASE OR SELL ANY PRODUCT OR UTILIZE ANY PARTICULAR STRATEGY RELATING TO THE ISSUANCE OF MUNICIPAL SECURITIES OR PURCHASE OF FINANCIAL PRODUCTS. WILLDAN FINANCIAL SERVICES AND ITS EMPLOYEES (COLLECTIVELY "WILLDAN") DO NOT RECOMMEND ANY ACTIONS AND ARE NOT ACTING AS AN ADVISOR TO ANY MUNICIPAL ENTITY, BOARD, OFFICER, AGENT, EMPLOYEE OR OBLIGATED PERSON PURSUANT TO SECTION 15B OF THE EXCHANGE ACT. PRIOR TO ACTING ON ANY INFORMATION OR MATERIAL CONTAINED IN THIS COMMUNICATION, YOU SHOULD DISCUSS IT WITH APPROPRIATE INTERNAL OR EXTERNAL ADVISORS AND EXPERTS AND ONLY RELY UPON THEIR ADVICE.

II. REFERENCE TO PREVIOUSLY FILED INFORMATION

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

III. BOND INFORMATION

A. PRINCIPAL OUTSTANDING

Bond Issue	As of September 30, 2020 (\$ in thousands)
2018A Bonds	\$240,080
2018B Bonds	56,950
Total (2018 Bonds)	\$297,030

B. RESERVE ACCOUNTS ⁽¹⁾

Reserve Accounts	(Dollars in Thousands)		
	Investment Balances as of September 30, 2020	Minimum Required Reserve (Restricted)	Available Reserve Above the Required Minimum
<u>2018A Bonds</u>			
Capital Renewal & Replacement Account	\$83,490	\$33,394	\$50,096
Debt Service	33,474	33,474	-
Debt Service Reserve Account	27,554	27,554	-
Operating and Marketing Reserve Account	119,792	42,129	77,663
Revenue Account	141	-	141
Totals	\$264,451	\$136,551	\$127,900
<u>2018B Bonds and 2010 Bonds</u>			
Tax Increment Financing Accounts	\$28,261	\$28,261	\$-
Debt Service Reserve Account	25,290	25,290	-
Totals	\$53,551	\$53,551	\$-
Total Restricted and Non-restricted Investments	\$318,002	\$190,102	\$127,900

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

C. SENIOR DEBT SERVICE REQUIREMENTS - SERIES 2018 BONDS⁽¹⁾

Date	2018A Bonds			2018B Bonds			Aggregate Gross Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
4/1/2021	-	\$5,457,750	\$5,457,750	\$ -	\$1,158,661	\$1,158,661	\$6,616,411
10/1/2021	\$22,855,000	5,457,750	28,312,750	1,250,000	1,158,661	2,408,661	30,721,411
4/1/2021	-	4,886,375	4,886,375	-	1,139,274	1,139,274	6,025,649
10/1/2022	24,005,000	4,886,375	28,891,375	1,370,000	1,139,274	2,509,274	31,400,649
4/1/2023	-	4,286,250	4,286,250	-	1,116,655	1,116,655	5,402,905
10/1/2023	8,000,000	4,286,250	12,286,250	795,000	1,116,655	1,911,655	14,197,905
4/1/2024	-	4,086,250	4,086,250	-	1,102,687	1,102,687	5,188,937
10/1/2024	8,400,000	4,086,250	12,486,250	910,000	1,102,687	2,012,687	14,498,937
4/1/2025	-	3,876,250	3,876,250	-	1,086,061	1,086,061	4,962,311
10/1/2025	8,820,000	3,876,250	12,696,250	1,030,000	1,086,061	2,116,061	14,812,311
4/1/2026	-	3,655,750	3,655,750	-	1,066,806	1,066,806	4,722,556
10/1/2026	26,465,000	3,655,750	30,120,750	1,870,000	1,066,806	2,936,806	33,057,556
4/1/2027	-	2,994,125	2,994,125	-	1,031,846	1,031,846	4,025,971
10/1/2027	27,785,000	2,994,125	30,779,125	2,035,000	1,031,846	3,066,846	33,845,971
4/1/2028	-	2,299,500	2,299,500	-	993,496	993,496	3,292,996
10/1/2028	29,175,000	2,299,500	31,474,500	2,210,000	993,496	3,203,496	34,677,996
4/1/2029	-	1,570,125	1,570,125	-	950,744	950,744	2,520,869
10/1/2029	30,635,000	1,570,125	32,205,125	2,395,000	950,744	3,345,744	35,550,869
4/1/2030	-	804,250	804,250	-	903,814	903,814	1,708,064
10/1/2030	32,170,000	804,250	32,974,250	2,595,000	903,814	3,498,814	36,473,064
4/1/2031	-	-	-	-	852,316	852,316	852,316
10/1/2031	-	-	-	2,805,000	852,316	3,657,316	3,657,316
4/1/2032	-	-	-	-	795,950	795,950	795,950
10/1/2032	-	-	-	3,030,000	795,950	3,825,950	3,825,950
4/1/2033	-	-	-	-	734,304	734,304	734,304
10/1/2033	-	-	-	3,270,000	734,304	4,004,304	4,004,304
4/1/2034	-	-	-	-	666,959	666,959	666,959
10/1/2034	-	-	-	3,520,000	666,959	4,186,959	4,186,959
4/1/2035	-	-	-	-	591,067	591,067	591,067
10/1/2035	-	-	-	3,795,000	591,067	4,386,067	4,386,067
4/1/2036	-	-	-	-	509,247	509,247	509,247
10/1/2036	-	-	-	4,080,000	509,247	4,589,247	4,589,247
4/1/2037	-	-	-	-	421,282	421,282	421,282
10/1/2037	-	-	-	4,385,000	421,282	4,806,282	4,806,282
4/1/2038	-	-	-	-	326,742	326,742	326,742
10/1/2038	-	-	-	4,705,000	326,742	5,031,742	5,031,742
4/1/2039	-	-	-	-	225,302	225,302	225,302
10/1/2039	-	-	-	5,045,000	225,302	5,270,302	5,270,302
4/1/2040	-	-	-	-	116,532	116,532	116,532
10/1/2040	-	-	-	5,405,000	116,532	5,521,532	5,521,532
Totals	\$218,310,000	\$67,833,250	\$286,143,250	\$56,500,000	\$31,579,491	\$88,079,491	\$374,222,741

