Downtown Redevelopment Authority

September 17, 2026
11:00am
Council Chambers
415 W 6th Street
Vancouver, WA 98660

AGENDA

1. **Call to order** – President Robertson
   a) Roll Call – Krista Liles
   b) Excusal of Absence, if needed
2. **Approval of Minutes (July 16, 2026)** – President Robertson
3. **Approval of Claims and Admin Expenses** – Erin Jacobson
4. **Update of Financials: June -** Erin Jacobson
5. **Approval of Capital Expenses** – Erin Jacobson
6. **Approval of Professional Services Contract** – Chris Harder (TBD)
7. **Executive Updates** – Chris Harder
   a) Capital Asset Policy – next steps
   b) DRA Project Status Update
   c) Audit Update
   d) Other
8. **Hotel Managers Report** – Alex Dawes, Hilton General Manager
9. **Asset Manager Report** – Bob Hayward, CHM Warnick
10. **Executive Session, if needed**

Members

Jan Robertson
President

Kathleen Kee
Secretary/Treasurer

Dyann Bernatz
Tom Donovan
Marc Fazio
Debra McCracken
Tyler Pace

Board Support

Chris Harder
Executive Director

Erin Jacobson
Principal Accountant

Krista Liles
Executive Assistant

Microsoft Teams meeting:
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Meeting ID: 253 493 401 308 33
Dial in by phone
+1 347-941-5324 (U.S.)
Phone conference ID: 814 172 556#

Community Communications: Commentary will be accepted no later than 24 hours prior to the meeting date. Please send all comments to Krista Liles at krista.liles@cityofvancouver.us

To request accommodation or other formats, please contact:
Tawny Maruhn | 360-487-8621 | TTY: 711 | tawny.maruhn@cityofvancouver.us

Downtown Redevelopment Authority

Meeting Summary/Meeting Minutes

JULY 16, 2026

11:00am Council Chambers, City Hall
415 W 6th Stret

Board Members Present: Robertson, Bernatz, Kee, Donovan, Fazio, Pace

Board Members Absent: McCracken

Staff Present: Harder, Jacobson, Liles

Guests: CHM Warnick, Hilton, Kenyon Disend, PLLC

7.16.26 AGENDA

1. **Call to order** 11:01am
   a. Roll Call
   b. Excusal of Absence – McCracken, *approved.*
2. **Approval of Minutes (April 16, 2026)** – ***Motion to approve*** *by Donovan, seconded by Bernatz, Approved as presented.*
3. **Approval of Claims and Admin Expenses** – ***Motion to approve*** *by Bernatz, seconded by Kee, approved as presented.*
4. **Update on Financials – June**
   - *Discussion: Kee asked if interest income was being maximized and/or are we restricted to specific banks to maximize the rate revenue. Options are currently being explored, but Jacobson noted that she wasn't aware of restrictions but would confirm with the bank. Pace asked about supplies and unbudgeted contracts being higher than YTD budget and whether these were new contracts. Jacobson noted that Dawes could clarify further regarding supplies, but it is partially attributed to increased DRA legal expenses. Pace asked if this would be a long-term expense increase. Robertson confirmed that while legal is an existing budgeted expense, the total is higher due to increased activity*

Members

Jan Robertson
President

Kathleen Kee
Secretary/Treasurer

Dyann Bernatz
Tom Donovan
Marc Fazio
Debra McCracken
Tyler Pace

Staff Support

Chris Harder
Executive Director

Erin Jacobson
Principal Accountant

Krista Liles
Executive Assistant

Legal

Bob Zeinemann
Attorney, Kenyon Disend, PLLC

Financial Management Services
City Hall
360-487-8437; TTY: 711

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1-347-941-5324, 883 810 911#

To request accommodation or other formats, please contact:
Tawny Maruhn | 360-487-8621 | TTY: 711 | tawny.maruhn@cityofvancouver.us

regarding unexpected staffing changes and having to obtain outside legal representation with higher rates.

5. **Approval of Capital Expenses – *Motion to approve*** *by Kee, seconded by Bernatz, approved.*
6. **Approval of Capital Budget Amendment (SR 07.16.26.04) - *Motion to approve*** *by Donovan, seconded by Kee, approved.*
7. **Approval of Capital Items (SR 07.16.26.03) – *Motion to approve*** *by Bernatz, seconded by Donovan, approved.*
8. **Approval to Finalize Contracts (SR 07.16.26.05) – *Motion to approve*** *by Donovan, seconded by Bernatz, approved.*
9. **Approval of Legal Contract (SR 07.16.26.01) – *Motion to approve*** *by Fazio, seconded by Donovan, approved.*
    - ***Discussion****: Pace asked what happens if we hit the 'not-to-exceed' amount before the 24 months. Staff confirmed that we would notify the board ahead of exceeding the threshold and would likely require an amendment to the agreement with board approval. Pace asked to confirm if the board has direct and independent access to legal counsel, given that the contract states counsel "works under the direction of the Executive Director." Robertson noted that the board as a body has direct access, not individual board members, and the Executive Director is part of the board. Therefore, he is included in matters/discussions involving his position.*

10. **Approval of Capital Asset Policy (SR 07.16.26.02) – *Motion to approve*** *by Bernatz, seconded by Donovan, policy adopted.*
    - ***Discussion:*** *Donovan asked for confirmation that the policy is to provide clarity around a policy the DRA currently adheres to. Jacobson confirmed yes that the formality of the policy is to provide extra credential to the audit process and to align with general accounting best practices.*
    - ***Discussion****: Robertson noted whether the definition of "capital asset" should be revised considering the requirement is a $10k+ threshold and we currently have items at $8,500. Jacobson responded that any items that fall under the threshold will get expensed at the end of the year. Bernatz followed up asking if that reconciliation process is outlined in the policy and Jacobson thought yes but needs to confirm. Bernatz asked for clarification on year-end reconciliation language to ensure compliance. Robertson suggested a potential amendment to the policy, depending on whether the reconciliation process is outlined in the policy.* ***Action item****: Harder/Jacobson to review and possibly revise for approval at the September 17, 2026 board meeting.*
    - ***Discussion****: Robertson noted a correction to her name on the resolution signature page from 'Robinson' to 'Robertson'.* ***Motion to amend*** *by Robertson, seconded by Bernatz, approved.*

11. **Executive Updates** –
    a. DRA Project Status Update
    b. DRA & City Site Planning
    c. Audits Update
12. **Hotel Manager Update**
13. **Asset Manager Update**
14. **Executive Session – Employee Performance Review [RCW 42.30.110(1)(g)]**– President Robertson announced a 15-minute Executive Session beginning at: 12:17pm. Session ended: 12:33pm

Meeting adjourned at 12:40pm.

Approval:

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Jan Robertson, President Date

VANCOUVER DOWNTOWN REDEVELOPMENT AUTHORITY VOUCHER AND ADMINISTRATIVE EXPENSE APPROVAL

Ratification of Claims Paid by Trustee

We, the undersigned members of the Board of Directors of the Downtown Redevelopment Authority, do hereby certify that the merchandise or services hereinafter specified have been received and the vouchers listed below are hereby approved in the amounts of **$3,724,300.33** this 17th day of September 2026.

