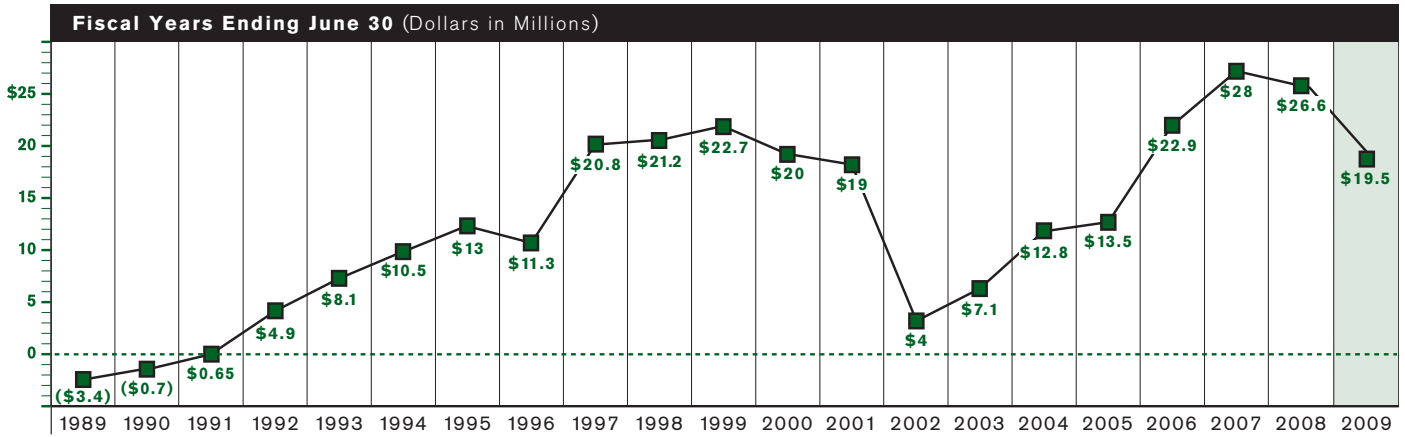

WASHINGTON STATE CONVENTION CENTER

FISCAL 2009 ANNUAL REPORT
JULY 1, 2008–JUNE 30, 2009

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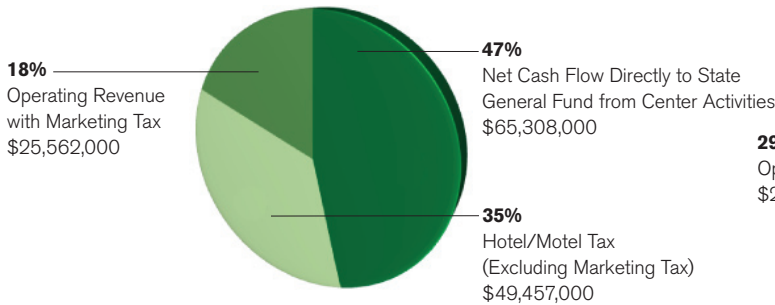
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NET ANNUAL CASH FLOW TO STATE

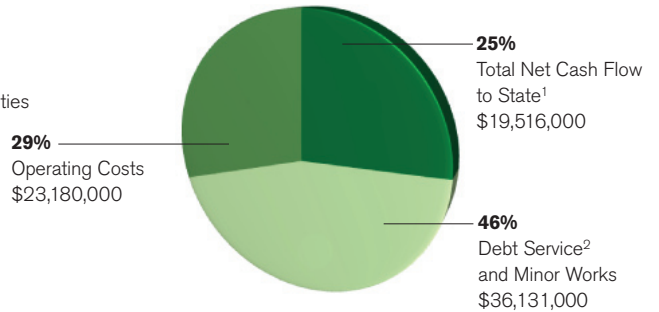


Amounts include net cash contributions to state Convention Center fund and state general fund, after deducting all operating costs and debt service payments.

SOURCES



USES



Fiscal year ended June 30, 2009

¹ Includes state general fund and state Convention Center fund.

² Includes bond principal and interest, Certificate of Participation lease payments and a legislatively-directed payment from the Convention Center account for minor works capital projects.

CONVENTION CENTER CASH FLOW SUMMARY

Fiscal Years Ending June 30 (Dollars in Thousands)

	2005	2006	2007	2008	2009
STATE CONVENTION CENTER FUNDS					
REVENUE SOURCES					
Hotel/Motel Tax ¹ (Excluding Marketing Tax and Including City Transient Tax)	\$37,081	\$42,772	\$48,364	\$53,076	\$49,457
Operating Revenue with Marketing Tax	18,765	24,232	25,665	24,989	25,562
Total Revenues	55,846	67,004	74,029	78,065	75,019
EXPENSES					
Debt Service	29,666	29,652	29,652	29,286	31,152
Minor Works ²	635	627	2,032	1,372	4,979
Operating Costs	18,092	19,847	20,994	23,193	23,180
Total Expense	48,393	50,126	52,678	53,851	59,311
Net Cash Flow to Convention Center	7,453	16,878	21,351	24,214	15,708
STATE GENERAL FUND					
Estimated Direct State Sales Tax on Delegate Spending	13,933	15,062	16,914	13,546	14,297
Cash Transfer from Convention Center	5,000 ³	5,150 ³	5,150 ³	12,500 ³	61,500 ³
Less Credit for City Transient Tax	(7,918)	(9,068)	(10,224)	(11,159)	(10,489)
Net Cash Flow to General Fund	11,015	11,144	11,840	14,887	65,308
TOTAL NET CASH FLOW TO STATE	\$13,468⁴	\$22,872⁴	\$28,041⁴	\$26,601⁴	\$19,516⁴

