

Downtown Redevelopment Authority

Narrative Overview of December 2023 Financial Statements - PRELIM

STATEMENT OF NET POSITION

- The DRA's net position has increased by approximately \$5.1 million from year end 2022. This is due in large part to the following:
 - Total assets increased by \$1.0 million largely due to cash outlay to pay for the January 1st and July 1st bond payments, and the PFD loan payment.
 - Total liabilities have decreased by \$3.96 million from year end reflecting a \$2.35 million reduction in bond principal, and \$4.21 million reduction in the PFD principal.
- As of December 31st, overall debt to the Clark County PFD totals \$726k, representing a decrease of \$2.24 million from year end 2022.
- On January 8, 2024 the PFD loan was paid off in full totaling \$729k, including accrued interest.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

- Operations in December resulted in operating income of \$2.73 million; a decrease over the budgeted Operating Income of \$436k.
 - Depreciation, an Operating Expense which has no effect on cash, totaled \$1.45 million in December 2023.
- Year-over-year investment earnings are up \$444k. This increase is attributed to higher cash balances earning interest at increasing rates.

STATEMENT OF CASH FLOWS

- Overall cash reflects an increase of \$310k compared to year end 2022.
 - Notable sources of cash for the year included \$20.2 million from operating activities and \$6.12 million in tax receipts from the City and County PFD.
 - Notable uses of cash included \$15.2 million for goods and services related to operating activities and debt service payments of \$5.5 million.

TAX REVENUE COLLECTIONS

- Through December 2023, tax revenue collections are at 216.5% of the Tax Cap compared to 207.1% for the prior year.
- All tax revenues received from Jun-23 until the end of 2023 were applied toward the outstanding balance on the County PFD Loan.
- As of December 2023, overall tax collections are up \$419k compared to December 2022. Receipts of City Lodging Tax, City PFD STC and County PTD STC are up 21.2%, 3.7%, and 1.0%, respectively.

FLOW OF FUNDS

- On January 1, 2024, \$758k of cash was transferred from the Lockbox Fund to the Project Revenue Debt Service Fund. This transfer resulted from cash flows in excess of operating expenses during the month.
- As of December 31st, the DRA had \$5.15 million reserved in the Project Revenue Debt Service Fund.
 - The month-end balance was sufficient to fully fund the principal + interest payment totaling \$1.86 million, paid on January 1, 2024.
 - This balance allowed for \$3.29 million for Annual Flow of Funds per the debt indenture.
- As of December 31st, the DRA had \$2.6 million reserved in the Tax Revenue Debt Service Fund.
 - The month-end balance was sufficient to fully fund the principal + interest payment totaling \$1.67 million, paid on January 1, 2024.
 - This balance allowed for \$946k for Annual Flow of Funds per the debt indenture.

Vancouver Downtown Redevelopment Authority Condensed Report on Financial Activity - Through December 2023 (PRELIMINARY)

	Year to Date							2023 Annual DRA Budget	Actual as % of Annual Budget
	December 2023 Actual	December 2022 Actual	Actual \$ Change (2022-2023)	Actual % Change (2022-2023)	Budget through December 2023	Actual-Budget Comparison			
Revenue & Expense									
Total Operating Revenue	\$ 19,854,472	\$ 19,396,815	\$ 457,657	2.4%	\$ 20,741,477	\$ (887,005)	\$ 23,612,477	84.1%	
Total Operating Expense	(17,120,053)	(15,634,657)	(1,485,396)	9.5%	(17,570,696)	450,643	(18,474,079)	92.7%	
Net Operating Income	2,734,419	3,762,158	(1,027,739)	-27.3%	3,170,780	(436,361)	5,138,398	53.2%	
Non-Operating/Special/Prior Period Adj (*)	2,380,432	1,385,469	994,963	71.8%	472,374	1,908,058	5,668,488	42.0%	
Change in Net Position	\$ 5,114,851	\$ 5,147,627	\$ (32,776)	-0.6%	\$ 3,643,154	\$ 1,471,697	\$ 10,806,886	47.3%	
Depreciation (In Operating Expense)	\$ 1,454,870	\$ 1,580,753	\$ (125,883)	-8.0%	\$ 2,300,000	\$ (845,130)	\$ 2,300,000	63.3%	

(*)

Refers to items not directly associated with operations. These items include interest earned, city tax collections, excise tax payments and interest accrued.

Items are listed separately under "Non-operating revenues/expenses and special items in the DRA's operating statement."