Approval of New Administrative Expenses

Additionally, we, the undersigned members of the Board of Directors of the Downtown Redevelopment Authority, do hereby approve for payment Administrative Expense Fund expenses in the amount of **$84,001.16** this 17th day of September 2026.

______________________________ PRESIDENT	______________________________ SECRETARY/TREASURER
______________________________ EXECUTIVE DIRECTOR	______________________________ BOARD MEMBER

DOWNTOWN REDEVELOPMENT AUTHORITY			
Claims Paid July - August 2026			
Date	**Supplier**	**Amount**	**Description**
7/8/2026	***City of Vancouver***	3,237.36	Administrative Services - Executive Director, Jun-26
7/8/2026	***City of Vancouver***	5,414.00	Administrative Services - Other City Admin, Jun-26
7/8/2026	***City of Vancouver***	211.10	Reimbursement for Service Expense - Columbian Advertising, RFQ-Model Room Design, 6/2-6/9/2026
7/8/2026	***City of Vancouver***	4,029.36	Lot 24 Parking, Jun-26
7/8/2026	***CHM Warnick***	12,175.18	Asset Management Fees, Jun-26
7/8/2026	***SAO***	1,058.25	FY25 Financial Audit, May-26
7/8/2026	***Clark Nuber***	9,581.25	FY25 Hilton Financial Statement Audit, Final billing through 6/21/2026
7/8/2026	***Ramras Financial Consulting LLC***	2,612.50	Financial Services, Jun-26
7/1/2026	***Hilton Hotel***	48,356.58	Hilton Base Management Fee (Inv# 11578-1337073), Jun-26 (paid Jul-26)
7/1/2026		14,401.85	Hilton Subordinate Mgmt Fee (Inv# 11578-1337073), Jun-26 (paid Jul-26)
7/6/2026		343,729.59	OPCA 2651 - PAYROLL
7/6/2026		97,271.21	OPCA 2652 - AP
7/13/2026		273,799.14	OPCA 2653 - AP
7/20/2026		351,373.80	OPCA 2654 - PAYROLL
7/20/2026		47,567.20	OPCA 2655 - AP
7/23/2026		217,998.82	OPCA 2656 - SALES & USE TAX RETURN
7/27/2026		108,932.94	OPCA 2657 - AP
7/27/2026		104,081.94	OPCA 2658 - INTERCOMPANY
7/31/2026		290,782.70	OPCA 2659 - AP
7/31/2026		248,848.70	OPCA 2660 - PAYROLL
7/31/2026		129.41	OPCA 2661 - Month End True Up
8/11/2026	***City of Vancouver***	6,272.39	Administrative Services – Executive Director, Jul-26
8/11/2026	***City of Vancouver***	5,414.00	Administrative Services – Other City Admin, Jul-26
8/11/2026	***City of Vancouver***	185.23	Reimburse COV for Supply Expense; Board Meeting lunches, 7/16/2026
8/11/2026	***City of Vancouver***	4,029.36	Lot 24 Parking, 38 spaces, Jul-26
8/11/2026	***CHM Warnick***	12,175.18	Asset Management Fees, Jul-26
8/11/2026	***CHM Warnick***	466.80	Robert Hayward Airfare, Jul-26
8/11/2026	***US Bank***	1,400.00	Q2 Bank Admin Fees, 4/1 – 6/30/2026
8/11/2026	***BLX Group LLC***	1,250.00	Interim Arbitrage Rebate Report – City Debt Service Guaranty, Period Ending 6/26/2026
8/11/2026	***BLX Group LLC***	1,250.00	Interim Arbitrage Rebate Report – Sales Tax & Lodging Tax, Period Ending 6/26/2026
8/11/2026	***SAO***	10,159.20	FY25 Financial Audit & CPA Review, Jun-26
8/11/2026	***Ramras Financial Consulting LLC***	3,080.00	Financial Services, Jul-26
8/1/2026	***Hilton Hotel***	48,356.58	Hilton Base Management Fee (Inv# 11578-1339834), Jul-26 (paid Aug-26)
8/1/2026		14,401.85	Hilton Subordinate Mgmt Fee (Inv# 11578-1339834), Jul-26 (paid Aug-26)
8/10/2026		108,885.66	OPCA 2662 - PAYROLL
8/14/2026		305,740.24	OPCA 2663 - PAYROLL
8/14/2026		68,370.11	OPCA 2664 - AP
8/24/2026		65,945.60	OPCA 2666 - AP
8/24/2026		116,199.26	OPCA 2667 - INTERCOMPANY
8/26/2026		162,615.17	OPCA 2665 - SALES & USE TAX RETURN
8/31/2026		307,888.02	OPCA 2668 - PAYROLL
8/31/2026		283,685.70	OPCA 2669 - AP
8/31/2026		10,807.69	OPCA 2670 - ADDITIONAL B&O TAX (Q1-Q2)
8/31/2026		129.41	OPCA 2671 - Month End True Up
	Total	**3,724,300.33**	

$ 84,001.16 Highlighted items reflect the total Administrative Expense amount on the Approval Request

Confidential

Downtown Redevelopment Authority

Narrative Overview of August 2026 Financial Statements

STATEMENT OF NET POSITION

- Major cash outlays for bond payments: $3.74 million in Jan-26 for principal + interest, and $823.7k in Jul-26 for interest-only.
- As of August 31, 2026, overall debt to Clark County PFD totals $28.95, which is $388.3k less than August 31, 2025.
  - For 2026, the tax cap decreased to $2.254 million, down $721k from the 2025 limit of $2.975 million, in accordance with the 2013 Refinancing Debt Indenture.

STATEMENT OF REVENUES & EXPENSES AND CHANGES IN NET POSITION

- Operations in August resulted in cumulative operating income of $1.95 million, which is $109.2k more than the budgeted Operating Income of $1.84 million.
  - Cumulative operating revenues were higher than YTD budget by $629.2k. August revenues were higher than budget by $391.4k across Rooms and Banquet categories but offset by $10.6k lower revenues in Outlets, Other Operating & Miscellaneous categories. Per Hilton, August Room increases ($120.6k) were from Transient Average Daily Rate (ADR), increase in Group room blocks, and posting of Permanent (airline) revenue collected from prior months for sold-out nights. The overage in Banquet ($269.7k) was from a single, large local catering event in the month. The underage in Other Operating & Misc categories is due to reduced parking, and no Group cancellations, however offset by some increase in Group Attrition.
  - Operating expenses were lower than YTD budget by $520.0k, driven primarily by
    - Depreciation, an Operating Expense which has no effect on cash, totaled $832.5k which is $137.9k more than the budget of $694.6k, an overage of nearly 20%. Future period forecast has been updated to reflect current trend.
    - Supplies and contractual expenses were higher than YTD budget by $382.1k. Hotel expenses in August make up $123.6k of that overage. Per Hilton, primary drivers were overages in the F&B category ($72.6k) including extra labor, F&B and supplies related to the catering event specified in revenue overage above. The overage in Rooms and Admin & General categories ($32.8k) was from increased travel agent commissions, operating expenses and credit card fees as result of increased bookings/occupancy. The overage in Property Operations ($12.3k) was from HVAC maintenance, Fire & Safety inspections, and Heating Plumbing pump rebuild.
- Net non-operating activity was better than budget by $1.14 million, driven almost exclusively by tax revenue collection which has a flat-line budget. Future years' budgets will reflect seasonality trends.
- Year-over-year investment earnings are down $13.2k. While FY26 cash balances are higher compared to FY25, the average interest rates are lower YOY between 0.64% – 0.68%.
- As of August, Hilton forecasts annual Gross Operating Profit to be $5.60 million, which is $193.4k more than annual budget of $5.41 million.
  - The forecast for Aug-26 is $16.0k less than Jul-26 forecast of $5.62 million.