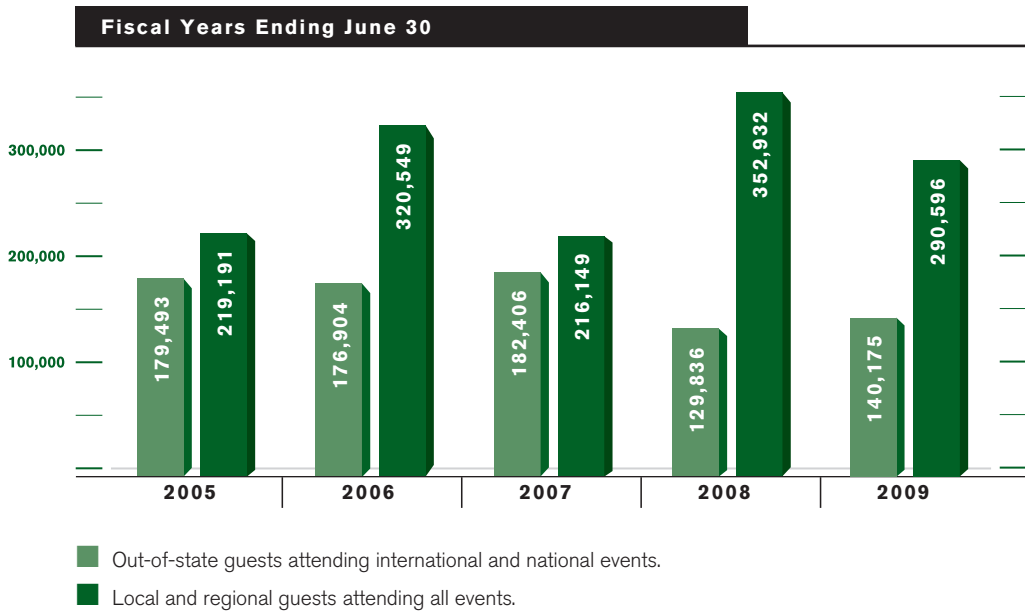
¹ A hotel/motel excise tax authorized by the state Legislature is imposed on room rates charged for lodgings of 60 units or more in Seattle and King County. This tax is the primary source of payments for Center debt service, Certificate of Participation lease payments and for marketing expenses incurred by Seattle's Convention and Visitors Bureau.

² Minor works is appropriated by the Legislature for specific long-lived capital expenditures (e.g. roof replacement, energy-efficient lighting fixtures and freeway fire protection system).

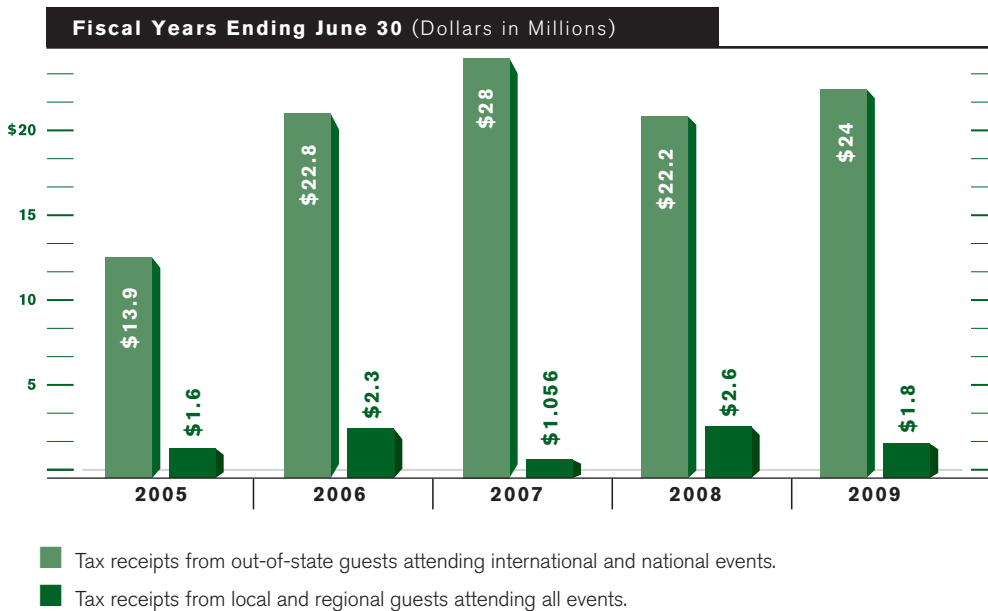
³ Cash transfer of \$5 million in March 2005, and \$5.15 million in March 2006 and March 2007, to the state general fund as approved by the Legislature. In 2008, the Legislature transferred from the Center \$4.5 million to the Tourism Commission and \$8 million to the Washington Housing Trust account. These funds are appropriated from existing balances in the Center's capital fund. As a result, this cash transfer increases the net cash flow to the state general fund, but does not impact total net cash flow to the state for the fiscal year. \$52 million was transferred from the Center capital fund (O1V) and \$5 million from the Center operating fund (537) to the state general fund in June 2009. In addition, \$4.5 million was transferred to the Tourism Commission in fiscal year 2009.

⁴ Net cash flow to the state includes net funds minus expenditures generated by the Center and the state of Washington portion of sales tax generated from delegate spending.

EVENT ATTENDANCE



ESTIMATED STATE SALES TAX RECEIPTS FROM DELEGATE SPENDING



CASH FLOW TO LOCAL INSTITUTIONS
IMPACT OF THE CONVENTION CENTER (FORECAST)

King County (1989–2020)	\$ 102,960,108
City of Seattle (1989–2020)	72,271,344
Seattle School District (1989–2020)	14,786,604
Regional Transit Authority (1997–2020)	32,417,473
Arts and Culture Organizations (1997–2012)	9,170,747
Other Property Tax Uses (2001–2020)	11,779,643
TOTAL	\$243,385,919

IMPACT OF CONVENTION CENTER ON KING COUNTY TAX RECEIPTS

FISCAL YEARS	ACTUAL	FORECAST ¹	
	1989–2009	2010–14	2015–20
GENERAL COUNTY SALES TAX (0.15%)			
Construction - Original (\$114 million)	\$ 171,000		
Construction - Expansion (\$185.3 million)	277,950		
Retail Sales - Delegates	3,833,624	\$ 1,357,025	\$ 1,816,135
Hotel Rooms - Delegates	1,863,693	569,472	762,136
KINGDOME TAX (2% on lodging)²	18,726,573	3,617,218	4,840,998
METRO TRANSIT SALES TAX (0.6% on lodging and 0.9% on other spending)³	19,628,693	10,420,037	13,945,352
CRIMINAL JUSTICE SALES TAX (0.1%)⁴	10,338,775	1,362,932	2,030,695
MENTAL HEALTH TAX (0.1%)⁵	215,413	904,683	1,210,756
PROPERTY TAX (Expansion and Eagles - \$1.09772 per \$1,000)⁶	2,033,838	1,297,132	1,735,978
KING COUNTY TAX RECEIPTS RESULTING FROM CONVENTION CENTER DEVELOPMENT AND OPERATIONS	\$ 57,089,559	\$19,528,499	\$ 26,342,050
ESTIMATED CUMULATIVE TAX RECEIPTS TO KING COUNTY, FISCAL 1989–2020			\$102,960,108

¹ 2010-2020 forecasts adjusted for expansion and 2 percent annual inflation.

² Less the 70 percent used for the Arts and Culture Program.

³ 2009 Combined Metro Transit Sales Tax equal to 0.6 percent on lodging and 0.9 percent on other spending. Regional Transit Authority (Sound Transit) tax receipts are calculated on page 9, Impact of Convention Center on Regional Transit Authority.

⁴ 2008 Criminal Justice Sales Tax decreased from 0.3 percent to 0.1 percent.

⁵ The Mental Health Tax does not apply to delegate spending on lodging due to rate limit in RCW 82.14.410.