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

Note: Totals may not add up due to rounding.

IV. FINANCIAL INFORMATION

A. AUDITED FINANCIAL STATEMENTS

The audited financial statements for the WCSA for the fiscal year ended September 30, 2020 have been separately filed on EMMA and are hereby incorporated by reference into this Report.

B. STATEMENTS OF NET POSITION

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

	For Fiscal Years Ended September 30,				
	2016	2017	2018	2019	2020
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$10,501	\$13,285	\$14,522	\$17,146	\$10,263
Restricted Cash	8,204	9,690	8,974	5,414	14,512
Investments	119,329	176,323	206,758	140,100	127,900
Due from District of Columbia Accounts Receivable, Net of Allowance for Uncollectible Accounts	13,161	12,909	13,344	21,259	5,277
Prepaid Expenses and Other Assets	2,287	3,851	3,449	5,656	4,426
Accrued Interest Receivable	357	988	1,162	4,970	5,142
Accrued Interest Receivable	397	644	511	687	478
Total Current Assets	\$154,236	\$217,690	\$248,720	\$195,232	\$167,998
Noncurrent Assets:					
Lease Receivable	\$ -	\$ -	\$14,336	\$ -	\$ -
Other Receivable	47,000	46,000	39,410	28,443	18,543
Restricted Investments	231,782	230,635	190,331	214,339	190,102
Non-Depreciable Capital Assets	8,370	21,206	79,016	7,527	15,657
Depreciable Capital Assets, Net of Accumulated Depreciation	521,522	498,155	475,484	566,342	535,897
Total Noncurrent Assets	\$808,674	\$795,996	\$798,577	\$816,651	\$760,199
Total Assets	\$962,910	\$1,013,686	\$1,047,297	\$1,011,883	\$928,197
Deferred Outflow of Resources	14,504	13,320	10,692	-	9,639
Total Assets and Deferred Outflow of Resources	\$977,414	\$1,027,006	\$1,057,989	\$1,022,048	\$937,836

[Continued on next page]

	For Fiscal Years Ended September 30,				
	2016	2017	2018	2019	2020 ⁽¹⁾
LIABILITIES AND NET POSITION					
Current Liabilities:					
Accounts Payable	\$6,273	\$12,126	\$16,754	\$13,632	\$8,391
Other Liabilities	7,951	8,845	8,275	6,151	15,085
Due to District of Columbia	2,051	2,991	2,329	3,940	3,323
Compensation Liabilities	1,141	1,259	1,317	1,778	1,071
Unearned Revenue	2,365	3,394	3,273	7,211	6,885
Accrued Interest Payable	15,884	15,419	12,629	12,334	11,736
Capital Lease - Current portion	110	151	147	143	142
Bonds Payable - Current Portion	19,760	20,655	18,105	24,380	25,600
Total Current Liabilities	\$55,535	\$64,840	\$62,829	\$69,569	\$72,233
Noncurrent Liabilities:					
Compensated Absences	\$1,205	\$1,209	\$1,231	\$1,332	\$1,716
Bonds Payable, Net of Current Portion	593,439	572,276	518,135	492,501	465,647
Capital Lease, Net of Current Portion	3,714	4,972	4,825	4,683	4,540
Total Noncurrent Liabilities	\$598,358	\$578,457	\$524,191	\$498,516	\$471,903
Total Liabilities	\$653,893	\$643,297	\$587,020	\$568,085	\$544,136
Net Position:					
Net Investment in Capital Assets	\$142,344	\$146,870	\$210,772	\$247,243	\$248,039
Restricted:					
Debt Service and Capital Interest	\$25,273	\$25,754	\$23,635	\$31,310	\$33,475
Capital Renewal	18,609	18,851	21,815	31,797	33,394
Operating and Marketing Fund	42,330	48,812	50,635	67,677	42,129
Debt Service Reserve	33,700	33,700	27,554	27,554	27,554
ESA Project	37,238	23,559	6,621	-	-
Kenilworth Park	144	144	144	144	144
Unrestricted	23,883	86,019	115,871	48,239	8,965
Total Net Position	\$323,521	\$383,709	\$457,047	\$453,964	\$393,700