	Year to Date			
	December 2023 Actual	December 2022 Actual	Actual \$ Change (2022-2023)	Actual % Change
Dedicated Taxes				
City Lodging Tax (2%)	\$ 1,802,591	\$ 1,486,974	\$ 315,617	21.2%
City Sales Tax Credit	2,346,989	2,262,450	84,539	3.7%
County Sales Tax Credit	1,969,915	1,951,259	18,656	1.0%
Total Tax Revenue	\$ 6,119,495	\$ 5,700,683	\$ 418,812	7.3%
Annual Tax Revenue Cap	\$ 2,826,000	\$ 2,753,000	\$ 73,000	2.7%
% of Cap	216.5%	207.1%		

	Year to Date	
	December 2023 Actual	2023 Budgeted
Capital Project Expenses	\$ 2,360,749	\$ 2,392,428

	Year to Date							Required Amounts (12/31/2023)	% of Required Amounts (12/31/2023)
	December 2023 Actual	Flow of Funds 1/1/2024	Cash Balances after Flow of Funds	December 2022 Actual	Actual \$ Change (2022-2023)	Actual % Change (2022-2023)			
Cash Balance Reconciliation									
Operating Petty Cash	\$ 411,821	\$ -	\$ 411,821	\$ 46,372	365,448	788.1%	\$ -	N/A	
Lockbox/Available Revenue Fund	1,414,684	(871,762)	542,922	500,000	42,922	8.6%	500,000	108.6%	
Taxes & Insurance Fund	-	100,000	100,000	97,000	3,000	3.1%	-	N/A	
Administrative Expense Fund	67,845	14,020	81,864	141,746	(59,882)	-42.2%	100,000	81.9%	
Project Revenue Debt Service Fund	4,393,576	757,742	5,151,318	4,753,267	398,051	8.4%	1,859,306	277.1%	
Tax Revenue Debt Service Fund	2,613,575	-	2,613,575	2,507,075	106,500	4.2%	1,667,425	156.7%	
Primary R & R Fund	-	-	-	551,531	(551,531)	-100.0%	-	N/A	
Contingency Fund	1,125,811	-	1,125,811	1,546,563	(420,752)	-27.2%	-	N/A	
Management Fee Fund	-	-	-	30	(30)	-100.0%	-	N/A	
Subordinate R & R Fund	-	-	-	393,897	(393,897)	-100.0%	-	N/A	
Cash Trap Fund	2,500,000	-	2,500,000	2,319,360	180,640	7.8%	-	N/A	
Authority Reserve Fund - Excess	3,330,593	-	3,330,593	2,284,633	1,045,960	45.8%	-	N/A	
Authority Reserve Fund - Restricted	500,000	-	500,000	500,000	-	0.0%	-	N/A	
Total Escrow Fund Cash Balances	\$ 16,357,904		\$ 16,357,904	\$ 15,641,475	\$ 716,429	4.6%	\$ 4,126,731		
County PFD Fund - Loan Balance	(726,504)			(2,968,429)	2,241,925	-75.5%			

Comments

- On January 1, 2024, the DRA transferred \$758k of excess cash to the Project Revenue Debt Service Fund. This transfer resulted from better than expected cash inflows during the month.
- As of January 1, 2024, the DRA's Project Revenue and Tax Revenue Debt Service Funds had sufficient cash to pay the January 1, 2024 debt service payments (principal + interest). Excluding depreciation, the DRA has realized an increase of Net Position totaling \$6.57 million which is \$627k more than the cumulative budgeted increase in Net Position of \$5.94 million. *Depreciation has no effect on cash in the current period*
- The DRA met the annual tax cap in Jun-23. All tax revenues received after the annual tax cap is met will be applied to the outstanding debt balance on the County PFD Loan (\$3.29 million cumulative as of Dec-23).

Downtown Redevelopment Authority
(A Component Unit of the City of Vancouver)

PRELIMINARY

Statement of Net Position

Substantially all Disclosures Required by GAAP are omitted.