⁶ ACT Theater receives an exemption as a non-profit performance facility. Eagles Apartments received a historic preservation tax exemption through 2007.

NOTE: All estimated sales tax receipts in this table are based on spending by Convention Center out-of-state delegates only.

EXCERPT FROM KINGDOME HOTEL TAX LEGISLATION

RCW 67.28.180, AS LAST AMENDED IN 1997

“(3)(a) Taxes collected under this section in any calendar year before 2013 in excess of five million three hundred thousand dollars shall only be used as follows: (i) Seventy-five percent from January 1, 1992, through December 31, 2000, and seventy percent from January 1, 2001, through December 31, 2012, for art museums, cultural museums, heritage museums, the arts, and the performing arts. Moneys spent under this subsection (3)(a)(i) shall be used for the purposes of this subsection (3)(a)(i) in all parts of the county. (e) At least forty percent of the revenues distributed pursuant to (a)(i) of this subsection for the period January 1, 2001, through December 31, 2012, shall be deposited in an account and shall be used to establish an endowment. Principal in the account shall remain permanent and irreducible. The earnings from investments of balances in the account may only be used for the purposes of (a)(i) of this subsection.”

IMPACT OF CONVENTION CENTER ON CITY OF SEATTLE TAX RECEIPTS

FISCAL YEARS	ACTUAL	FORECAST ¹	
	1989–2009	2010–14	2015–20
GENERAL SALES TAX (0.85%)			
Construction - Original (\$114 million)	\$ 969,000		
Construction - Expansion (\$185.3 million)	1,575,050		
Retail Sales - Delegate Spending	32,274,062	\$ 10,916,815	\$ 14,610,201
PROPERTY TAX (\$2.58127 per \$1,000)²			
Grand Hyatt Hotel (\$133.3 million)	2,927,257	1,826,815	2,444,865
One Convention Place Office Tower (\$104.4 million)	2,362,680	1,431,510	1,915,820
Less Taxes Paid on Previous Property Values	(508,711)	(240,595)	(321,993)
Eagles Building ³	12,683	32,453	43,432
CITY OF SEATTLE TAX RECEIPTS RESULTING FROM CONVENTION CENTER DEVELOPMENT AND OPERATIONS			
	\$ 39,612,021	\$ 13,966,998	\$ 18,692,325
ESTIMATED CUMULATIVE TAX RECEIPTS TO CITY OF SEATTLE, FISCAL 1989–2020			\$ 72,271,344

¹ 2010-2020 forecast adjusted for expansion and 2 percent annual inflation.

² 2009 property tax rates decreased from \$2.77365 to \$2.58127.

³ ACT Theater receives an exemption as a non-profit performance facility. Eagles Apartments received a historic preservation tax exemption through 2007.

NOTE: All estimated sales tax receipts in this table are based on spending by Convention Center out-of-state delegates only.

IMPACT OF CONVENTION CENTER ON SEATTLE SCHOOL DISTRICT TAX RECEIPTS

FISCAL YEARS	ACTUAL	FORECAST ¹	
	1989–2009	2010–14	2015–20
PROPERTY TAX (\$1.71741 per \$1,000)			
Grand Hyatt Hotel (\$133.3 million)	\$2,033,823	\$1,215,445	\$ 1,626,655
One Convention Place Office Tower (\$104.4 million)	1,644,290	952,434	1,274,663
Less Taxes Paid on Previous Property Values	(357,417)	(160,076)	(214,234)
Eagles Building (\$2.3 million) ²	8,558	21,591	28,897
STATE GENERAL FUND SUPPORT FOR SEATTLE SCHOOLS³			
Sales Tax: Delegate Hotel and Retail Spending	3,418,462	1,273,713	1,704,637
Sales Tax: Construction	315,163	0	0
SEATTLE SCHOOL DISTRICT TAX RECEIPTS RESULTING FROM CONVENTION CENTER DEVELOPMENT AND OPERATIONS			
	\$7,062,879	\$3,303,107	\$ 4,420,618
ESTIMATED CUMULATIVE TAX RECEIPTS TO THE SEATTLE SCHOOL DISTRICT, FISCAL 1989–2020			\$ 14,786,604

¹ 2010-2020 forecast adjusted for expansion and 2 percent annual inflation.

² ACT Theater receives an exemption as a non-profit performance facility. Eagles Apartments received a historic preservation tax exemption through 2007.

³ Approximately 1.865 percent of the state's general fund is used to support Seattle schools.

NOTE: All estimated sales tax receipts in this table are based on spending by Convention Center out-of-state delegates only.

IMPACT OF CONVENTION CENTER ON REGIONAL TRANSIT AUTHORITY TAX RECEIPTS

FISCAL YEARS	ACTUAL	FORECAST ¹	
	1997–2009	2010–14	2015–20
SALES TAX (0.4% - 0.9%)²			
Expansion Construction (\$185.3 million)	\$ 741,200		
Delegate Spending	11,263,102	\$ 8,729,842	\$ 11,683,329
REGIONAL TRANSIT AUTHORITY TAX RECEIPTS RESULTING FROM CONVENTION CENTER DEVELOPMENT AND OPERATIONS	\$ 12,004,302	\$ 8,729,842	\$ 11,683,329
ESTIMATED CUMULATIVE TAX RECEIPTS TO THE REGIONAL TRANSIT AUTHORITY, FISCAL 1997–2020			\$ 32,417,473

¹ 2010-2020 forecast adjusted for expansion and 2 percent annual inflation.

² Effective April 1, 2009, and additional 0.5 percent was added to the RTA tax bringing the total amount to 0.9 percent. However due to rate limit in RCW 82.14.410 the increase does not apply to delegate spending on lodging.

NOTE: All estimated sales tax receipts in this table are based on spending by Convention Center out-of-state delegates only.

IMPACT OF CONVENTION CENTER ON ARTS AND CULTURE ORGANIZATIONS TAX RECEIPTS

FISCAL YEARS	ACTUAL	FORECAST ¹	
	1997–2009 ²	2010–12	TOTAL
To Arts and Culture Organizations ^{3,4}	\$4,542,886	\$1,421,247	\$5,964,133
To Arts and Culture Endowment ⁵	2,259,116	947,498	3,206,614

CUMULATIVE TAX RECEIPTS APPLIED BY KING COUNTY TO ARTS AND CULTURE ORGANIZATIONS ⁶ **\$9,170,747**

¹ Forecasts adjusted for expansion, 2 percent annual inflation, and run until 2012 when the present statutory allocation ends.

² Revenues accrued prior to 1997 are not included in this table.

³ 75 percent of amounts in excess of a Kingdome debt service base (\$5.3 million) from 1992–2000 per RCW 67.28.180 (3)(a)(i).

