Washington State Convention Center
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Expansion Committee Briefing on Funding Strategy

July 31, 2014

PFM®

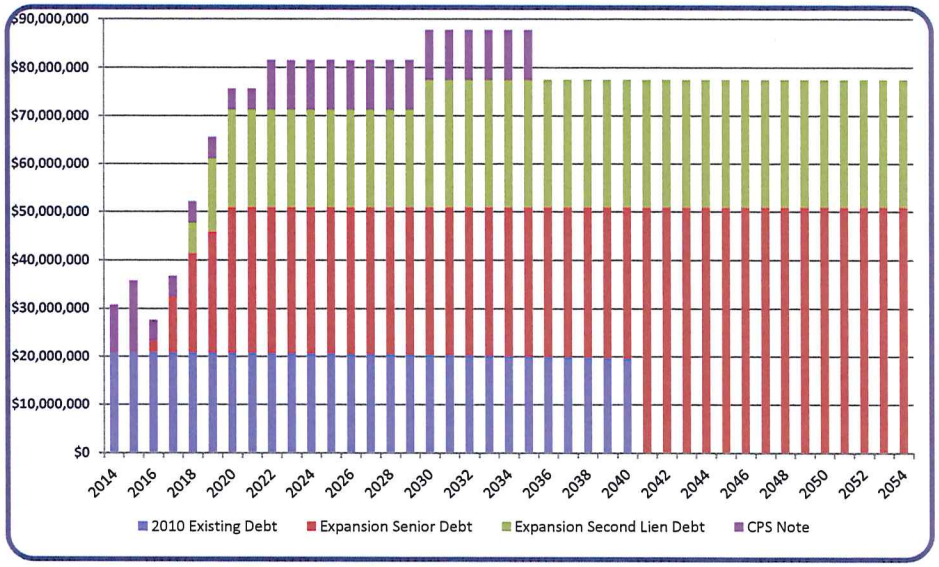
Preliminary Draft for Discussion Only

Finance Plan Summary

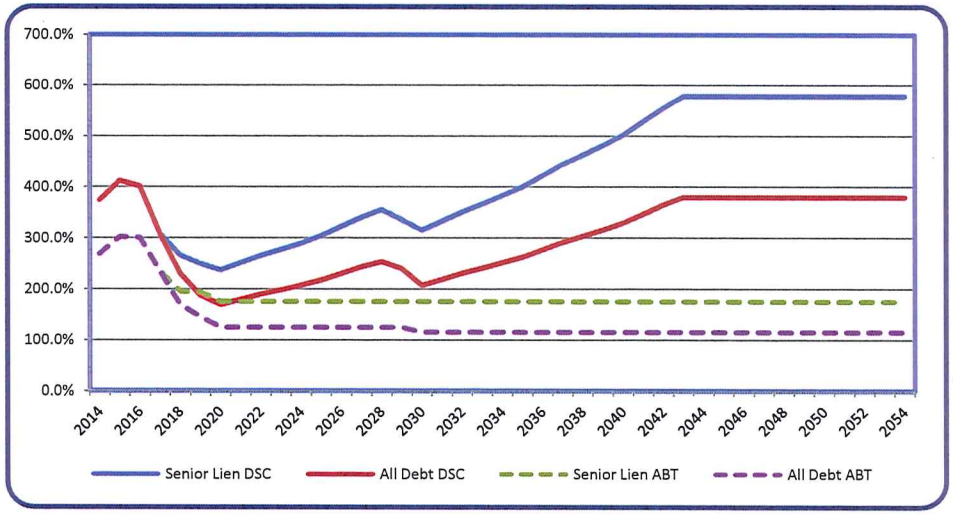
- **Senior Lien Bond Issues**
  - 2016, 2017, 2018, 2019
- **Second Lien Bond Issues**
  - 2018, 2019
- **Senior and Second Lien Debt Term**
  - Construction period plus 35 years
- **CPS Subordinated Note**
  - Repaid by 2035
- **WSCC Contributed Cash**
  - Fund project draws through mid-2016
  - Fund deposits to debt service reserves
- **Project Fund Investment Income**
  - Projected at conservative yield on undrawn balance
- **Metro Transit Construction Agreement**
  - Reimbursement or reduction in project budget