STATEMENT OF CASH FLOWS

- Overall cash reflects an increase of $1.16 million compared to year end 2025.
  - Notable sources of cash for the year included $15.99 million from operating activities and $4.07 million in tax receipts from the City and County PFD.
  - Notable uses of cash included $12.8 million for goods and services related to operating activities, and debt service payments of $4.56 million.

TAX REVENUE COLLECTIONS

- Through August 2026, tax revenue collections are at 180.7% of the Tax Cap, compared to 133.4% for the prior year.
  - The annual tax cap decreased $721k from 2025 to 2026.
  - As of August 2026, overall tax collections are up compared to August 2025. Receipts of City Lodging Tax, City PFD STC and County PTD STC are up 0.5%, up 0.5%, and up 6.7%, respectively.
- The 2026 annual tax cap was met 5/12/2026.
  - As of 8/31/2026, a total of $1,467,248.01 in excess revenues has been applied toward the Clark County PFD loan.
- The Clark County PFD loan was paid in full on 8/3/2026.
  - Per the Interlocal Agreement, from that point, any excess revenues will be paid to City PFD, less any minor interest accruals as result of payment timing delays; the $28.95 balance as of 8/31/2026 is the result of such timing delays.
  - As of 8/31/2026, a total of $352,764.17 has been paid to City PFD.

FLOW OF FUNDS

- On September 1, 2026, $1.17 million of excess cash was transferred from the Lockbox Fund to the Project Revenue Debt Service

Fund. This transfer resulted from better-than-expected cash inflows during the month.

- Including the September 1, 2026 Flow of Funds transfer, both the DRA's Tax Revenue Debt Service Fund and the Project Revenue Fund have sufficient cash to pay their respective January 1, 2027 debt service payments (principal + interest).

Vancouver Downtown Redevelopment Authority
Condensed Report on Financial Activity
Activity Through August 31, 2026

Revenue & Expense	August 2026 Actual	August 2025 Actual	Year to Date Actual $ Change (2026 - 2025)	Actual % Change (2026 - 2025)	Budget through August 2026	Actual-Budget Comparison	2026 Annual Budget	Actual as % of Annual Budget
Total Operating Revenue	$ 15,464,540	$ 14,765,502	$ 699,038	4.7%	$ 14,835,311	$ 629,229	$ 21,956,450	70.43%
Total Operating Expense	(13,510,976)	(12,875,841)	(635,135)	4.9%	(12,990,941)	(520,035)	(19,516,616)	69.23%
Net Operating Income	**1,953,564**	**1,889,661**	**63,903**	**3.4%**	**1,844,370**	**109,194**	**2,439,834**	**80.07%**
Non-Operating/Special/Prior Period Adj (*)	1,856,689	1,757,340	99,349	**5.7%**	716,463	1,140,226	1,072,535	173.11%
Change in Net Position	**$ 3,810,253**	**$ 3,647,001**	**$ 163,252**	**4.5%**	**$ 2,560,833**	**$ 1,249,420**	**$ 3,512,369**	**108.48%**
Depreciation (In Operating Expense)	$ (832,520)	$ (655,091)	$ (177,429)	27.1%	$ (694,554)	$ (137,966)	$ (1,041,831)	79.91%

(*)
Refers to items not directly associated with operations. These items include interest earned, city tax collections, and interest expense.
Items are listed separately under "Non-Operating Revenues/ (Expenses)" and "Special Items" on the DRA's Operating Statement.

Dedicated Taxes	August 2026 Actual	August 2025 Actual	Year to Date Actual $ Change (2026 - 2025)	Actual % Change (2026 - 2025)
City Lodging Tax (2%)	$ 1,080,197	$ 1,075,037	$ 5,160	0.5%
City Sales Tax Credit	1,539,377	1,532,196	7,181	0.5%
County Sales Tax Credit	1,454,439	1,362,805	91,634	6.7%
Total Tax Revenue	**$ 4,074,012**	**$ 3,970,037**	**$ 103,975**	**2.6%**
Annual Tax Revenue Cap	$ 2,254,000	$ 2,975,000	$ (721,000)	-24.2%
% of Cap	180.7%	133.4%		

Capital Projects	Year to Date August 2026 Actual	2026 Budgeted
Capital Project Expenses	$ 211,194	$ 4,903,500

Cash Balance Reconciliation	Year to Date Ending Balances after Flow of Funds	Monthly Fund Balance Change	August 2025 Actual	Required Amounts (12/31/2026)	% of Required Amounts (12/31/2026)
Operating Petty Cash	$ 645,802	$ 62,483	$ 120,496	$ -	N/A
Lockbox/Available Revenue Fund	562,758	$ -	560,990	500,000	112.6%
Taxes & Insurance Fund	196,887	$ 20,000	170,014	184,879	106.5%
Administrative Expense Fund	82,142	$ (13,541)	87,952	50,000	164.3%
Project Revenue Debt Service Fund	3,213,161	$ 1,169,233	2,751,401	1,940,181	165.6%
Tax Revenue Debt Service Fund	2,135,475	$ -	2,822,975	1,378,525	154.9%
Primary R & R Fund	661,859	$ -	383,634	-	N/A
Contingency Fund	1,570,000	$ -	1,455,000	-	N/A
Management Fee Fund	-	$ -	-	-	N/A
Subordinate R & R Fund	557,630	$ -	409,680	-	N/A
Cash Trap Fund	2,500,000	$ -	2,500,000	-	N/A
Authority Reserve Fund - Excess	6,863,822	$ -	4,871,039	-	N/A
Authority Reserve Fund - Restricted	500,000	$ -	500,000	-	N/A
Total Escrow Fund Cash Balances	**$ 19,489,535**	**$ 1,238,175**	**$ 16,633,181**	**$ 4,053,586**	
County PFD Fund - Loan Balance **	(29)		(388,285)		

Comments

- On September 1, 2026, the DRA transferred $1.17M of excess cash to the Project Revenue Debt Service Fund. This transfer resulted from better than expected cash inflows during the month.
- The DRA's Tax Revenue Debt Service Fund and the Project Revenue Fund each have sufficient cash to pay their respective January 1, 2027 debt service payments (principal + interest).
- Excluding depreciation, the DRA has realized an increase of Net Position totaling $4.64M which is $1.39M more than the cumulative budgeted increase in Net Position of $3.26M. *Depreciation has no effect on cash in the current period*

** The 2026 Annual Tax Cap of $2.254 million was met 5/12/2026. Total of $1,467,248.01 in excess revenues has been applied toward the Clark County PFD loan balance, and is included loan balance above.