⁴ 70 percent of amounts in excess of a Kingdome debt service base (\$5.3 million) from 2001–2012 per RCW 67.28.180 (3)(a)(i), less 40 percent used to establish the arts and culture endowment.

⁵ 40 percent of amounts distributed to arts and cultural organizations from 2001–2012 per RCW 67.28.180 (3)(e).

⁶ Amounts based on projected lodging expenditures by Convention Center out-of-state delegates only.

IMPACT OF CONVENTION CENTER ON OTHER PROPERTY TAX USES

FISCAL YEARS	ACTUAL	FORECAST ¹	
	2001–2009 ²	2010–14	2015–20
State School Fund (\$1.96268 per \$1,000)	\$3,891,068	\$2,319,220	\$ 3,103,861
Port of Seattle (\$0.19700 per \$1,000)	335,980	232,787	311,544
Ferry Levy (\$0.05018 per \$1,000)	22,519	59,296	79,357
Flood Levy – King County (\$0.09123 per \$1,000)	40,942	107,803	144,275
Emergency Medical Services – EMS (\$0.27404 per \$1,000)	373,792	323,822	433,377

**ESTIMATED CUMULATIVE TAX RECEIPTS FOR
OTHER PROPERTY TAX USES, FISCAL 2001–2020** **\$11,779,643**

¹ 2010-2020 forecast adjusted for expansion and 2 percent annual inflation.

² State School Fund, Port of Seattle and Emergency Medical Services taxes from 2001. Ferry and Flood Levies were added in 2008.

NOTE: All estimated sales tax receipts in this table are based on spending by Convention Center out-of-state delegates only.

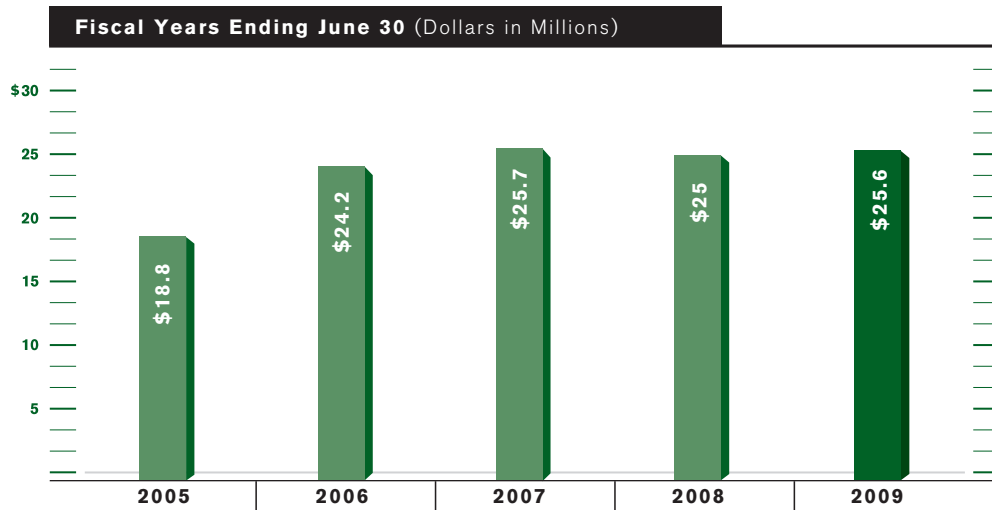
OPERATING FUND (537) REPORT

Fiscal year ended June 30, 2009

CATEGORY	2009 BUDGET	ACTUAL	VARIANCE
REVENUE			
Building Rent	\$ 4,100,000	\$ 4,679,695	\$ 579,695
Food Service	7,000,000	6,330,702	(669,298)
Parking	3,550,000	3,711,238	161,238
Facility Services	1,850,000	2,414,867	564,867
Retail	652,673	630,362	(22,311)
Marketing Hotel/Motel Tax	8,806,126	7,795,541	(1,010,585)
TOTAL	\$25,958,799	\$25,562,405	\$ (396,394)
EXPENDITURE¹			
Salaries	\$ 7,556,443	\$ 7,362,337	\$ (194,106)
Benefits	4,110,791	3,547,317	(563,474)
Marketing (SCVB only)	7,573,268	6,704,159	(869,109)
Professional Services	97,000	199,478	102,478
Goods and Services	4,334,280	3,496,199	(838,081)
Utilities	2,287,017	1,870,474	(416,543)
TOTAL	\$25,958,799	\$23,179,964	\$ (2,778,835)
NET INCOME	\$ 0	\$ 2,382,441	\$ 2,382,441

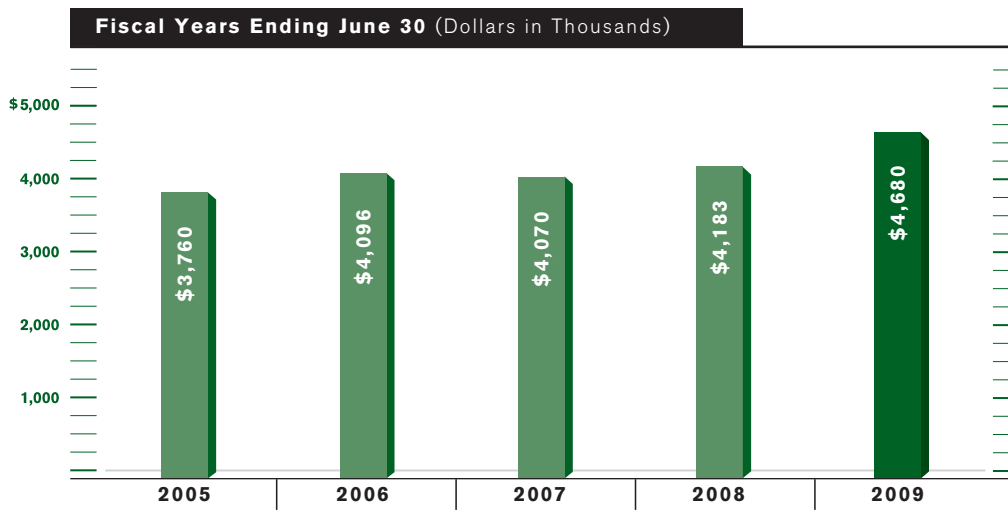
¹ Sales and marketing activities for the Convention Center are provided through a contract with Seattle's Convention and Visitors Bureau (SCVB) and through internal Convention Center sales staff. Annual expenditures from Marketing Hotel/Motel Tax revenues paid to SCVB for their services are reflected in the expenditure item. Expenditures by Center sales staff are included in various items such as Salaries, Benefits, Professional Services and Goods and Services.