- **Senior Lien debt limited by 2010 Bonds ABT**
  - Hotel Tax in year prior to each new issue must be at least 175% of maximum annual debt service
- **Second Lien debt limited by Transfer Agreement**
  - Hotel Tax in year prior to each new issue must be at least 125% of maximum annual debt service on all bonds through 2029.
  - After 2029, Second Lien debt service is increased to a achieve a target of 115% coverage on all bonds based on Hotel Tax in year prior to each isuance
- **CPS Subordinate Note**
  - Repayment must be subordinate to year-end rebate of Additional Tax to the State

Projected Debt Structure



Bond Debt Coverage & ABT



WSCC Expansion Funding Summary

Funding Sources:	
2014 Subordinated CPS Note	$129,000,000
2016 Senior Lien Bonds	108,075,000
2017 Senior Lien Bonds	323,260,000
2018 Senior Lien Bonds	123,315,000
2018 Second Lien Bonds	302,420,000
2019 Senior Lien Bonds	90,170,000
2019 Second Lien Bonds	125,645,000
Financing Gross Proceeds [1]	$1,201,885,000
Other Known Funding Sources:	
WSCC Contribution to Construction	$204,566,479
Project Fund Investment Income	$1,978,958
Metro Layover & Transit Reimbursement	$36,792,000
Total Funding Sources	**$1,445,222,437**
Project Uses:	
Land Acquisition	$245,296,276
Construction Hard Costs	910,409,996
Construction Soft Cost	134,096,996
Construction Contingency	90,000,000
Financing Costs	8,589,480
Debt Service Reserve Deposits	56,692,000
Total Project Costs	**$1,445,084,748**
Funding Surplus/(Deficit) [3]	$137,689
Other Potential Funding Sources:	
Construction Sales Tax Deferral	$59,176,650
Refinements to Debt Strategy [2]	25,000,000
Surplus Property Sale	5,000,000
Sale of Development Rights	15,000,000
Debt Supported By Expiring Stadium Taxes	40,000,000
Total Other Potential Funding Sources	$144,176,650

(1) Assumes bond market conditions as of July 1, 2014

(2) Increased use of variable rate debt, increased debt term

(3) Funding Surplus decreases approximately $36,250,000 per 0.25% increase in interest rate

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WSCC Expansion Cashflow Forecast