- (1) Net Position Restatement: The Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases, in June 2017. After the new standard issuance, WCSA entered into two lease agreements in Fiscal Year 2018 and Fiscal Year 2019. WCSA applied the new rule to recognize the two leases and plan to transition the older leases within the expected implementation effective date to allow adequate time to analyze existing leases. However, the standard does not allow to account for the lease transactions under different models. As a result, the account has been restated, and the change has increased the net position on October 1, 2019, by \$540,000. WCSA will implement GASB 87 in Fiscal Year 2021.

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

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

Table 18, as Required by the CDA

	For Fiscal Years Ended September 30,				
	2016	2017	2018	2019	2020
Operating Revenues:					
Building Rental – Events Related	\$10,231	\$9,704	\$8,417	\$8,807	\$4,807
Food Services	5,853	8,505	7,721	6,549	1,527
Electrical	2,090	2,784	3,036	2,842	1,496
Rigging	1,318	1,681	2,014	1,504	894
Parking	826	536	425	608	312
Telecommunications	1,726	2,116	2,158	2,182	1,093
Retail and Office Space Rental	701	945	1131	1203	870
Advertising and Sponsorship	1,211	782	928	946	1,093
Building Lease Rental	2369	2440	3246	3419	3922
Miscellaneous	4,105	3,527	2,425	3,105	2,329
Total Operating Revenues	\$30,430	\$33,020	\$31,501	\$31,165	\$18,343
Operating Expenses:					
Personnel Services	\$24,407	\$25,718	\$27,284	\$30,376	\$33,063
Contractual Services	19,341	20,763	23,113	33,058	25,537
Depreciation	32,032	32,543	33,996	37,828	39,599
Occupancy	6,478	5,249	6,433	6,796	5,698
Payment to District of Columbia	2,643	2,056	2,501	2,232	1,607
Miscellaneous	1,199	1,140	1,428	1,555	1,044
Bad Debt	176	64	16	74	265
Total Operating Expenses	\$86,276	\$87,533	\$94,771	\$111,919	\$106,813
Operating Loss	(\$55,846)	(\$54,513)	(\$63,270)	(\$80,754)	(\$88,470)
Non-operating Revenues and (Expenses):					
Investment Income	\$970	\$2,092	\$4,821	\$8,478	\$3,973
Dedicated Taxes	123,551	138,128	141,448	147,633	74,067
Tax Increment Financing Revenue	19,513	21,079	20,320	19,248	12,175
Miscellaneous Revenue	2,615	2,763	27,043	5,933	6,197
Interest Expense	(31,783)	(30,856)	(29,295)	(24,702)	(23,510)
Amortization of Bond Issuance Costs	(675)	(675)	(294)	729	728
Marketing Agencies and Internal Marketing	(12,600)	(14,830)	(19,846)	(20,370)	(11,640)
Hospitality & Marketing Relief and other Grants	-	-	-	-	(22,814)
Miscellaneous Expenses	-	(3,000)	(7,589)	(11,971)	(10,970)
Total Non-operating Revenues and (Expenses)	\$101,591	\$114,701	\$136,608	\$124,978	\$28,206
Excess Cash Transfer to the District ⁽¹⁾	-	-	-	(47,847)	-
Increase (Decrease) in Net Position	45,745	60,188	73,338	(3,623)	(60,264)
Net Position, Beginning of Year	277,776	323,521	383,709	457,047	453,964
Change in Accounting Principle	-	-	-	540	-
Net Position, End of Year	\$323,521	\$383,709	\$457,047	\$453,964	\$393,700

- (1) Pursuant to D.C. Official Code § 10-1202.13, if, at the end of a Fiscal Year, WCSA'S balance of cash and investments in its Convention Center Operating Fund exceeds the balance of current liabilities, reserves, and any amounts WCSA will need to purchase or redeem its outstanding indebtedness during the upcoming Fiscal Year, WCSA is required to transfer the excess, in cash, to the District's General Fund. Consistent with District law, the Master Trust Agreement, and a Memorandum of Understanding between the District and WCSA, WCSA must maintain the following reserves: (1) maximum annual debt service on outstanding bonds and notes issued by WCSA; (2) an operating reserve equal to 1.5 times the operating and marketing budget; and (3) a capital reserve of 5% of the original cost of the Convention Center adjusted for inflation. During the year ended September 30, 2019, WCSA transferred \$47.847 million to the District's General Fund for the excess funds related to the calculation for Fiscal Years 2017 and 2018 of \$27.852 million and \$19.995 million, respectively.

Source: WCSA.

V. OPERATING INFORMATION

A. HISTORICAL DEDICATED TAX RECEIPTS

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

The following table shows a ten-year history of Dedicated Tax Receipts transferred to WCSA and the Total Hotel Sales and Use Tax collected by WCSA (calculated based on actual Hotel Sales and Use Tax transferred to WCSA) for fiscal years ended September 30, 2011 through 2020.