** The County PFD Loan was paid in full on 8/3/2026. Per the Interlocal Agreement, from that point, any excess revenues will be paid to City PFD, less any minor interest accruals as result of payment timing delays. As of 8/31/2026, a total of $352,764.17 has been paid to City PFD.

Downtown Redevelopment Authority
(A Component Unit of the City of Vancouver)
Statement of Net Position
Substantially all Disclosures Required by GAAP are omitted.
As of August 31, 2026 and December 31, 2025

	8/31/2026	Audited 12/31/2025	Change from Prior Year-End	% Change
ASSETS				
Current assets				
Cash and cash equivalents	104,403	101,847	2,556	2.5%
Restricted cash with fiscal/escrow agent	18,887,154	17,733,722	1,153,432	6.5%
Receivables (net)				
Taxes	1,543,086	1,543,086	0	0.0%
Accounts	736,371	1,204,632	(468,261)	(38.9%)
Interest	52,276	53,540	(1,264)	(2.4%)
Inventory	50,032	53,726	(3,694)	(6.9%)
Prepaid expenses	365,516	331,325	34,191	10.3%
Total current assets	21,738,838	21,021,878	716,960	3.4%
Noncurrent assets				
Capital assets				
Buildings and equipment	59,234,288	59,126,301	107,987	0.2%
Accumulated depreciation	(30,850,529)	(30,018,009)	(832,520)	2.8%
Total noncurrent assets	28,383,759	29,108,292	(724,533)	(2.5%)
TOTAL ASSETS	**50,122,597**	**50,130,170**	**(7,573)**	**(0.0%)**
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized deferred amount on refunding	509,977	556,338	(46,361)	(8.3%)
LIABILITIES				
Current liabilities				
Accounts payable	347,525	274,069	73,456	26.8%
Accrued interest payable	274,569	886,581	(612,012)	(69.0%)
Accrued liabilities	985,567	1,144,660	(159,093)	(13.9%)
Unearned revenue	1,912,889	1,857,155	55,734	3.0%
Bonds, notes and leases payable	2,495,000	2,879,304	(384,304)	(13.3%)
Total current liabilities	6,015,550	7,041,769	(1,026,219)	(14.6%)
Noncurrent liabilities				
Bonds, notes and leases payable from restricted assets	35,478,358	37,963,590	(2,485,232)	(6.5%)
Due to other governments	217,555	570,291	(352,736)	(61.9%)
Total noncurrent liabilities	**35,695,913**	**38,533,881**	**(2,837,968)**	**(0.3%)**
TOTAL LIABILITIES	**41,711,463**	**45,575,650**	**(3,864,187)**	**(8.5%)**
NET POSITION				
Net investment in capital assets	(9,079,622)	(11,178,264)	2,098,642	(18.8%)
Restricted for capital purposes	1,219,489	339,366	880,122	100.0%
Restricted for debt service	4,179,403	6,776,618	(2,597,215)	(38.3%)
Unrestricted	12,601,842	9,173,138	3,428,704	37.4%
TOTAL NET POSITION	**8,921,111**	**5,110,858**	**3,810,254**	**74.6%**

Downtown Redevelopment Authority
(A Component Unit of the City of Vancouver)
Statement of Revenues Expenses and Changes in Net Position
Substantially all Disclosures Required by GAAP are omitted.
For the months ended August 31, 2026 and 2025

	Actuals				Original Budget		
	Eight months ending August 31, 2026	**Eight months ending August 31, 2025**	**$ Change**	**% Change**	**YTD Budget**	**Variance to Budget Favorable/ (Unfavorable)**	**%**
OPERATING REVENUES							
Charges for services	15,464,540	14,765,502	699,038	4.7%	14,835,311	629,229	4.2%
Miscellaneous	-	-	-		-	-	
Total operating revenues	**15,464,540**	**14,765,502**	**699,038**	**4.7%**	**14,835,311**	**629,229**	**4.2%**
OPERATING EXPENSES							
Supplies and contractual services	12,678,456	12,220,750	457,706	3.7%	12,296,387	(382,069)	-3.1%
Depreciation	832,520	655,091	177,429	27.1%	694,554	(137,966)	-19.9%
Total operating expenses	13,510,976	12,875,841	635,135	4.9%	12,990,941	(520,035)	-4.0%
Operating income (loss)	1,953,564	1,889,661	63,903		1,844,370	109,194	5.9%
NONOPERATING REVENUES (EXPENSES)							
Intergovernmental contributions	2,619,574	2,607,232	12,342	0.5%	1,502,667	1,116,907	74.3%
Interest earnings	375,054	388,268	(13,214)	-3.4%	399,678	(24,624)	-6.2%
Proceeds (Loss) from Sale of Capital Assets	-	(7,575)	7,575	0.0%	-	-	0.0%
Interest and fiscal charges	(1,137,939)	(1,230,585)	92,646	7.5%	(1,185,882)	47,943	4.0%
Total nonoperating revenues (expenses)	**1,856,689**	**1,757,340**	**99,349**	**-5.7%**	**716,463**	**1,140,226**	**159.1%**
Change in net position	**3,810,253**	**3,647,001**	**163,252**	**-4.5%**	**2,560,833**	**1,249,420**	**48.8%**
TOTAL NET ASSETS - BEGINNING	5,110,857	1,191,080	3,919,777	-329.1%			
TOTAL NET ASSETS - ENDING	**8,921,110**	**4,838,081**	**4,083,029**	**-84.4%**			

Downtown Redevelopment Authority
(A Component Unit of the City of Vancouver)
STATEMENT OF CASH FLOWS
For the month ended August 31, 2026

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operating activities	$	15,988,535
Cash payments for goods and services		(12,794,590)
Net cash provided (used) by operating activities		3,193,945
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from other governments		4,074,012
Payments to other governments		(1,820,012)
Net cash provided (used) by noncapital financing activities		2,254,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on capital debt		(2,850,000)
Interest paid on capital debt		(1,710,288)
Purchase of capital assets		(107,988)
Net cash provided (used) by capital and related financing activities		(4,668,275)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of interest		376,318
Net cash provided (used) by investing activities		376,318
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,155,988
CASH AND CASH EQUIVALENTS - BEGINNING		17,835,569
CASH AND CASH EQUIVALENTS - ENDING	**$**	18,991,557
Reconciliation of operating income (loss) to net cash used by operating activities:		
Net operating income (loss)	**$**	1,953,564
Adjustments to reconcile net operating income (loss) to net cash provided by operations:		
Depreciation expense		832,520
(Increase) Decrease in receivables		468,261
(Increase) Decrease in inventories		3,694
(Increase) Decrease in prepaid items		(34,191)
Increase (Decrease) in current payables		(85,637)
Increase (Decrease) in unearned revenue		55,734
Total adjustments		1,240,381
Net cash provided (used) by operating activities	$	3,193,945