Fiscal Year	Total Tax Revenues [1]	Less: Total Debt Service	Less: Additional Tax Rebate to State	Less: Subordinate CPS Note	Less: Operating Transfer	Less: Reserve Deposits [2]	Less: Contributions To Construction	Annual Cash Surplus	Unrestricted Cumulative Surplus
2013									102,500,000
2014	77,791,000	(20,778,090)	(14,563,000)	(10,000,000)	(10,540,000)	(4,272,000)	(58,627,800)	(40,989,890)	61,510,110
2015	86,014,000	(20,869,050)	(16,137,000)	(14,760,000)	(11,648,000)	(4,336,000)	(49,392,838)	(31,128,888)	30,381,221
2016	93,165,000	(23,208,027)	(17,530,000)	(4,360,000)	(12,608,000)	(4,401,000)	(34,365,841)	(3,307,868)	27,073,353
2017	99,394,000	(32,336,477)	(18,738,000)	(4,360,000)	(13,445,000)	(4,467,000)	(22,500,000)	3,547,523	30,620,876
2018	110,044,000	(47,810,008)	(20,949,000)	(4,360,000)	(14,852,000)	(4,534,000)	(26,975,000)	(9,436,008)	21,184,868
2019	114,722,000	(61,205,508)	(21,815,000)	(4,360,000)	(15,488,000)	(4,602,000)	(12,705,000)	(5,453,508)	15,731,360
2020	120,560,000	(71,274,909)	(22,918,000)	(4,360,000)	(16,277,000)	(9,920,000)		(4,189,909)	11,541,451
2021	127,777,000	(71,273,287)	(24,314,000)	(4,360,000)	(17,247,000)	(10,053,000)		529,713	12,071,165
2022	134,957,000	(71,274,053)	(25,695,000)	(10,318,918)	(18,214,000)	(4,971,000)		4,484,029	16,555,193
2023	141,171,000	(71,271,380)	(26,863,000)	(10,318,918)	(19,055,000)	(5,045,000)		8,617,702	25,172,895
2024	147,441,000	(71,273,221)	(28,056,000)	(10,318,918)	(19,901,000)	(5,121,000)		12,770,861	37,943,756
2025	155,011,000	(71,275,110)	(29,475,000)	(10,318,918)	(20,927,000)	(5,198,000)		17,816,972	55,760,728
2026	164,178,000	(71,272,128)	(31,210,000)	(10,318,918)	(22,166,000)	(5,276,000)		23,934,954	79,695,682
2027	173,307,000	(71,273,458)	(32,950,000)	(10,318,918)	(23,398,000)	(5,355,000)		30,011,624	109,707,306
2028	180,978,000	(71,273,920)	(34,413,000)	(10,318,918)	(24,432,000)	(5,435,000)		35,105,162	144,812,468
2029	171,196,500	(71,274,256)	(18,006,500)	(10,318,918)	(25,537,000)	(5,517,000)		40,542,826	185,355,294
2030	160,626,000	(77,469,394)		(10,318,918)	(26,776,000)	(5,600,000)		40,461,688	225,816,981
2031	169,563,000	(77,473,720)		(10,318,918)	(28,266,000)	(5,684,000)		47,820,362	273,637,343
2032	178,594,000	(77,472,828)		(10,318,918)	(29,772,000)	(5,769,000)		55,261,254	328,898,597
2033	186,494,000	(77,470,876)		(10,318,918)	(31,089,000)	(5,856,000)		61,759,206	390,657,803
2034	194,961,000	(77,471,277)		(10,318,918)	(32,500,000)	(5,943,000)		68,727,805	459,385,608
2035	203,751,000	(77,473,593)		(10,318,918)	(33,965,000)	(6,032,000)		75,961,488	535,347,096
Fiscal Years 2036 - 2054 Not Displayed, Results Not Meaningful									
							(204,566,479)		

1) PKF Consulting Revenue Report dated June 24, 2014

2) Operating Reserve & Capital Reserve deposits per WSCC policy

WSCC Construction Funding Model

Date	Land	Contingency	Soft Cost Draws	Construction Hard Cost Draws	0.00% Sales Tax Deferral	Net Total Draws Draws	Cash Contribution	Net Bond Proceeds	0.50% Interest Income	Project Fund Balance
12/1/13						0			0	0
1/1/14	56,446,000				0	56,446,000	56,446,000		0	0
2/1/14					0	0			0	0
3/1/14					0	0			0	0
4/1/14					0	0			0	0
5/1/14					0	0			0	0
6/1/14					0	0			0	0
7/1/14					0	0			0	0
8/1/14					0	0			0	0
9/1/14					0	0			0	0
10/1/14					0	0			0	0
11/1/14	129,000,000				0	129,000,000		129,000,000	0	0
12/1/14	11,000		2,170,800		0	2,181,800	2,181,800		0	0
1/1/15					0	0			0	0
2/1/15					0	0			0	0
3/1/15					0	0			0	0
4/1/15					0	0			0	0
5/1/15					0	0			0	0
6/1/15			19,380,700		0	19,380,700	19,380,700		0	0
7/1/15	30,012,138				0	30,012,138	30,012,138		0	0
8/1/15					0	0			0	0
9/1/15					0	0			0	0
10/1/15					0	0			0	0
11/1/15					0	0			0	0
12/1/15					0	0			0	0
1/1/16					0	0			0	0
2/1/16					0	0			0	0
3/1/16				5,578,125	0	5,578,125	5,578,125		0	0
4/1/16					0	0			0	0
5/1/16					0	0			0	0
6/1/16		4,050,000	13,937,200	5,578,125	0	23,565,325	10,075,716	108,004,000	0	94,514,391
7/1/16	29,827,138				0	29,827,138	14,000,000		39,381	78,726,634
8/1/16					0	0			32,803	78,759,437
9/1/16				5,578,125	0	5,578,125			32,816	73,214,128
10/1/16					0	0			30,506	73,244,634
11/1/16					0	0			30,519	73,275,153
12/1/16				5,578,125	0	5,578,125			30,531	67,727,559
1/1/17					0	0			28,220	67,755,779
2/1/17					0	0			28,232	67,784,010