As of December 31, 2023 and December 31, 2022

	12/31/2023	Audited 12/31/2022	Change from Prior Year-End	% Change
ASSETS				
Current assets				
Cash and cash equivalents	92,957	91,217	1,740	1.9%
Restricted cash with fiscal/escrow agent	15,992,051	15,683,146	308,905	2.0%
Receivables (net)				
Taxes	1,423,424	1,423,424	(0)	(0.0%)
Accounts	1,402,691	1,386,951	15,740	1.1%
Interest	66,172	48,235	17,937	37.2%
Inventory	52,898	43,407	9,491	21.9%
Prepaid expenses	235,083	272,182	(37,099)	(13.6%)
Total current assets	19,265,276	18,948,562	316,714	1.7%
Noncurrent assets				
Capital assets				
Buildings and equipment	62,124,820	59,764,071	2,360,749	4.0%
Accumulated depreciation	(30,552,200)	(29,097,331)	(1,454,869)	5.0%
Total noncurrent assets	31,572,620	30,666,740	905,880	3.0%
TOTAL ASSETS	50,837,896	49,615,302	1,222,594	2.5%
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized deferred amount on refunding	695,423	764,965	(69,542)	(9.1%)
LIABILITIES				
Current liabilities				
Accounts payable	43,892	80,059	(36,167)	(45.2%)
Accrued interest payable	1,001,731	1,060,606	(58,875)	(5.6%)
Accrued liabilities	1,691,403	1,231,359	460,044	37.4%
Subordinate fee amortization	-	53,096	(53,096)	(100.0%)
Unearned revenue	1,098,155	742,623	355,532	47.9%
Bonds, notes and leases payable	2,525,000	2,384,304	140,696	5.9%
Total current liabilities	6,360,181	5,552,857	808,134	14.6%
Noncurrent liabilities				
Bonds, notes and leases payable from restricted assets	45,017,057	47,542,057	(2,525,000)	(5.3%)
Due to other governments	1,240,271	3,484,420	(2,244,149)	(64.4%)
Total noncurrent liabilities	46,257,328	51,026,477	(4,769,149)	(0.3%)
TOTAL LIABILITIES	52,617,509	56,579,334	(3,961,014)	(7.0%)
NET POSITION				
Net investment in capital assets	(15,274,014)	(18,494,656)	3,220,642	(17.4%)
Restricted for capital purposes	-	945,428	(945,428)	(100.0%)
Restricted for debt service	7,007,151	6,945,345	61,806	0.9%
Unrestricted	7,182,673	4,404,816	2,777,857	63.1%
TOTAL NET POSITION	(1,084,190)	(6,199,067)	5,114,877	(82.5%)

Downtown Redevelopment Authority
(A Component Unit of the City of Vancouver)

PRELIMINARY

Statement of Revenues Expenses and Changes in Net Position

Substantially all Disclosures Required by GAAP are omitted.

For the months ended December 31, 2023 and 2022

	Actuals				Budget		
	Twelve months ending December 31, 2023	Twelve months ending December 31, 2022	\$ Change	% Change	YTD Budget	Variance to Budget Favorable/ (Unfavorable)	%
OPERATING REVENUES							
Charges for services	19,854,472	19,396,815	457,657	2.4%	20,741,477	(887,005)	-4.3%
Miscellaneous	-	-	-		-	-	
Total operating revenues	19,854,472	19,396,815	457,657	2.4%	20,741,477	(887,005)	-4.3%
OPERATING EXPENSES							
Supplies and contractual services	15,665,183	14,053,904	1,611,279	11.5%	15,270,696	(394,487)	-2.6%
Depreciation	1,454,870	1,580,753	(125,883)	-8.0%	2,300,000	845,130	36.7%
Total operating expenses	17,120,053	15,634,657	1,485,396	9.5%	17,570,696	450,643	2.6%
Operating income (loss)	2,734,419	3,762,158	(1,027,739)		3,170,780	(436,361)	13.8%
NONOPERATING REVENUES (EXPENSES)							
Interest earnings	648,532	204,780	443,752	216.7%	45,000	603,532	1341.2%
Intergovernmental contributions	4,149,580	3,749,424	400,156	10.7%	2,826,000	1,323,580	46.8%
Excise Tax	(302,494)	(280,920)	(21,574)	7.7%	(264,101)	(38,393)	14.5%
Interest and fiscal charges	(2,169,092)	(2,395,628)	226,536	9.5%	(2,242,338)	73,246	-3.3%
Total nonoperating revenues (expenses)	2,326,526	1,277,656	1,048,870	-82.1%	364,561	1,961,965	-538.2%
SPECIAL ITEMS							
Gain on extinguishment of Debt	53,906	107,813	(53,907)		107,813	(53,907)	
Claims Settlement	-	-	-		-	-	
Total special items	53,906	107,813	(53,907)		107,813	(53,907)	
Change in net position	5,114,851	5,147,628	(32,777)	0.6%	3,643,154	1,471,697	-40.4%
TOTAL NET ASSETS - BEGINNING	(6,199,041)	(11,542,837)	5,343,796	46.3%			
Prior Period Adjustment		-	-				
TOTAL NET ASSETS - ENDING	(1,084,190)	(6,395,209)	5,311,019	83.0%			