Flow of Funds and Operating Cash Pursuant to Trust Indenture

Financial Statement Period August 31, 2026

	Account name	Beginning Balances (8/1/2026)	Ending Balances (8/31/2026)	September 1, Flow of Funds deposits, use of Cash Trap, and management fee payment	Cash balances after monthly flow of funds	Amounts Required 7/1 through 12/31/2026	Excess / (Deficit) through 12/31/2026	Requirement Description
1	Operating Petty Cash Account	583,319	645,802	-	645,802	-	645,802	Remaining balance intended to cover automatically deducted banking/merchant charges. **Excluding the 3-OPCA Requests pending transfer = $602,381.41, the balance would be $43,420.99.**
2	Available Revenue Account & Lockbox Account	798,291	1,784,133	(1,221,374)	562,758	500,000	62,758	Must have $500,000 balance as of 1st business day. ***Amount in cash balance after flow of funds includes Hilton management fee of $62,758.43 which is withdrawn the 1st of every month separately.***
3	Taxes and Insurance Fund	126,887	176,887	20,000	196,887	184,879	12,008	Cash moved throughout the year to cover estimated policy renewals due in 2026. Budget = $316,114.79 total for 3 policies. Property & Terrorism policy paid Jul-26 = $108,112.89 ($23,122.41 less than budget)
4	Administrative Expense Fund	50,000	50,000	32,142	82,142	50,000	32,142	Amounts required represent average monthly amount for known and budgeted Administrative Expenses remaining (not yet paid). Any excess balance will be applied to future administrative expenses.
5	Project Revenue Debt Service Fund	1,904,078	2,043,928	1,169,233	3,213,161	1,940,181	1,272,979	Amounts required through 12/31/2026 represent debt service payments payable **January 1, 2027 (principal + interest)**.
6	Tax Revenue Debt Service Fund	2,135,475	2,135,475	-	2,135,475	1,378,525	756,950	Amounts required through 12/31/2026 represent debt service payments payable **January 1, 2027 (principal + interest)**.
7	Renewal and Replacement Fund	661,859	661,859	-	661,859	-	661,859	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	1,570,000	1,570,000	-	1,570,000	-	1,570,000	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	557,630	557,630	-	557,630	-	557,630	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	6,863,822	6,863,822	-	6,863,822	-	-	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	**18,251,360**	**19,489,535**	**-**	**19,489,535**	**4,053,586**	**5,572,128**	
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	(16,595)	(29)	-	(29)	-	-	Represents the outstanding loan balance owed to the Clark County PFD as of month-end.

Notes to Accompany Bank Balances

#	Note	#	Note	#	Note
1	**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 Operating Agreement.	6	**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 from the Bond offering Official Statement is available upon request.	11	**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 fund is fully depleted.
2	**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 Amount means $500,000.	7	**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 Amended and Restated Trust Indenture.	12	**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 Authority Reserve Fund are fully depleted.
3	**The Taxes and Insurance Fund i**s maintained to ensure significant fund for annual insurance premiums when due. There is no requirement to maintain a minimum balance. Established pursuant to Section 5.03 of the Indenture.	8	**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 otherwise designated to pay that obligation.	13a	**The Authority Revenue 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. In addition, per the Indenture, the DRA may use amounts in the fund for other purposes.
4	**The Administrative Expense Fund** is maintained to ensure monthly administrative obligations are funded when due. There is no stated minimum amount required to be maintained. Established pursuant to Section 5.03 of the Indenture.	9	**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. See Section 8 of the First Amendment to the Mangement Agreement outlines the on-going obligation.	13b	**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 Trustee to the County PFD in accordance with the County Interlocal Agreement.
5	**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 Bond offering Official Statement is available upon request.	10	**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 Indenture.		

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.

VANCOUVER DOWNTOWN REDEVELOPMENT AUTHORITY VOUCHER AND CAPITAL EXPENSE APPROVAL

Ratification of Claims Paid by Trustee

We, the undersigned members of the Board of Directors of the Downtown Redevelopment Authority, do hereby certify that the capital merchandise or services hereinafter specified have been received and the vouchers listed below are hereby approved in the amounts of **$30,194.90** this 17th day of September 2026.

PRESIDENT	SECRETARY/TREASURER
EXECUTIVE DIRECTOR	BOARD MEMBER

HILTON VANCOUVER WASHINGTON 2026 CAPITAL PROJECT SUMMARY								
PREPARED BY:	Krista Liles			DATE:	July 1, 2026			
Contractor	**Description of work**	**Project**	**Amount**	**Invoice Date**	**Invoice Number**	**Request #**	**Project #**	**Project type**
Hilton (Lerch Bates)	Survey	Elevator Modernization	$ 1,800.00	4/14/2026	0103215	701261		Please send check to Hilton Worldwide. Was originally paid on AP OPCA #2630.
EverOn, LLC	Material and permit costs	Fire Panel Replacement	$ 22,909.50	7/8/2026	161283641	701261		
Roll-A-Shield	Rolling Shutter	Contingency: Loading Dock Overhead Door	$ 5,485.40	6/17/2026	Q202606-1675	701262		Full prepayment required before manufacture begins.
Total			$ 30,194.90					

DOWNTOWN REDEVELOPMENT AUTHORITY
STAFF REPORT No. 09-17-26-01

TO: Downtown Redevelopment Authority (DRA) **DATE:** 09/17/2026
FROM: Chris Harder, Executive Director

Subject: Hilton Hotel Guest Room Remodel – Professional Service Agreement

Objective: Approve Professional Services Agreement with Degan & Degan, Inc.

Present Situation:

The Downtown Redevelopment Authority (DRA) advertised and issued a Request for Qualifications, and after evaluation of the Contractor's responsive proposal, found the Contractor to be capable of performing the required services. Degan & Degan will serve as Architect of Record and Interior Designer to implement Hilton's Property Improvement Plan (PIP) renovation, Phase 1 – Model Room renovation.

The Hilton PIP will be executed starting with Phase 1:

Phase I – Model Rooms

- Design and construction of (2) Model Rooms
- Design only (not to be constructed at this time) of Guest Corridor, Vending and Elevator Lobby

DRA staff has worked with Degan & Degan, the City's Procurement Manager, and the DRA's Attorney to finalize a scope of services and fee and the attached professional services agreement. The term of this Agreement shall commence on **October 1, 2026**, and continue until **December 31, 2027**.

Among the services that Degan & Degan will provide under the agreement:

1. One Managing Principal will lead the design and serve as the primary contact for high-level decisions. He or she will be responsible for your ultimate satisfaction with the services and products that we deliver.
2. The D&D Team will be made up of both architects and interior designers. D&D will assign a Project Manager who will be responsible for the day-to-day management of the project and the production of the drawings and specifications.
3. D&D will administer all the required design submittals and approvals with Hilton.
4. Additional Services as identified in Attachment A (Scope of Work)

The total cost of Degan & Degan's contracted services with the DRA shall not exceed **$116,500.00**, while reimbursable expenses shall not exceed **$1,500**. In addition to finalizing a professional services agreement for Architectural and Interior Design services, staff will pursue, in the near future, two additional public solicitation processes related to this project to identify and select a General Contractor and an FF&E Procurement Agent.