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

Fiscal Year	Dedicated Hotel Sales Tax ⁽¹⁾	% Change	Dedicated Restaurant/Rental Car Sales Tax ⁽¹⁾	% Change	Total Dedicated Tax Receipts ⁽²⁾	% Change
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	3.1%
2014	70,089	(0.2%)	35,362	4.5%	105,451	1.3%
2015	78,378	11.8%	38,070	7.7%	116,448	10.4%
2016 ⁽³⁾	83,805	6.9%	39,746	4.4%	123,551	6.1%
2017 ⁽³⁾	95,867	14.4%	42,261	6.3%	138,128	11.8%
2018 ⁽³⁾	100,106	4.4%	41,342	(2.2%)	141,448	2.4%
2019 ⁽³⁾	101,426	1.3%	46,207	11.8%	147,633	4.4%
2020 ⁽³⁾	45,283	(55.4%)	28,784	(37.7%)	74,067	(49.8%)

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

(2) WCSA calculates projections of the amounts of total Dedicated Tax Receipts allocable to Dedicated Hotel Sales Tax revenues and to Dedicated Restaurant/Rental Car Sales Tax revenues using average historical allocations as a benchmark. As reflected in this table, however, the respective tax revenues generally do not increase or decrease in lock step. At this time, WCSA expects COVID-19 to continue to impact Dedicated Tax Receipts in Fiscal Years 2021-2022, but return to more historical growth patterns in Fiscal Years 2023-2025.

B. VISITOR VOLUME-WASHINGTON, D.C.

The following table indicates the annual volume of domestic and international visitors to the District in calendar years 2015-2019.

Table 5, as Required by the CDA

(In Millions of Visitors)

<u>Year</u>	<u>Domestic</u>	<u>Overseas</u>	<u>Total</u>
2015	19.3	2.0	21.3
2016	20.0	2.0	22.0
2017	20.8	2.0	22.8
2018	21.9	1.9	23.8
2019	22.8	1.8	24.6

Sources: MMGY Travel Insights; Travel Market Insights, National Travel & Tourism Office, U.S. Department of Commerce; data reflects visitation to the District of Columbia only. Data is shown on a calendar year basis; 2020 visitor volume is expected to be available in the spring/summer of 2021.

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

The following table sets forth the ten largest hotels in DC, including the number of guestrooms, as of September 30, 2020

Table 6, as Required by the CDA

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

(1) Note, this list includes hotels that are temporarily closed due to COVID-19.

(2) One of the largest hotels in the District of Columbia, the Washington Marriott Wardman Park with 1,152 rooms, closed on March 26, 2020 due to COVID-19 and did not reopen. In January 2021, the hotel owner filed for bankruptcy and announced that it would permanently close the hotel with the intention of selling the property as part of its reorganization.

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

D. HOTEL OCCUPANCY RATES

The following tables set forth **percent of hotel occupancy** and **average daily room rates** in the District and in the United States in calendar years 2016 through 2020, and as of September 30, 2020.

Table 7, as Required by the CDA

Washington, D.C. Hotel Occupancy 2016-2020

Calendar Year	D.C.	National
2016	78.4%	65.5%
2017	78.7%	65.9%
2018	77.5%	66.2%
2019	76.3%	66.1%
2020	30.1%	44.0%

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

Source: STR (formerly known as Smith Travel Research)

Table 8, as Required by the CDA

Washington, D.C. Average Daily Room Rate 2016-2020

Calendar Year	D.C.	National
2016	\$223.84	\$123.97
2017	\$233.68	\$126.72
2018	\$221.47	\$129.83
2019	\$225.93	\$131.21
2020	\$172.41	\$103.25

(1) ADR is not available for September 2020 YTD on a national level.

Source: STR (formerly known as Smith Travel Research)

E. DEBT SERVICE COVERAGE RATIO

The following table sets forth the Debt Service Coverage ratio from Dedicated Tax Receipts for fiscal years 2016 through 2020.

Table 3, as Required by the CDA

**Debt Service Coverage Ratio
(Dollars in Thousands)**

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Dedicated Hotel Sales Tax Receipts ^(1,2)	\$83,451	\$95,256	\$100,106	\$101,426	\$45,283
Dedicated Restaurant /Rental Car Sales	40,100	42,872	41,342	46,207	28,784
Total Dedicated Tax Receipts ^(1,2)	\$123,551	\$138,128	\$141,448	\$147,633	\$74,067
Net Debt Service (All Bonds)	\$51,131	\$51,041	\$40,991	\$47,932	\$47,927
DSCR (without credit for prior application of Other Principal Revenue Sources)	2.42x	2.71x	3.45x	3.08x	1.55x
DSCR (without credit for prior application of Other Principal Revenue Sources)	3.69x	4.12x	4.11x	3.66x	1.98x

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

F. HOTEL SALES TAX COLLECTION HISTORY

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

Table 9, as Required by the CDA

**Hotel Sales Tax Collection History ⁽¹⁾
Fiscal Years 2016 – 2020
(Dollars in Thousands)**

	2016	2017	2018	2019	2020
Number of Hotels	129	132	137	140	124
Number of Rooms	31,156	31,673	32,593	33,434	26,597
Total Hotels Sales Tax ⁽²⁾	\$273,073	\$312,374	\$311,909	\$319,224	\$142,523
Total Dedicated Hotel Sales Tax	\$83,805	\$95,867	\$100,106	\$101,426	\$45,283

(1) Number of Hotels and Number of Rooms reflect a snapshot as of the third quarter of each calendar year (July-September).