Downtown Redevelopment Authority
(A Component Unit of the City of Vancouver)
STATEMENT OF CASH FLOWS
For the month ended December 31, 2023

	PRELIMINARY
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from operating activities	\$ 20,194,264
Cash payments for goods and services	(15,213,671)
Net cash provided (used) by operating activities	4,980,593
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts from other governments	6,119,495
Payments to other governments	(3,595,989)
Net cash provided (used) by noncapital financing activities	2,523,506
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(3,400,960)
Interest paid on capital debt	(2,062,338)
Purchase of capital assets	(2,360,749)
Net cash provided (used) by capital and related financing activities	(7,824,046)
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of interest	630,595
Net cash provided (used) by investing activities	630,595
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	310,648
CASH AND CASH EQUIVALENTS - BEGINNING	15,774,363
CASH AND CASH EQUIVALENTS - ENDING	\$ 16,085,011
Reconciliation of operating income (loss) to net cash used by operating activities:	
Net operating income (loss)	\$ 2,734,419
Adjustments to reconcile net operating income (loss) to net cash provided by operations:	
Depreciation expense	1,454,870
(Increase) Decrease in receivables	(15,715)
(Increase) Decrease in inventories	(9,491)
(Increase) Decrease in prepaid items	37,099
Increase (Decrease) in current payables	423,878
Increase (Decrease) in unearned revenue	355,532
Total adjustments	2,246,172
Net cash provided (used) by operating activities	\$ 4,980,591

Flow of Funds and Operating Cash Pursuant to Trust Indenture
Financial Statement Period December 2023

	Account name	Beginning Balances (12/1/2023)	Ending Balances (12/31/2023)	January 1st, flow of funds deposits, use of Cash Trap, and management fee payment	Cash balances after monthly flow of funds	Amounts Required 7/1 through 12/31/2023	Excess / (Deficit) through 12/31/2023	Requirement Description
1	Operating Petty Cash Account	390,611	411,821	-	411,821	-	411,821	Remaining balance intended to cover automatically deducted banking/merchant charges. <i>There are 2- pending OPCA Requests not yet withdrawn from this account as of 12/31/2023 totaling \$365,853.03.</i>
2	Available Revenue Account & Lockbox Account	321,016	1,414,684	(871,762)	542,922	500,000	42,922	Must have \$500,000 balance as of 1st business day. <i>Amount in cash balance after flow of funds includes Hilton management fee of \$42,921.95 which is withdrawn the 1st of every month separately.</i>
3	Taxes and Insurance Fund	113,060	-	100,000	100,000	-	100,000	Cash to be moved as needed to meet estimated renewal due in 2024 (3 policies).
4	Administrative Expense Fund	100,000	67,845	14,020	81,864	50,000	31,864	Amounts required represent known and budgeted Administrative Expenses remaining (not yet paid) for six month period. Current balance will be applied to future administrative expenses.
5	Project Revenue Debt Service Fund	4,393,576	4,393,576	757,742	5,151,318	1,859,306	3,292,012	Amounts required represent debt service payments scheduled for January 1, 2024 (principal + interest).
6	Tax Revenue Debt Service Fund	2,613,575	2,613,575	-	2,613,575	1,667,425	946,150	Amounts required represent debt service payments scheduled for January 1, 2024 (principal + interest).
7	Renewal and Replacement Fund	-	-	-	-	-	-	Monthly calculation of 4% of gross operating revenues. Funds flow annual only to the extent that there is combined excess of Funds in #5 and #6 above. Funds are transferred from Contingency as needed.
8	Contingency Fund	1,400,795	1,125,811	-	1,125,811	-	1,125,811	Amounts flow annually into this Fund, up to the requirement only and only to the extent there is excess available beyond the requirements of Funds #5 through #7, above. Once requirement is met amounts flow below this point.
9	Management Fee Fund	-	-	-	-	-	-	Beginning in calendar year 2016, pursuant to the Amended and Restated Project Operating agreement, the subordinate component of the management fee becomes due on the first of every month.
10	Subordinate Renewal and Replacement Fund	-	-	-	-	-	-	Monthly calculation of 1% of gross operating revenues. Funds flow annual to satisfy the deficit calculation only and only to the extent that there is combined excess in Funds described in #5 through #9, above. Once the requirement is met amounts flow below this point. Funds are transferred from Contingency as needed.
11	Cash Trap Fund	2,500,000	2,500,000	-	2,500,000	-	-	Funds flow annual only to the extent that there is combined excess in Funds described in #5 through #10, above. Once the requirement is met amounts flow below this point.
12	Authority Revenue Fund	3,330,593	3,330,593	-	3,330,593	-	-	Funds flow annual only to the extent that there is combined excess in Funds described in #5 through #11, above. Once the requirement is met amounts flow below this point.
13a	Authority Revenue Fund - RESTRICTED	500,000	500,000	-	500,000	-	-	Funds flow annual only to the extent that there is combined excess in Funds described in #5 through #12, above. Amounts in the Excess Revenue Fund in each calendar year shall be applied as follows: (i) 50% of such amounts shall be deposited in the Authority Reserve Fund; and (ii) 50% of such amounts shall be paid by the Trustee to the County PFD in accordance with the County Interlocal Agreement.
	Totals	15,663,227	16,357,904	-	16,357,903		5,950,579	
13b	County PFD Fund	-	-	-	-			Funds flow annual only to the extent that there is combined excess in Funds described in #5 through #12, above. Amounts in the Excess Revenue Fund in each calendar year shall be applied as follows: (i) 50% of such amounts shall be deposited in the Authority Reserve Fund; and (ii) 50% of such amounts shall be paid by the Trustee to the County PFD in accordance with the County Interlocal Agreement.
	County PFD Loan, Outstanding Principal Balance	(1,116,493)	(726,504)	-	(726,504)			Represents the outstanding loan balance owed to the Clark County PFD as of month end.