Proposal: Staff recommends that the DRA board approve the professional services agreement with Degan & Degan for Architectural and Interior Design services for Phase 1 – Model Rooms as identified in in Attachment A.

Action Requested: Approve the professional services agreement with Degan & Degan for architectural and engineering services for the Hilton Hotel Rooms renovation.

Attachments: Professional Services Agreement between DRA and Degan & Degan, including scope of work and fee exhibit

SERVICES AGREEMENT
No. 2026-01

This Services Agreement (hereinafter referred to as the “Agreement”) is entered into by and between the Vancouver Downtown Redevelopment Authority, a municipal corporation organized under the laws of the State of Washington, (hereinafter referred to as the "DRA") and Degen & Degen, Inc. (hereinafter referred to as the "Contractor"). The DRA and Contractor may be collectively referred to herein as the “parties” or individually as a “party”.

WHEREAS, the DRA desires to engage the Contractor to perform services as described in this Agreement; and

WHEREAS, the DRA advertised and issued a Request for Qualifications, numbered DRA1-26 (hereinafter referred to as the “solicitation”) and after evaluation of the Contractor’s responsive proposal, found the Contractor be capable of performing the required services; and

WHEREAS, the Contractor represents by entering into this Agreement that it is fully qualified to perform the services described herein in a competent and professional manner, and to the full satisfaction of the DRA.

NOW, THEREFORE, in consideration of the terms, conditions, covenants, and performance contained herein, or attached and incorporated and made a part hereof, the parties hereto agree as follows:

1. **SCOPE OF WORK:** The Contractor agrees to provide the DRA all services and materials set forth in the scope of work identified in Attachment "A", and as further described in Contractor’s responsive proposal to the DRA’s solicitation, (collectively referred to herein as the “work”) which are each incorporated herein by this reference, and made a part of this Agreement as if fully set forth herein.

   All work must be authorized and approved by the DRA’s Project Manager before any work can begin. The Contractor shall approach each project in a manner consistent with its usual customary business practices. The Contractor shall actively seek collaborative input from DRA staff.

2. **COMPENSATION:** Payment to the Contractor for the work described in this Agreement shall not exceed $ 116,500.00 USD.

This payment shall be maximum compensation for the work and for all labor, materials, supplies, equipment and incidentals necessary to complete the work as set forth herein, and it shall not be exceeded without the DRA's prior written authorization in the form of a negotiated and executed amendment.

Compensation is limited to the amount specified for each specific task and/or sub-task, unless amended in writing. The DRA requires the Contractor to complete the work stated within the number of hours stated for each task, and/or sub-task, or the lump sum amount. If compensation is made on an hourly basis and the work requires fewer hours than those estimated, the Contractor will be paid for the actual worked hours necessary to complete that task and/or sub-task. If the Contractor underestimated the number of hours required to perform the work, the Contractor shall be paid up to the maximum number of hours stated for the task and/or sub-task. Compensation may be amended, at the DRA's sole discretion, for documentable circumstances not reasonably foreseeable to either party at the time the task and/or subtask is initiated, or for changes to the scope of work or deliverables requested by the DRA. All deliverables must be acceptable to the DRA, at the sole discretion of the DRA.

Travel expenses are limited to airfare, or mileage at the current IRS rate, and lodging at the U.S. General Services Administration rates. The Contractor is solely responsible for its staff's travel time, including travel to and from the DRA. The DRA will reimburse only pre-approved miscellaneous Contractor expenses at-cost upon submission of receipts to DRA.

During the life of this Contract, and in consideration of the City's business needs, the Contractor may make requests for compensation adjustments. In consideration of market conditions, the City may allow an annual adjustment to compensation paid for the actual cost of services. Contractor shall submit the request for consideration, together with supporting documentation, before the anniversary date of this Agreement. The City will review the request and, at its sole discretion, make a decision. If accepted, the adjustment shall become effective on the anniversary date of the Agreement and will be firm for the remainder of the contracted period. All adjustments will be authorized by written contract amendment.

3. **PAYMENT FOR CONTRACTOR SERVICES**: The Contractor shall submit monthly invoices to DRA covering both professional fees and project expenses, if any, for fees and expenses from the previous month. Payments to Contractor shall be net thirty (30) days.

The DRA reserves the right to correct any invoices paid in error. The Contractor shall be paid according to the rates set forth in Attachment "B", incorporated herein by this reference, and made a part of this Agreement as if fully set forth herein.

DRA and Contractor agree that any amount paid in error by DRA does not constitute a rate change in the amount of the contract. The DRA's contract/purchase order (PO) number given on the notice to proceed <u>**must**</u> be referenced on any invoice submitted for payment.

4. **TERM OF AGREEMENT**: The term of this Agreement shall commence on October 1, 2026 and continue until December 31, 2027. Unless directed otherwise by the DRA, Contractor shall perform the work in accordance with any schedules made a part of this Agreement.

5. **ORDER OF PRECEDENCE:** Where there is a conflict among or between any of these documents, the controlling documents shall be the first listed in the following sequence: Amendments to this Agreement; this Agreement; Contract Purchase Orders; the Contractor's responsive proposal to the DRA's solicitation, and the DRA's solicitation.

6. **RELATION OF PARTIES**: The Contractor, and its subcontractors, agents, employees, or other vendors contracted by the Contractor to provide services or other work for the purpose of meeting the Contractor's obligations under this agreement (collectively referred to as "subcontractors"), are independent contractors performing professional services for the DRA and are not employees of the DRA. The Contractor and its subcontractors shall not, as a result of this Agreement, accrue leave, retirement, insurance, bonding or any other rights, privileges, or benefits afforded to DRA employees. The Contractor and its subcontractors shall not have the authority to bind DRA in any way except as may be specifically provided herein.

7. **E-VERIFY:** The Contractor shall enter into and register a Memorandum of Understanding with the Department of Homeland Security E-Verify program within sixty (60) days after execution of this Agreement. The Contractor shall ensure all Contractor employees and any subcontractors assigned to perform work under this Agreement are eligible to work in the United States. The Contractor shall provide verification of compliance upon the request of the DRA. Failure by the Contractor to comply with this subsection shall be considered a material breach.

8. **DELAYS AND EXTENSIONS OF TIME:** If the Contractor is delayed at any time in the progress of the work covered by this Agreement, by any causes beyond Contractor's control, the time for performance may be extended by such time as shall be mutually agreed upon by the Contractor and the DRA and shall be incorporated in a written amendment to this Agreement. Any request for an extension of time shall be made in writing to the DRA.

9. **OWNERSHIP OF RECORDS AND DOCUMENTS:** The Contractor shall be deemed the author and owner of their Instruments of Service, including the drawings and specifications, and shall retain all common law, statutory, and other reserved rights, including copyrights.

   The Contractor grants to DRA a nonexclusive license to use the Contractor's Instruments of Service solely and exclusively for purposes of constructing, using, maintaining, altering, and adding to the Project, provided that DRA substantially performs its obligations under this Agreement, including prompt payment of all fees due.