OPERATING REVENUES
TOTAL OPERATING REVENUE

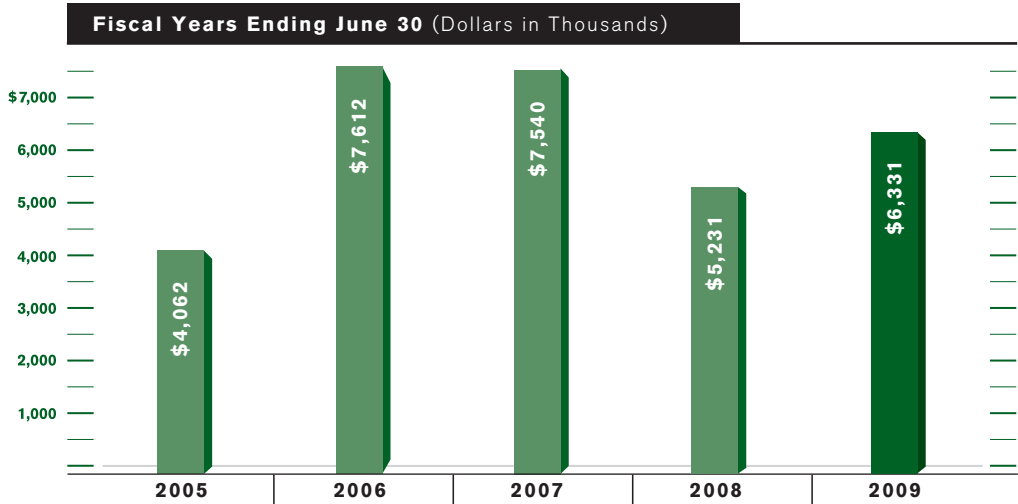


This statutory definition of operating revenue includes income from all Convention Center departments plus the 1 percent hotel tax for marketing, but excludes other hotel taxes received by the Center and direct sales taxes paid by delegates.

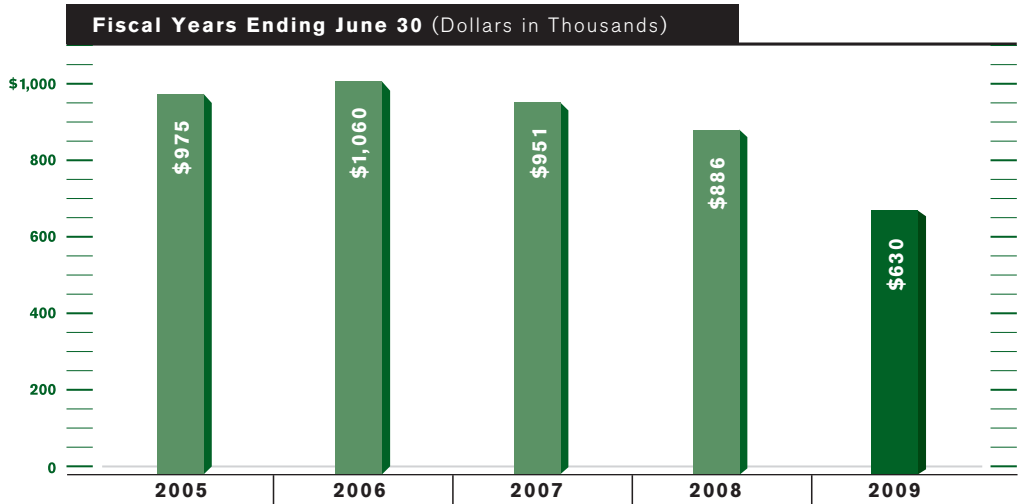
BUILDING RENT REVENUE



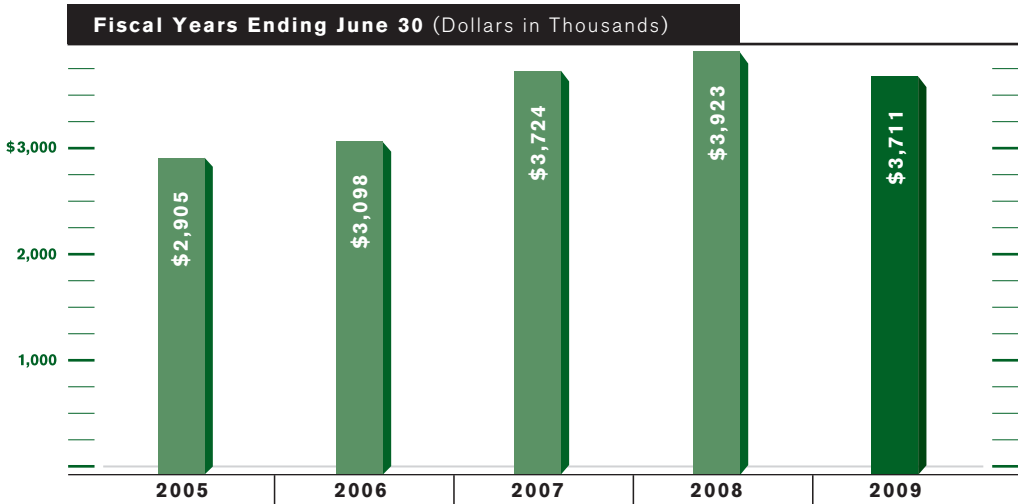
FOOD SERVICE REVENUE (NET)