(2) Total Hotel Sales Tax revenues are unaudited; figures are derived by WCSA from the total audited Dedicated Tax Receipts transferred to WCSA and from reports from the D.C. Office of Tax and Revenue and the Lockbox Bank for the specific year. WCSA does not audit Hotel Sales Tax revenues separately in connection with its audit process.

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

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

G. NUMBER OF EATING AND DRINKING ESTABLISHMENTS IN THE DISTRICT

Table 10, as Required by the CDA

Year	Establishments⁽¹⁾
2016	2,267
2017	2,325
2018	2,438
2019	2,493
2020 ⁽²⁾	2,528

(1) Includes only establishments with payroll employees.

(2) Projection based on the average of the first three quarters of 2020.

Source: 2016, National Restaurant Association.

Source: 2017 – 2020, BLS Quarterly Census of Employment and Wages.

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

Table 11, as Required by the CDA

Year	Jobs ⁽¹⁾
2016	51,500
2017	52,800
2018	54,800
2019	55,500
2020	37,330

(1) Includes only payroll employees.

Sources: Bureau of Labor Statistics; 2019 National Restaurant Association.

I. RESTAURANT INDUSTRY SALES IN THE DISTRICT

Table 12, as Required by the CDA

Calendar Year	Sales
2016	\$4.0 billion
2017	\$4.2 billion
2018	\$4.1 billion
2019	\$4.6 billion
2020	\$2.8 billion

Source: Office of Revenue Analysis

Table 13, as Required by the CDA

**Restaurant/Rental Car Sales Tax at 10% for Fiscal Years 2016 – 2020⁽¹⁾
(Dollars in Thousands)**

	2016	2017	2018	2019	2020
Total Restaurant/Rental Car Sales Tax	\$397,458	\$422,614	\$413,419	\$462,254	\$279,670
Total Dedicated Restaurant/Rental Car Sales Tax	39,746	42,261	41,342 ⁽²⁾	46,207 ⁽²⁾	28,784

(1) Restaurant/Rental Car Sales Tax numbers are unaudited. Figures are derived by the WCSA from the total audited Dedicated Tax Receipts transferred to the WCSA and from reports from the D.C. Office of Tax and Revenue and the Lockbox Bank for the specific year. WCSA does not audit Restaurant/Rental Car Sales Tax revenues separately in connection with its audit process.

(2) Revised in March 2021.

Source: WCSA

J. NET DEBT SERVICE COVERAGE FROM OTHER PRINCIPAL REVENUE SOURCES

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

2010A and 2010B Bonds				Series 2018B Bonds			Debt Service to be paid and Expected to be paid from Dedicated Tax Receipts					
Fiscal Year	Series 2010A/B Net Debt Service	TIF Revenues	Series 2010A and Series 2010B Debt Service Coverage from TIF Revenues	Series 2018B Net Debt Service ⁽¹⁾	WCASA Lease Payments and Loan Prepayments ⁽²⁾	Serie 2018B Debt Service Coverage from WCASA Lease Payments and Loan Prepayments	Series 2018A Net Debt Service	Remainder of Series 2010A, 2010B and 2018B and Series 2010C/2018B		Aggregate Debt Service paid and Expected to be paid from Dedicated Tax Receipts	Dedicated Tax Receipts	Debt Service Coverage
								Net Debt Services to be paid from Dedicated Tax Receipts	Net Debt Services to be paid from Dedicated Tax Receipts			
2020	\$12,357	\$12,175	0.99X	\$2,559	\$2,589	1.01X	\$33,011	\$0	\$33,011	\$74,067	2.24X	

K. ACTUAL EVENTS BY FISCAL YEAR

Table 14, as Required by the CDA

Fiscal Year	Actual Number of Events	Number of Attendees
2016	217	1,461,513
2017	185	1,165,425 ⁽¹⁾
2018	167 ⁽²⁾	1,563,622 ⁽³⁾
2019	147	1,059,809
2020	57	569,534 ⁽⁴⁾

- (1) The drop in number of attendees in WCSA events is primarily attributable to a biennial public show that typically attracts approximately 250,000 attendees; a one-time date shift for the annual Auto Show, resulting in a decline in attendance; and a restating of the attendance for an annual volleyball tournament to reflect unique registrants rather than daily total registrants. The biennial public show takes place in even-numbered years and is scheduled to return in Fiscal Year ("FY") 2020; the Auto Show has returned to its regular booking pattern.

Unlike venues that charge ticketed admission to events, attendance is not a primary key performance indicator for major convention centers. Convention center revenues are based on rent and certain ancillary concession revenues. Attendance is useful for measuring usage, but not as a key performance indicator for revenues.