   In the event DRA uses the Instruments of Service without retaining the authors of the Instruments of Service, then DRA releases the Contractor from all claims and causes of action arising from such uses. DRA, to the extent permitted by law, further agrees to indemnify and hold harmless the Contractor and its consultants from all costs and expenses, including the cost of defense, related to claims and causes of action asserted by any third person or entity to the extent such costs and expenses arise from DRA's use of the Instruments of Service under this Section. The terms of this Section shall not apply if DRA rightfully terminates this Agreement for cause.

Except for the licenses granted in this Section no other license or right shall be deemed granted or implied under this Agreement. DRA shall not assign, delegate, sublicense, pledge, or otherwise transfer any license granted herein to another party without the prior written agreement of the Contractor. Any unauthorized use of the Instruments of Service shall be at DRA's sole risk and without liability to the Contractor and Contractor' consultants.

The terms of this Section shall not apply to DRA's release of the Instruments of Service to any third person or entity to the extent such release is required for DRA's compliance with the Washington Public Records Act, Chapter 42.56 RCW, as acknowledged by the Contractor in Section 22 herein.

Except as otherwise stated in the Section, the provisions of this Section shall survive the termination of this Agreement.

10. **TERMINATION FOR PUBLIC CONVENIENCE**: The DRA, at its sole discretion, may terminate this contract for convenience at any time for any reason deemed appropriate. Termination is effective immediately upon notice of termination given by the DRA.

    In the event this Agreement is terminated prior to the completion of work, the Contractor will only be paid for the portion of the work completed at the time of termination of the Agreement.

11. **TERMINATION FOR DEFAULT:** If the Contractor defaults by failing to perform any of the obligations of the Agreement, including violating any law, regulation, rule or ordinance applicable to this Agreement, or becomes insolvent or is declared bankrupt or commits any act of bankruptcy or insolvency or makes an assignment for the benefit of creditors, the DRA may, by depositing written notice to the Contractor in the U.S. mail, postage prepaid, terminate the Agreement, and at the DRA's option, obtain performance of the work elsewhere.

    If the Agreement is terminated for default, the Contractor shall not be entitled to receive any further payments under the Agreement until all work called for has been fully performed. Any extra cost or damage to the DRA resulting from such default(s) shall be deducted from any money due or coming due to the Contractor. The Contractor shall bear any extra expenses incurred by the DRA in completing the work, and all damage sustained, or which may be sustained by the DRA by reason of such default.

If a notice of termination for default has been issued and it is later determined for any reason that the Contractor was not in default, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to the termination for public convenience paragraph herein.

12. **OPPORTUNITY TO CURE:** The DRA at its sole discretion may in lieu of a termination allow the Contractor to cure the defect(s), by providing a "Notice to Cure" to Contractor setting forth the remedies sought by DRA and the deadline to accomplish the remedies. If the Contractor fails to remedy to the DRA's satisfaction the breach or default of any of the terms, covenants, or conditions of this Contract within the time stated time, the DRA shall have the right to terminate the Contract without any further obligation to the Contractor. Any such termination for default shall not in any way operate to preclude the DRA from also pursuing all available remedies against the Contractor and it's sureties for said breach or default, including but not limited to termination of this Contract for convenience.

13. **COMPLIANCE WITH THE LAW:** The Contractor agrees to comply with all relevant, Federal, State, and Municipal laws, rules, policies, regulations or ordinances in the performance of work under this Agreement.

14. **CITY BUSINESS AND OCCUPATION LICENSE:** The Contractor will be required to obtain a business license when contracting with the City unless allowable exemptions apply. The Contractor shall contact the State of Washington Business License Service (BLS) at: http://bls.dor.wa.gov/file.aspx, or by phone at 800-451-7985, or go to www.bls.dor.wa.gov/cities/vancouver.aspx or www.cityofvancouver.us/businesslicense, to determine whether a business license is required pursuant to the Vancouver Municipal Code (VMC) Chapter 5.04.

15. **LIABILITY AND HOLD HARMLESS:** The Contractor shall defend indemnify and hold the DRA, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, to the extent caused by the negligent acts, negligent omissions or willful misconduct of the Consultant, in performance of this Agreement, except for injuries and damages caused by the sole negligence of the DRA.

    Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Contractor and the DRA, its officers, officials, employees, and volunteers, the Contractor's liability hereunder shall be only to the extent of the Consultant's negligence or misconduct. It is further specifically and expressly understood that the indemnification provided herein constitutes the Consultant's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification.

16. **INSURANCE:** The Contractor shall obtain and keep in force during the entire term of this agreement, liability insurance against any and all claims for damages to person or property

which may arise out of the performance of this Contract whether such work shall be by the Contractor, subcontractor or anyone directly or indirectly employed by either the Contractor or a subcontractor.

All liability insurance required herein shall be under a Comprehensive or Commercial General Liability and business policies.

COVERAGE	**LIMITS OF LIABILITY**
I. Commercial General Liability:	
Policy shall include Bodily Injury, Property Damage, Personal Injury and Broad Form Contractual Liability	
Each Occurrence	$1,000,000
General Aggregate Per Occurrence	$2,000,000
Products & Completed Operations Aggregate	$2,000,000
Personal and Advertising Injury	$1,000,000
Blanket Contractual Liability	$1,000,000
II. Commercial Automobile Liability	
Policy shall include Bodily Injury and Property Damage, for any owned, Hired, and/or Non-owned vehicles used in performance of the services required under this agreement.	
Combined Single Limit	$1,000,000
III. Workers' Compensation (applicable to the State of Washington)	
Per Occurrence	
Employer's Liability	$1,000,000
Disease Each Employee	$1,000,000
Disease Policy Limit	$1,000,000
Each Claim	$1,000,000
Annual Aggregate	$1,000,000
V. Professional Liability	
Policy shall include coverage against claims which may arise out of the negligent performance of this Contract whether such work shall be by the Contractor, subcontractor or anyone directly or indirectly employed by either the Contractor or a subcontractor	$1,000,000

In addition to the coverage and limits listed above the Contractor's insurance must all contain the following:

a. DRA Listed as an Additional Insured on Contractor's Commercial General Liability policy. The City of Vancouver Downtown Redevelopment Authority, its Agents, Representatives, Officers, Directors, Elected and Appointed Officials, and Employees must be named as an additional insured. The required Additional Insured endorsements shall be at least as broad as ISO CG 20 10 11 85, or its equivalent CG 20 10 07 04 and CG 20 37 07 04 must be included with the Certificate of Insurance. This does not apply to the Contractor's Professional Liability Policy.

b. Either the Commercial General Liability or the Workers' Compensation policy must be endorsed to include "Washington Stop Gap" insurance. The limits and aggregates referenced must apply to the Stop Gap coverage as well and must be indicated on the certificate.

c. Employment Security. The Contractor shall comply with all employment security laws of the State in which services are provided and shall timely make all required payments in connection therewith.

d. The City of Vancouver Downtown Redevelopment Authority shall be listed on the Certificate as the Certificate Holder.

e. Coverage Trigger: The insurance must be written on an "occurrence" basis. This must be indicated on the Certificate.