Date	Land	Contingency	Soft Cost Draws	Construction Hard Cost Draws	0.00% Sales Tax Deferral	Net Total Draws Draws	Cash Contribution	Net Bond Proceeds	0.50% Interest Income	Project Fund Balance
3/1/17		10,800,000	19,434,858	37,467,708	0	67,702,566			28,243	109,688
4/1/17					0	0			46	109,733
5/1/17					0	0			46	109,779
6/1/17		9,900,000	5,294,858	57,548,958	0	72,743,816		320,673,920	46	248,039,929
7/1/17					0	0			103,350	248,143,279
8/1/17					0	0			103,393	248,246,672
9/1/17		8,100,000	5,294,858	69,764,583	0	83,159,441			103,436	165,190,667
10/1/17					0	0			68,829	165,259,496
11/1/17					0	0			68,858	165,328,355
12/1/17		8,100,000	5,294,858	70,098,333	0	83,493,191	8,500,000		68,887	90,404,050
1/1/18					0	0			37,668	90,441,719
2/1/18					0	0			37,684	90,479,403
3/1/18		8,100,000	5,294,858	77,033,333	0	90,428,191			37,700	88,912
4/1/18					0	0			37	88,949
5/1/18					0	0			37	88,986
6/1/18		8,100,000	5,294,858	114,033,958	0	127,428,816		422,328,480	37	294,988,687
7/1/18					0	0			122,912	295,111,599
8/1/18					0	0			122,963	295,234,562
9/1/18		8,100,000	5,294,858	88,523,333	0	101,918,191			123,014	193,439,385
10/1/18					0	0			80,600	193,519,985
11/1/18					0	0			80,633	193,600,618
12/1/18		6,750,000	5,294,858	89,675,208	0	101,720,066	1,000,000		80,667	92,961,219
1/1/19					0	0			38,734	92,999,953
2/1/19					0	0			38,750	93,038,703
3/1/19		5,850,000	5,294,858	81,809,583	0	92,954,441			38,766	123,028
4/1/19					0	0		214,088,480	51	214,211,559
5/1/19					0	0			89,255	214,300,814
6/1/19		5,400,000	5,366,358	96,813,333	0	107,579,691			89,292	106,810,415
7/1/19					0	0			44,504	106,854,920
8/1/19					0	0			44,523	106,899,442
9/1/19		4,500,000	5,938,358	73,757,083	0	84,195,441			44,541	22,748,543
10/1/19					0	0			9,479	22,758,021
11/1/19					0	0			9,483	22,767,504
12/1/19		2,250,000	25,509,858	31,572,083	0	59,331,941	700,000		9,486	(35,854,951)
1/1/20					0	0			0	(35,854,951)
2/1/20					0	0			0	(35,854,951)
3/1/20					0	0			0	(35,854,951)
4/1/20					0	0			0	(35,854,951)
	245,296,276	90,000,000	134,096,996	910,409,996	0	1,379,803,268	147,874,479	1,194,094,880	1,978,958	

1,379,803,268

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