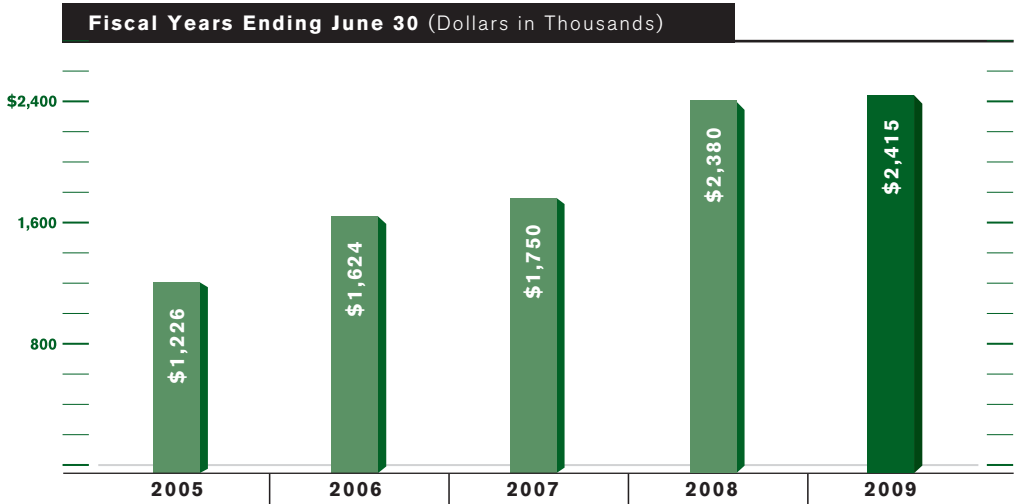
RETAIL RENT REVENUE



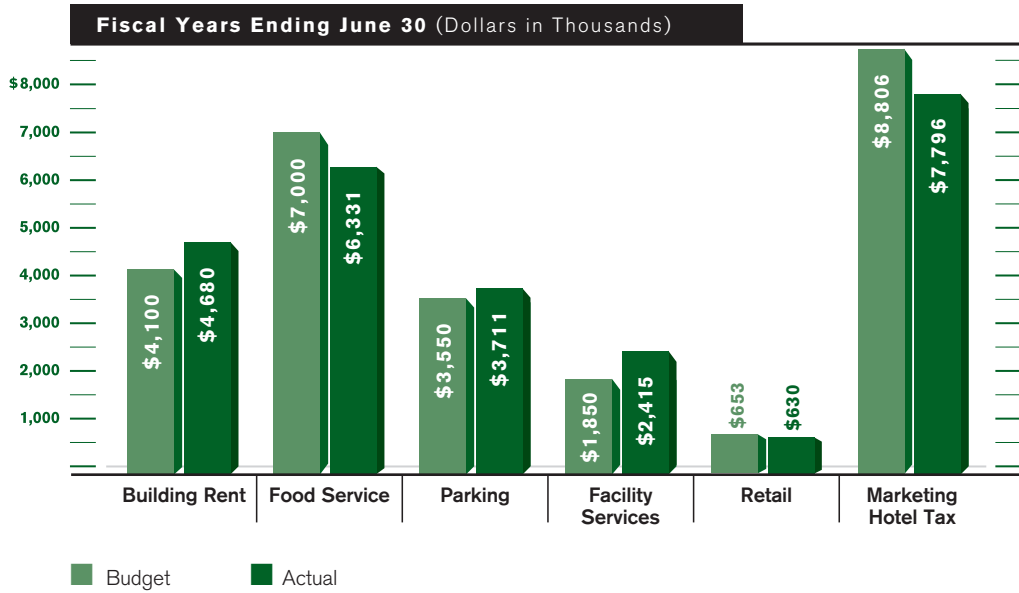
PARKING REVENUE



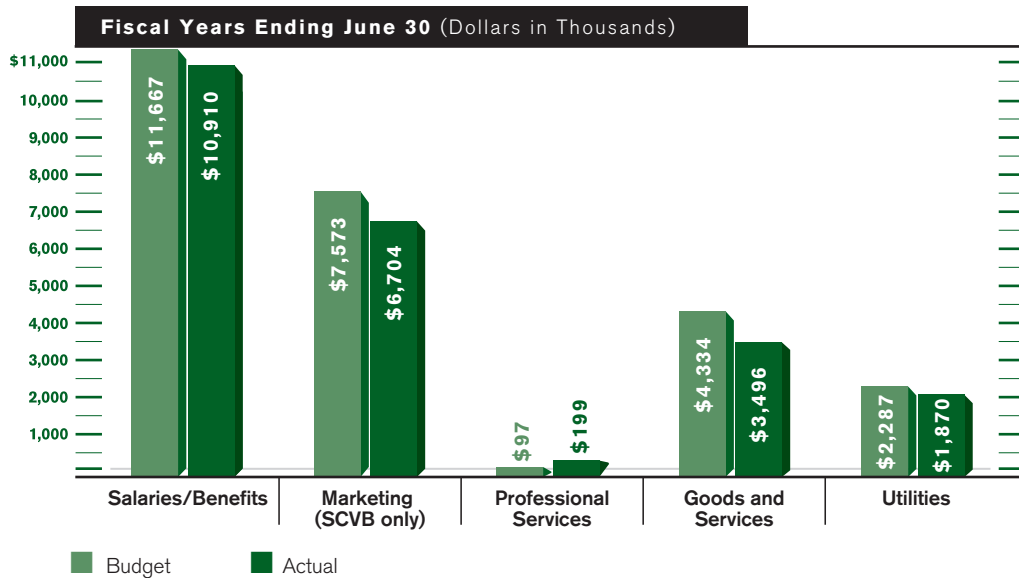
FACILITY SERVICES REVENUE



ANNUAL OPERATING REVENUES - BUDGET VS ACTUAL



ANNUAL OPERATING EXPENDITURES¹ - BUDGET VS ACTUAL



¹ Sales and marketing activities for the Convention Center are provided through a contract with Seattle's Convention and Visitors Bureau (SCVB) and through internal Convention Center sales staff. Annual expenditures from Marketing Hotel/Motel Tax revenues are reflected in the Marketing expenditure item. Expenditures by Center sales staff are included in various items such as Salaries/Benefits, Professional Services and Goods and Services.

FISCAL BUDGET NOTE: The Convention Center operates within an overall biennial budget as approved by the state Legislature and a detailed annual budget approved by the board of directors.

INCOME STATEMENT

Fiscal Year Ended June 30, 2009

BUDGET TO ACTUAL AS OF JUNE 30, 2009	BUDGET	2009	2008
TOTAL OPERATING INCOME	\$ 17,152,673	\$ 17,766,864	\$ 16,601,694
NON-OPERATING INCOME			
Hotel / Motel Tax	47,034,082	46,763,890	50,304,645
Transient Rental Tax	10,337,114	10,488,752	11,158,690
Total Hotel Room Tax	57,371,196	57,252,642	61,463,335
Contribution of Capital	0	0	0
Total Non-Operating Income	57,371,196	57,252,642	61,463,335
Total Income	74,523,869	75,019,506	78,065,029
OPERATING EXPENSES			
Personnel Costs	11,667,234	10,909,654	10,514,986
Marketing (SCVB only)	7,573,268	6,704,159	6,935,238
Professional Services	97,000	199,478	28,845
Non-Capital Equipment	45,000	44,086	64,661
Goods and Services	6,569,297	5,316,259	6,749,100
Travel	7,000	6,328	26,371
Total Operating Expenses	25,958,799	23,179,964	24,319,201
NON-OPERATING EXPENSES			
Interest Expense	0	0	0
Depreciation Expense	8,200,000	8,226,864	8,320,690
Total Non-Operating Expenses	8,200,000	8,226,864	8,320,690
BOND INTEREST EXPENSE	16,200,000	16,138,562	12,810,418
TOTAL EXPENSES	50,358,799	47,545,390	45,450,309
NET INCOME	\$ 24,165,070	\$ 27,474,116	\$ 32,614,720