- (2) Regarding the total number of events: While the total number of events has declined, the decline is largely the result of reduction of internal bookings of single-day events that do not materially affect the Convention Center's overall occupancy or revenue performance.
- (3) Regarding the total attendance: The FY 2019 Citywide events equaled the same number of Citywide events as FY 2018, but included fewer building-wide events. The year-over-year comparison of Citywide events show an average attendance of 23,235 for FY 2018 Citywides and an average attendance of 16,889 for FY 2019 Citywides. This is paralleled with a reduction in average leased space per Citywide event, from 746,319 Gross Square Footage (GSF) in FY 2018 to 684,890 in FY 2019. Given the unusual performance of FY 2018, FY 2019 was expected to be a correction year.
- (4) Prior to the COVID-19 pandemic, the Authority had projected a total of 1,174,550 in number of attendees for 2020.

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

Source: WCSA

L. TOP TEN EVENTS BY ATTENDANCE

**Table 15, as Required by the CDA
Fiscal Years 2016-2020**

	Meeting Name	Attendance	Date of Event
1.	USA Science and Engineering Festival	370,000 ^(1,2)	Apr. 7-8, 2018
2.	Washington Auto Show	250,000 ^(1,3)	Jan. 25-Feb. 2, 2020
3.	National Book Festival	150,000 ^(1,2)	Aug. 31, 2019
4.	GEICO All Star FanFest	112,390 ⁽⁴⁾	July 13-17, 2018
5.	Mizuno Capitol Hill Volleyball Classic	95,177 ⁽⁵⁾	Feb. 18-20, 2017
6.	NBC Health & Fitness Expo	83,500 ^(1,2)	Jan. 7-8, 2017
7.	Awesome Con DC	69,000 ^(1,3)	Apr. 26-28, 2019
8.	40 th Annual Marine Corps Marathon Anniversary Celebration	60,000 ⁽²⁾	Oct. 23-24, 2015
9.	Association of the US Army	32,872 ⁽⁴⁾	Oct. 14-16, 2019
10.	Society for Neuroscience Annual Convention	30,024 ⁽⁴⁾	Nov. 11-15, 2017

1. Annual or semi-annual consumer event; highest attendance recorded, Fiscal Years 2016-2020.

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

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

4. Audited official attendance number provided by event organizer.

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

M. MAJOR EVENTS BY FISCAL YEAR

The following major events were held at the Convention Center during the fiscal years 2016 through 2020, beginning with the most recent completed fiscal year ⁽¹⁾.

Table 16, as Required by the CDA

Meeting Name	Attendance
FY2020 ⁽²⁾	
Washington Auto Show	250,000
NBC4 Health & Fitness Expo	70,000
Capitol Hill Classic Volleyball Tourney	36,053
Association of the US Army	32,872
American Israel Public Affairs Committee	18,544
FY2019	
Washington Auto Show	187,500
National Book Festival	150,000
NBC4 Health and Fitness Expo	70,000
Awesome Con	69,000
Capitol Hill Classic Volleyball Classic	33,000
FY2018	
USA Science and Engineering Festival	370,000
Washington Auto Show	250,000
National Book Festival	150,000
GEICO All-Star FanFest	112,390
Mizuno Capitol Hill Volleyball Classic	93,066
FY2017	
Washington Auto Show	250,000
Mizuno Capitol Hill Volleyball Classic	95,177
National Book Festival 2017	85,000
NBC4 Health & Fitness Expo	83,500
Awesome Con DC	60,000
FY2016	
USA Science and Engineering Festival	365,000
Washington Auto Show	250,000
NBC4 Health & Fitness Expo	83,500
ASICS Capitol Hill Classic Volleyball Tourney	77,046
2015 40th Annual Marine Corps Marathon Anniversary Celebration	60,000

[Footnotes continued on next page]

- (1) The events listed do not necessarily include the top-five events by attendance in such fiscal years. The listed events generally represent the largest events that require significant overnight lodging commitments for event attendees. Such events are not the most attended events, which are primarily local consumer events. Some local events are shown to demonstrate growth, but these events have little or no impact on hotel occupancy. Such events do have some impact on restaurant sales, but such impact is not typically significant. The events shown are selected because of their positive impact on hotel occupancy and restaurant sales.
- (2) We have developed a methodology for assigning a total valuation for an event based on four factors: Attendance, Actual Total Room Nights, Final Total Net Revenue to Events DC and Actual Economic Impact. This appears to yield a balanced picture of the total value of the event to Events DC. Thus, events that generate significant revenue to Events DC are not penalized because of lack of hotel room night production; and events that generate significant hotel room night production but do not yield significant revenue or economic impact are not overweighted.

Source: WCSA

N. FUTURE MAJOR EVENTS BY FISCAL YEAR

The following table reflects certain future major events scheduled to be held at the Convention Center during Fiscal Years 2021 through 2025. Attendance estimates have been adjusted to reflect the impact of COVID-19 and related public health restrictions with additional details described in the footnotes to the table.