Notes to Accompany Bank Balances

<p>The Operating Petty Cash Account is the account from which the Project Manager, Hilton, deposits the funds withdrawn from the Lockbox solely for the purpose of paying Operating Expenses, Pursuant to Section 3.07 of the Amended and Restated 1 Operating Agreement.</p>	<p>Tax Revenue Debt Service Fund is maintained to meet the debt service requirements of the Conference Center Project Refunding Revenue Bonds Series 2013B, which is the portion of the bond offering secured by the tax revenue flow, without regard to revenue generated by operations of the Hotel and Convention Center Project. Total debt issued \$18,045,000. Full maturity of the debt - January 1, 2034. A complete schedule of interest and principal payments 6 from the Bond offering Official Statement is attached.</p>	<p>The Authority Reserve Fund was established pursuant to Appendix A of the Amended and Restated Trust Indenture - the Authority Reserve Fund Requirement is an amount equal to \$500,000. Funds can be used to meet an obligation of the DRA when shortfalls exist in other accounts otherwise designated to pay that obligation but only after the Contingency 11 fund is fully depleted.</p>
<p>The Available Revenue Fund was established pursuant to Section 5.03 of the Indenture. The Lockbox accounts is maintained pursuant to Section 5.05 of the Indenture and established pursuant to Section 2 of the Amended and Restated Cash Management and Lockbox agreement. At the beginning of each month the Lockbox is required to have the Operating Cost Set Aside Amount, which Pursuant to Appendix A of the Amended and Restated Trust Indenture - the Operating Cost Set Aside 2 Amount means \$500,000.</p>	<p>The Renewal and Replacement Fund is the account for which capital projects are funded. The amount required to be deposited is calculated at 4% of the Monthly Gross Operating Revenue. The deficit is calculated on a cumulative basis from the beginning of the project, less cumulative deposits from the beginning of the project. The ending cash balance represents cumulative deposits from the beginning of the project, less cumulative expenditures from the beginning of the project. The amounts to fund the deficit flow into this account annually. The 4% Subordinate Renewal and Replacement Set Aside Amount requirement is Pursuant to Appendix A of the 7 Amended and Restated Trust Indenture.</p>	<p>The Cash Trap Fund was established pursuant to Appendix A of the Amended and Restated Trust Indenture - the Cash Trap Fund Requirement means the amount of \$2,500,000. Funds can be used to meet an obligation of the DRA when shortfalls exist in other accounts otherwise designated to pay that obligation but only after the Contingency fund and 12 Authority Reserve Fund are fully depleted.</p>
<p>The Taxes and Insurance Fund is maintained to ensure significant fund for annual insurance premiums when due. There is no requirement to maintain a minimum 3 balance. Established pursuant to Section 5.03 of the Indenture.</p>	<p>The Contingency Fund holds an amount Pursuant to Appendix A of the Amended and Restated Trust Indenture - the Contingency Requirement means an amount equal to \$2,000,000. These funds can be used to meet an obligation of the DRA when shortfalls exist in other accounts 8 otherwise designated to pay that obligation.</p>	<p>The Authority Revenue Fund - additional holds amounts used to repay ACA Note Payable Pursuant to the Financing Agreement between ACA and the Authority. ACA was the Authority's bond issuer for the 2003 debt series. Principal amount is \$1,430,554.61 with 4.42% interest, bringing the total amount due to \$3,123,161. Maturity Date is January 1, 2044. Principal and Interest Payment are scheduled to commence on January 1, 2033. Funds flow annual only to the extent that there is combined excess in Funds described in #5 through #12, above. Amounts in the Excess Revenue Fund in each calendar year shall be applied as follows: (i) 50% of such amounts shall be deposited in the Authority Reserve Fund; and (ii) 50% of such amounts shall be paid by the Trustee to the County PFD in accordance with the County Interlocal Agreement. In addition, per the Indenture, the DRA may use amounts in the fund for other purposes. Planned uses include payments to the City of Vancouver per the Lot 24 Parking License Agreement and costs related to major renovation projects planned for 2020-2022. 13a</p>