COMPARATIVE BALANCE SHEET

Fiscal Year Ended June 30, 2009

ASSETS AS OF JUNE 30, 2009	2009	2008
CURRENT ASSETS		
Petty Cash	\$ 46,100	\$ 46,100
Cash and Cash Equivalents	35,203,938	79,473,116
Total Cash and Cash Equivalents	35,250,038	79,519,216
Accounts Receivable	32,331,604	4,253,659
Other Current Assets	1,441,816	1,573,832
Total Current Assets	69,023,458	85,346,707
PROPERTY, PLANT AND EQUIPMENT		
Land	77,355,416	77,355,416
Furnishings and Equipment	22,878,310	18,154,424
Less Accumulated Depreciation	(6,338,213)	(5,807,688)
Net Furnishings and Equipment	16,540,097	12,346,736
Building	379,328,224	379,328,224
Less Accumulated Depreciation	(102,550,505)	(94,964,091)
Net Building	276,777,719	284,364,133
Construction in Progress	28,530,123	20,995,000
TOTAL ASSETS	\$468,226,813	\$480,407,992
LIABILITIES AND RETAINED EARNINGS AS OF JUNE 30, 2009		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,594,875	\$ 1,328,724
Interest Payable	256,786	318,503
Other Accrued Expenses	21,739,483	19,621,086
Operating Deposits Payable	2,493,887	5,063,597
Total Current Liabilities	26,085,031	26,331,910
LONG-TERM LIABILITIES		
General Obligation Bonds	10,400,000	12,789,867
Zero Coupon Bonds	27,382,687	29,259,390
Other Long-Term Liabilities	216,907,315	191,572,509
Deferred Refunding Gain	141,603	176,987
Total Long-Term Liabilities	254,831,605	233,798,753
Total Liabilities	280,916,636	260,130,663
RETAINED EARNINGS		
Retained Earnings, Prior	221,336,060	200,162,609
Retained Earnings, Contributions Tourism	(4,500,000)	(4,500,000)
Retained Earnings, Contributed Funds	(57,000,000)	(8,000,000)
Retained Earnings, Current	27,474,117	32,614,720
Total Retained Earnings	187,310,177	220,277,329
TOTAL LIABILITIES AND RETAINED EARNINGS	\$468,226,813	\$480,407,992

SOURCES AND USES OF FUNDS

Fiscal Year Ended June 30, 2009

	OPERATIONS	CAPITAL
BEGINNING CASH BALANCE JULY 1, 2008	\$ 16,905,813	\$ 62,567,303
Fund Revenue	2,382,441	49,457,101
BALANCE SHEET ITEMS AFFECTING CASH AND NET INCOME		
Other Assets	2,465,247	(30,411,174)
Land	0	0
Buildings	0	0
Improvements	0	(4,659,180)
Furnishings and Equipment	(64,708)	0
Construction In-Process	0	(7,535,122)
Accounts Payable	259,401	6,750
Other Short-Term Liabilities	24,477	2,093,920
Operating Deposits Payable	(2,569,710)	0
Long-Term Liabilities	(18,826)	3,722,158
Bonds Payable	0	(4,266,570)
Deferred Refunding	0	(35,385)
Expansion Financing	0	21,612,649
Funds Transferred to Other Agencies	(5,000,000)	(56,500,000)
Retained Earnings Prior Year	9,541	1,049,190
Bond Debt Interest	0	(16,291,377)
Total	(4,894,578)	(91,214,141)
NET DECREASE IN CASH	(2,512,137)	(41,757,040)
CASH BALANCE AS OF JUNE 30, 2009	\$ 14,393,676	\$ 20,810,263

NOTES TO FINANCIAL STATEMENTS

**NOTE 1:
DESCRIPTION OF BUSINESS AND ACCOUNTING POLICIES**

These financial statements reflect a summary of transactions affecting the combined convention center capital fund and convention center operating fund for the capital development and operation of the Washington State Convention Center (Center).

Legislation enacted in 1982 authorized the formation of a public nonprofit corporation, an instrumentality of the state, to construct and operate a convention and trade center in the city of Seattle.

An excise tax is imposed on room rates charged by lodgings of 60 units or more in Seattle and King County. This tax is the primary source of payment for debt service and for marketing expenses. The current rates are 7 percent within Seattle and 2.8 percent for the balance of King County.

As of January 1, 2000, 2 percent of the existing state sales tax on such larger lodgings of 60 units or more inside the Seattle city limits is being collected on behalf of the Center to pay for debt service of the expansion project. This transient lodging tax will remain in effect until 2020, when the Center debt is eliminated.

The Office of the State Treasurer acts on behalf of the Center in all activities involving management of cash and investments, including debt service on outstanding bonds.

The Center received private contributions for promotional hosting. These amounts are deposited in the Center's hosting account, under control of the board of directors, and are not included in these statements.

The Center has been designated as an enterprise fund. Such state funds are used to account for operations financed and operated in a manner similar to private business. As an enterprise fund, the Center uses the accrual method of accounting, recognizes fixed assets and prepares a balance sheet and income statement. To accomplish this accounting task, the Center utilizes an internal accounting system from which these statements are produced. This is in addition to the state-mandated accounting and payroll systems. The state auditor does not render an opinion on the results of operations reflected in our independent financial statements. The auditor does, however, audit the Center in conjunction with all other state agencies and renders an opinion, under separate cover, based on the operation as reflected in the state accounting system.

Depreciation is recorded using the straight-line method, as prescribed by the state Office of Financial Management (OFM), employing the following standards for useful lives:

Asset	Useful Life
Building and Improvements	600 months
Air Conditioning Equipment	156 months
Vehicular Equipment	120 months
Furniture and Fixtures	120 months
Communications Equipment	84 months
Data Processing Equipment	72 months
Vehicles, All Other Equipment	60 months

Depreciation is based on the capitalized building amount of \$379 million for fiscal 2009.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT FOR FISCAL 2009

	Fiscal 2008	Additions	Deletions	Fiscal 2009
Furnishings and Equipment	\$18,154,424	\$4,841,518	\$117,632	\$22,878,310

NOTE 2: CASH AND INVESTMENTS

The Office of the State Treasurer manages Center cash and investments. Interest earned on cash in Center funds remains under the jurisdiction of the state treasurer. Interest earnings, estimated to be over \$2.5 million in fiscal 2009, are neither credited to the Convention Center funds nor available to expend.