Table 17, as Required by the CDA

Meeting Name	COVID Adjusted Attendance
FY 2021 ⁽¹⁾	
Awesome Con 2021	16,250
National Book Festival	10,000
Otakon 2021	6,750
Travel and Adventure Show	2,500
Satellite 2021	1,950
AWS World Public Sector Summit	1,750
New York Life Ins. Co. 2021 Executive Council Mtg.	1,250
Washington Israel Summit	1,000
Washington Metro Chapter CAI	500
Sneaker Con	500
FY 2022 ⁽²⁾	
Washington Auto Show	75,000
Mizuno Capitol Hill Volleyball Classic	75,000
National Book Festival 2022	62,500
NBC4 Health & Fitness Expo	13,500
Awesome Con DC	13,000
Presidential Inaugural Committee	12,500
Otakon 2022 Annual Convention	7,500
Association of the US Army	5,500
American Association for Cancer Research	5,000
National Math Festival	3,750

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Meeting Name	COVID Adjusted Attendance
FY 2023 ⁽³⁾	
Washington Auto Show	187,500
National Book Festival	150,000
Otakon 2023 Annual Convention	27,000
Association of the US Army	22,500
American Thoracic Society International Conference	16,000
National Assoc. for the Education of Young Children	15,000
American Psychological Association Annual Meeting	14,000
AIPAC Policy Conference 2023	13,500
Amazon Web Services World Public Sector Summit	10,000
North America Sales Meeting 2023	9,000
FY 2024 ⁽⁴⁾	
USA Science and Engineering Festival	300,000
Washington Auto Show	250,000
Association of the US Army	30,000
Otakon 2024 Annual Convention	27,000
Society for Neuroscience Annual Convention	25,000
Digestive Disease Week	25,000
AIPAC 2024 Policy Conference	18,000
AERA Annual Meeting 2024	16,000
American Academy of Pediatrics	15,000
ASCD Annual Conference and Exhibit Show	15,000
FY 2025 ⁽⁵⁾	
Washington Auto Show	250,000
National Book Festival 2025	100,000
Presidential Inaugural Committee	42,500
Association of the US Army	30,000
Otakon 2025 Annual Convention	27,000
AGU Fall Meeting	24,000
AIPAC 2025 Policy Conference	18,000
American Chemical Society Annual Meeting	15,000
American College of Rheumatology Ann. Mtg.	15,000
ASTRO's 64th Annual Convention	12,500

- (1) Attendance figures for Fiscal Year 2021 assume that events are allowed to resume by the fourth quarter of Fiscal Year 2021 per health guidelines in the District of Columbia; attendance forecast at 25% of original estimate.
- (2) Attendance figures for Fiscal Year 2022 assume that events are allowed to resume per health guidelines in the District of Columbia; attendance forecast at (i) 25% of original estimate for the first and second quarters of Fiscal Year 2022 and (ii) 50% of original estimate for the third and fourth quarters of Fiscal Year 2022.
- (3) Attendance figures for Fiscal Year 2023 assume that events are allowed to resume per health guidelines in the District of Columbia; attendance forecast at (i) 75% of original estimate for the first and second quarters of Fiscal Year 2023 and (ii) 100% of original estimate for the third and fourth quarters of Fiscal Year 2023.
- (4) Attendance figures for Fiscal Year 2024 assume that events are allowed to resume per health guidelines in the District of Columbia; attendance forecast 100% of original estimate.
- (5) Attendance figures for Fiscal Year 2025 assume that events are allowed to resume per health guidelines in the District of Columbia; attendance forecast 100% of original estimate.

O. FISCAL YEAR 2021 BUDGET

Table 19, as Required by the CDA

Description	Approved Original - March 2020 ⁽¹⁾	Revised May 2020 Revision ⁽²⁾	Revised January 2021 Revision ⁽³⁾
<u>Operating Revenues</u>			
Building Rental	\$9,312,274	\$6,533,481	\$2,141,040
Food Service	7,011,538	4,488,474	505,780
Electrical	2,711,563	1,237,900	90,044
Rigging	1,319,294	617,000	28,980
Telecommunications	1,755,856	953,100	83,240
Audio Visual	642,163	39,828	2,511
Retail Space Rental	685,859	685,859	683,208
Digital Signage	84,600	184,678	17,580
Parking	632,539	469,441	313,496
Event Services	856,994	899,975	336,241
Advertising and Sponsorship	717,500	375,000	610,750
Office Rent	101,655	70,000	544,328
Facility Fee	300,286	206,333	129,253
Carnegie Library	816,605	816,605	816,605
Miscellaneous	1,096,898	500,786	226,502
Ticket Sales	343,385	143,443	64,465
Event Services Cost	1,101,906	826,430	-
Total Operating Revenues	\$29,490,915	\$19,048,331	\$6,594,024
<u>Operating Expenses</u>			
<u>Personal Services</u>			
Full-time Salaries	\$26,726,306	\$23,223,530	\$23,421,822
Part-time Salaries	1,818,866	1,818,866	1,826,743
Overtime	709,953	709,953	-
Fringe Benefits	8,772,081	7,199,294	7,792,058
Total Personal Services	\$38,027,206	\$32,951,643	\$33,040,624
<u>Non-Personal Services</u>			
Supplies	\$944,639	\$944,639	\$753,356
Utilities	7,257,891	7,257,891	5,553,417
Professional/Contractual	32,780,609	27,780,609	21,412,501
Equipment	449,515	449,515	417,765
Subsidies and Transfers	375,950	375,950	905,000
Total Non-Personal Services	\$41,808,605	\$36,808,605	\$29,042,039
Total Operating Expenses	\$79,835,810	\$69,760,248	\$62,082,663
Net Operating Loss/Surplus	(\$50,344,896)	(\$50,711,916)	(\$55,488,639)