<p>The Administrative Expense Fund is maintained to ensure monthly administrative obligations are funded when due. There is no stated minimum amount required to 4 be maintained. Established pursuant to Section 5.03 of the Indenture.</p>	<p>The Management Fee Fund is the account that will accumulate the funds that the Authority is obligated to pay, in arrears, subject to the availability of amounts in this fund the subordinate component of the management fee. The obligation to accrue the amount monthly becomes effective in calendar year 2016. The 2021 annual obligation is \$139,055. See Section 8 of the 9 First Amendment to the Mangement Agreement outlines the on-going obligation.</p>	<p>The County PFD Fund holds amounts used to repay liability to County PFD. This balance increases monthly with flow of County Sales Tax Credit Revenue. Established pursuant to Section 5.03 of the Indenture. Amounts are applied to interest first. Interest rate is 5.63%. Amounts in the Excess Revenue Fund in each calendar year shall be applied as follows: (i) 50% of such amounts shall be deposited in the Authority Reserve Fund; and (ii) 50% of such amounts shall be paid by the 13b Trustee to the County PFD in accordance with the County Interlocal Agreement.</p>
<p>The Project Debt Service Fund is maintained to meet the debt service requirements of the Conference Center Project Refunding Revenue Bonds Series 2013A, which is the portion of the bond offering secured by the revenue flow of the Hotel and Convention Center Project. Total debt issued - \$41,185,000. Full maturity of the debt - January 1, 2044. A complete schedule of interest and principal payments from the 5 Bond offering Official Statemen is attached.</p>	<p>The Subordinate Renewal and Replacement Fund is the second available account for which capital projects are funded. The amount required to be deposited is calculated at 1% of Monthly Gross Operating Revenue. The deficit is calculated on a cumulative basis from the beginning of the project, less deposits made into the account less cumulative deposits from the beginning of the project. The ending cash balance represents cumulative deposits from the beginning of the project, less cumulative expenditures from the beginning of the project. The amounts to fund the deficit flow into this account annually. The 1% Subordinate Renewal and Replacement Set Aside Amount requirement is Pursuant to Appendix A of the Amended and Restated Trust 10 Indenture.</p>	

NOTE: City of Vancouver Commitment to Downtown Redevelopment Authority (DRA), with respect to the Vancouver Conference Center: The City signed an agreement on December 1, 2003, to participate in the construction and operation of the Vancouver Conference Center, using tourism funds. In June 2013, the DRA refinanced the debt associated with the construction of the Vancouver Conference Center. As a part of the refinancing, the City agreed that, if, prior to each Interest Payment Date or Principal Payment Date, the amounts on deposit per the Trust Indenture are insufficient to pay the principal and interest due on the 2013 Project Revenue Bonds, upon notice of such deficiency from the Trustee, the City shall pay to the Trustee an amount equal to the deficiency; the maximum obligation on that payment date being the debt service amount of the 2013 Project Revenue Bonds due on such date. Any payment by the City of this conditional payment amount shall constitute a loan by the City to the DRA, with interest payable on such amounts at the rate or rates on the 2013 Project Revenue bonds. If a payment obligation is made and a loan created, the obligation for repayment become subordinate to the obligation of the Authority Revenue Fund and the County PFD Fund.