NOTE 3: TENANT LEASING AGREEMENTS

The Center leases building space to various retail tenants. A total of 18 retail leases provided revenue of \$618,207 in fiscal 2009. Original lease contract terms will expire within one to three fiscal years for many of the retail tenants. It is not known if options to extend terms will be exercised. Based on 16 current retail leases, future minimum rental payments required for four succeeding fiscal years are:

2010	621,315
2011	627,528
2012	633,803
2013	640,145
TOTAL	\$2,522,791

NOTE 4: REFUNDED LONG-TERM DEBT

To date, the following Center debt has been defeased through the issuance of the following advance refunding bonds:

Proprietary Bond Type	Bond Issue Refunded	Amount Refunded	Refunding Bond Debt	Refunded Debt Outstanding
G.O.	AT-6	\$ 910,000	\$ 950,000	\$ 915,000
G.O.	R-89C-AT-1	70,770,000	78,375,000	0
Zero-Coupon	AT-5	15,346,428	25,026,467	25,026,467
G.O.	R-90A, AT-3	4,910,000	4,935,000	0
G.O.	R-92A	19,565,000	19,030,000	10,720,000
G.O.	AT-6	1,075,000	1,080,000	0
G.O.	R-92C	6,255,000	6,195,000	0
G.O.	AT-8	1,795,000	1,850,000	1,335,000
TOTAL		\$120,626,428	\$137,441,467	\$37,996,467

NOTE 5: LONG-TERM DEBT AUTHORIZATION

The Center's long-term debt outstanding at June 30, 2009 consisted of the following:

Long-Term Debt Issue	Interest Rates (Percent)	Maturity Dates	Original Principal Balances	Balance Outstanding as of FYE 2008
AT-8	4.8-7.0	7/96-7/15	\$2,835,000	\$ 0
AT-6	3.75-6.375	9/93-9/11	5,520,000	795,000
AT-5	6.55-7.1	8/97-8/12	21,343,610	3,257,790
R-98A (AT-6 Refunding)	4.25-5.0	1/98-7/12	970,000	915,000
R-93A (R-89C and AT-1 Refunding)	3.5-5.75	9/93-9/07	78,375,000	0
R-97A (AT-5 Refunding)	5.825-5.875	7/15-7/19	25,026,467	25,026,467
R-2000A (R-90A and AT-3 Refunding)	4.625-5.5	1/00-1/08	4,935,000	0
R-2001A (R-92A)	4.5-9.0	9/01-9/12	19,030,000	10,720,000
R-2002A (AT-6 Refunding)	3.0-5.0	9/02-9/05	1,080,000	0
R-2002A (R-92C Refunding)	3.0-5.0	9/02-9/06	6,195,000	0
R-2004A (AT-8 Refunding)	2.0-5.0	1/04-7/15	1,850,000	1,335,000
TOTAL				\$42,049,257

Certificates of Participation	4.125-5.625	7/02-6/23	\$248,675,385	\$ 195,328,717
Accreted Interest, 0-Coupon Bonds	n/a	n/a	n/a	38,050,949
TOTAL				\$ 233,379,666

Long-term debt service requirements, payable by the Center, for the next five fiscal years and to maturity are as follows:

	Principal	Interest	Total
2010	\$ 20,738,921	\$ 12,697,500	\$ 33,436,421
2011	21,615,782	11,807,443	33,423,225
2012	22,500,512	10,857,001	33,357,513
2013	23,416,291	9,873,679	33,289,970
2014	27,965,000	6,177,509	34,142,509
Thereafter	121,141,468	77,577,228	198,718,696
TOTAL	\$237,377,974	\$128,990,360	\$366,368,334

NOTE 6: LEASE COMMITMENTS

In February 1997, the Center entered into a 30-year lease agreement with the city of Seattle for the 665-stall Freeway Park garage. Under this agreement, the Center paid debt service on the \$1.3 million of city bonds outstanding at the time, with the final debt service payment made in June 2002. In accordance with the lease agreement, funds for a capital reserve account not to exceed \$500,000 with annual maximum payments of \$20,000 was set up, with the Center is responsible for all repairs and maintenance. The capital reserve account payment for fiscal 2009 was \$20,000. Future expected capital reserve account payments required for four succeeding fiscal years are:

2010	\$20,000
2011	20,000
2012	20,000
2013	20,000
TOTAL	\$80,000

NOTE 7: RISK MANAGEMENT

As a state agency, the Center is self-insured through a state risk management pool. This pool's actuarial base is independently calculated from the state's experience rates and permanent assets. The state, as required by GASB10, defines its actuarial methods and calculations in the state CAFR for all agencies and does not provide this information by agency. The Center has first dollar coverage up to a maximum of \$5 million for general liability and \$2 million for vehicle liability. The Center also purchases insurance policies outside the risk management pool to provide coverage for art collections, an umbrella policy for liability coverage above \$5 million, and liability coverage for the board of directors.

NOTE 8: EMPLOYEE PENSION PLANS

In December 1985, the board of directors adopted an Employee Pension Plan. This plan is offered to employees not covered under the Washington State Department of Retirement Systems Plan or the Convention Center Labor Council Agreement. Effective participation began with the August 10, 1986 payroll and has two elements:

1. A Convention Center basic contribution of 5 percent based on compensation; and
2. A 401(k) plan, permitting employees to defer up to 12 percent of their salary, with a 50 percent match by the Center of up to 6 percent of salary.

3. The Center's board of directors authorized a 457 deferred plan in 2008. This 457 plan does not require the Center to provide a basic contribution for its employees. The plan is open to all non-Convention Center Labor Council employees.

The Center's contributions to the plan amounted to approximately \$203,834 for fiscal 2009. Plan assets at June 30, 2009 totaled \$4.31 million.

Pension plans within the Convention Center Labor Council Agreement vary with each member union. Contributions are made in accordance with negotiated labor contracts and generally are based on the number of actual or compensated hours worked, depending on job classification. The Center's contributions to the various plans for the benefit of represented staff amounted to approximately \$621,004 for fiscal 2009.

NOTE 9: COMMITMENTS

In fiscal 2003, the state legislature transferred \$5 million for the state's general fund in each of fiscal years 2004 and 2005, which was paid out of the Center's capital fund (O1V). In addition, the 2005 state legislature transferred \$5.15 million to the state's general fund for fiscal years 2006 and 2007, which was paid out of Center's capital fund (O1V).

In 2007, the state Legislature passed bill 1276 to create the Washington Tourism Commission. To fund this commission, \$4.5 million annually will be transferred from the Center's capital fund O1V. However, before funds can be transferred, adequate cash reserves must be met; including funds for existing debt service, debt service for acquisition, design and \$6,150,000 per year for annual maintenance and facility enhancement. This amount will increase by 9 percent annually. In each of fiscal years 2008 and 2009, \$4.5 million was transferred to the Washington Tourism Commission.

In fiscal 2008, it was mandated by legislation that \$8 million be transferred to the Washington Housing Trust account from the Center's capital fund (O1V). This transfer occurred in April 2008. In addition, this legislation transferred \$52 million from the Center's capital fund (O1V) and \$5 million from the Center's operating fund (537) to the state's general fund in June 2009.

In fiscal 2007, the state Legislature authorized the purchase of the Museum of History and Industry (MOHAI) property and renovation for \$58 million, plus financing costs, to be financed with COPs. The MOHAI property is located within the existing footprint of the Center on 8th Avenue and Pike Street. This acquisition, to be known as The Conference Center, will add a total of 138,610 square feet, including 71,000 square feet of meeting and exhibition space. The completion date for the renovation of The Conference Center is June 2010.