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Non-Operating Revenue

Dedicated Taxes - Convention Center	\$156,513,000	\$89,444,000	\$57,350,000
Interest Income	3,521,943	3,521,943	718,474
Lease Income (Plumber's Building)	2,746,320	2,746,320	-
Dedicated Taxes - Destination DC	7,472,000	3,701,000	1,905,000
Hotel Contribution Reimbursement	-	-	7,000,000
Ballpark Maintenance Fee	1,500,000	1,500,000	1,500,000
Total Non- Operating Revenue	\$171,753,263	\$100,913,263	\$68,473,474

Non-Operating Expenses

Marketing Fund	\$24,794,834	\$10,643,836	\$8,621,879
Dedicated Taxes - Destination DC	7,472,000	3,701,000	1,905,000
Debt Service	37,363,217	37,363,217	37,363,217
Possessory Interest Tax	366,660	366,660	855,000
Total Non- Operating Expenses	\$69,996,711	\$52,074,713	\$48,745,096

Net Non-Operating (Loss)/Surplus	\$101,756,552	\$48,838,550	\$19,728,378
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Total Revenue	\$201,244,177	\$119,961,594	\$75,067,498
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Total Expense	\$149,832,521	\$121,834,961	\$110,827,759
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Total Surplus (Operating+Non-Operating)	\$51,411,657	(\$1,873,366)	(\$35,760,260)
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Less Capital & Other

Capital Expenditures	\$54,449,575	\$26,999,825	\$16,573,825
Cultural Institutions Grants	10,000,000	-	-
District Music Grant	-	-	1,000,000
Reopen DC (Marketing)	-	3,000,000	3,000,000

Total Capital & Other	\$64,449,575	\$29,999,825	\$20,573,825
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Total Surplus/(Loss)	(\$13,037,918)	(\$31,873,191)	(\$56,334,085)
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- (1) The approved budget from March 2020 was before the significance of the COVID-19 pandemic was fully known.
- (2) The revised budget from May 2020 reflects the severity of COVID-19 and expectations for the rest of the Fiscal Year.
- (3) The revised budget from January 2021 reflects the deepening impact of COVID-19 shortly before the commencement of the large scale rollout of vaccines.

P. SUMMARY FY REVENUE AND EXPENSES

Table 20, as Required by the CDA

Fiscal Year End 2020

	<u>Actual</u>
<u>Operating</u>	
Revenue	\$15,624,116
Expenses	59,590,816
Surplus/(Deficit)	<u>(\$43,966,700)</u>
<u>Non-Operating</u>	
Revenue	\$82,179,667
Expenses	55,288,008
Surplus/(Deficit)	<u>26,891,659</u>
Total Surplus/(Deficit)	<u>(\$17,075,041)</u>
<u>Capital & Other</u>	
Capital	\$19,812,430
Other	22,813,839
Total Capital & Other	<u>42,626,269</u>
Surplus/(Deficit)	<u>(\$59,701,310)</u>

VI. RECENT EVENTS—FUTURE IMPACTS

Due to the nature of the WCSA’s business, it is involved in several claims and lawsuits. In the opinion of management and legal counsel, the expected outcome of claims and lawsuits, individually, or in the aggregate will not have a material adverse effect on the audited financial statements for the fiscal year ended September 30, 2020.

The WCSA evaluated the subsequent events and transactions through January 7, 2021, the date the audited financial statements for the fiscal year ended September 30, 2020 were available for issue, and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

VII. OCCURRENCE OF LISTED EVENTS

The Continuing Disclosure Covenants outline the Occurrence of Listed Events that must be reported in not more than ten (10) business days after the occurrence of the event, **irrespective of any determination as to whether such event may or may not be deemed material**. The WCSA has no knowledge that any of the events listed below have occurred that have not been previously reported during the fiscal year ended September 30, 2020.

1. Principal and interest payment delinquencies on the 2018 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 2018 Bonds.
6. Defeasances.
7. Tender offers.
8. Bankruptcy, insolvency, receivership or similar proceedings pertaining to WCSA.
9. Ratings changes.

The Continuing Disclosure Covenants outline the Occurrence of Listed Events that must be reported in not more than ten (10) business days after the occurrence of the event, **if deemed material**. The WCSA has no knowledge that any of the events listed below have occurred that have not been previously reported during the fiscal year ended September 30, 2020.

10. Mergers, consolidations, acquisitions, the sale of all or substantially all 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 2018 Bonds.