Contractor shall provide evidence of all insurance required, at the DRA's request, by submitting an insurance certificate to the DRA on a standard "ACORD" or comparable form.

All policies shall be issued by an insurance company licensed to do business in the State of Washington. The DRA may inspect all policies and copies shall be provided to the DRA upon request.

17. NOTICES: All notices which are given or required to be given pursuant to this Agreement shall be hand delivered, mailed postage paid, or sent by electronic mail as follows:

For the DRA:
Chris Harder
Downtown Redevelopment Authority
415 W 6th Street
P O Box 1995
Vancouver WA 98668-1995
Email: chris.harder@dra.vanboard.org

For the Contractor:
Jeffrey Degen
Degen & Degen , Inc.
1402 Third Avenue, Suite 1100
Seattle WA 98101
Email: Jeff@ddseattle.com

Either party may change the designated contact or any information listed above by giving advance notice in writing to the other party.

18. **AMENDMENTS:** All changes to this Agreement, including changes to the scope of work and compensation sections, must be made by written amendment and signed by all parties to this Agreement.

19. **SCOPE OF AGREEMENT**: This Agreement incorporates all the agreements, covenants and understanding between the parties hereto and are merged into this written Agreement. No prior agreement or prior understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless set forth in this Agreement.

20. **RATIFICATION:** Acts taken pursuant to this Agreement but prior to its effective date are hereby ratified and confirmed.

21. **GOVERNING LAW/VENUE**: This Agreement shall be deemed to have been executed and delivered within the State of Washington, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of Washington without regard to the principles of conflict of laws. Any action or suit brought in connection with this Agreement shall be brought in the Superior Court of Clark County, Washington.

22. **PUBLIC DISCLOSURE COMPLIANCE:** The parties acknowledge that the DRA is an "agency" within the meaning of the Washington Public Records Act, Chapter 42.56 RCW, and that materials submitted by the Contractor to the DRA become public record. Such records may be subject to public disclosure, in whole or part and may be required to be released by the DRA in the event of a request for disclosure. In the event the DRA receives a public record request for any data or deliverable that is provided to the DRA and that is licensed from the Contractor, the DRA shall notify the Contractor of such request and withhold disclosure of such information for not less than five (5) business days, to permit the Contractor to seek judicial protection of such information, provided that the Contractor shall be responsible for attorney fees and costs in such action and shall save and hold harmless the DRA from any costs, attorney fees or penalty assessment under Chapter 42.17 RCW for withholding or delaying public disclosure of such information.

23. **DEBARMENT**: The Contractor certifies that that it is not presently debarred, suspended, proposed for debarment, and declared ineligible or voluntarily excluded from covered transactions by any Federal, State or local department or agency.

24. **NONDISCRIMINATION**: The Vancouver Downtown Redevelopment Authority, WA is an equal opportunity employer. In the performance of this Agreement, the Contractor will not discriminate against any employee or applicant for employment on the grounds of race, creed, color, national origin, sex, sexual orientation, marital status, age or the presence of any sensory, mental or physical handicap.

The undersigned, as the authorized representatives of the DRA and Contractor respectively, agree to all of the terms and conditions contained in this Agreement, as of the dates set forth below.

VANCOUVER DOWNTOWN REDEVELOPMENT AUTHORITY
A municipal corporation

____
Chris Harder, Executive Director

____
Date

Attest:

____
Kathleen Kee, Treasurer

Approved as to form:

____
Robert Zeinemann, DRA Attorney

CONTRACTOR:

Degen & Degen, Inc.

____
Signature

____
Jeffrey S. Degen, President

____
Date

Attachment A
Scope of Work

This proposal is for Architectural and Interior Design services for Phase I of the Hilton Property Improvement Plan (PIP)
renovation as follows:

- Design and construction management of (2) Model Rooms
- Design only (not to be constructed at this time) of Guest Corridor, Vending and Elevator Lobby

Highlights of the proposal are as follows:

- Degen & Degen will serve as Architect of Record and Interior Designer to implement Hilton's PIP with respect to this scope and will coordinate all of Hilton's required approvals.
- Degen & Degen will retain and manage any consultants that might be required for the project such as structural engineering or MEP if any. (None anticipated at this time.)

Phasing
The Hilton PIP will be executed in three phases:

<u>Phase I – Model Rooms</u>

- Design and construction of (2) Model Rooms
- Design only (not to be constructed at this time) of Guest Corridor, Vending and Elevator Lobby

<u>Phase II – Guestrooms and Corridors</u>

- Detailed design and construction of all Guestrooms, Guest Corridors, Vending and Elevator Lobbies. This includes applying the approved design from Phase I to all room types and guest corridors throughout the hotel.

<u>Phase III – Public Space</u>

- Design and construction of remaining items on the Hilton PIP - Meeting Facilities, Public Restrooms, and Recreational Facilities

Scope of Work
Scope of Work under this contract is only for Phase I.

Services and Deliverables
Services offered in this proposal are intended to provide all of the A/E+ID services expected to be required for this phase from implementation of the existing concept through completion.

In particular:
1. One Managing Principal will lead the design and serve as the primary contact for high-level decisions. He or she will be responsible for your ultimate satisfaction with the services and products that we deliver.
2. The D&D Team will be made up of both architects and interior designers. D&D will assign a Project Manager who will be responsible for the day-to-day management of the project and the production of the drawings and specifications.
3. D&D will administer all of the required design submittals and approvals with Hilton.

Meeting and Site Visits
The anticipated meetings and site visits are as follows:

(1) Initial fact-finding site survey (Kick-off Meeting, 07/29/2026)
(1) In-person meeting – SD/DD Design Presentation
(1) In-person meeting – General Contractor interviews or kick-off / coordination
(1) Progress visit during construction and installation
(1) Final FF&E installation -likely 2-day trip
Weekly OAC (Owner-Architect-Contractor) Meetings online via Teams, approximately ½ to 1 hour long

Additional Services
The following items are offered as Additional Services:
- Marketing collateral and/or photo-realistic renderings of the interior or exterior
- Framed color and sample boards (Hilton does not require them and most of our clients find that our digital presentation books are preferable because they are so easily forwarded to all parties.)
- Printed FF&E & Finish Specifications in binders (normally delivered digitally in pdf format)
- CSI Specifications: Our typical drawings will include short-form spec references to all interior and exterior materials. Full three-part CSI format specifications are available as an Additional Service.
- Value engineering after completion of Design Development Phase.
- Those items enumerated in the base AIA Agreement as additional or contingent services
- Reselections and/or redesign required as a result of Owner's revisions to the Scope of Work, budget, schedule, or previously approved work.
- Evaluating reselections due to availability or proposed substitutions by Purchasing Agent or vendors.
- Selection and specification of operating supplies
- Record drawings, incorporating all RFI's, ASI's, and other revisions to the Documents

Building Permit
As Architect-of-Record we will sign and seal the drawings and obtain the building permit on your behalf.

Schedule
The proposal is based on the understanding that the project will proceed toward completion without any significant delays.

Notice to Proceed		1 Oct
SD Presentation	9 wks	3 Dec
DD Presentation	3 wks	24 Dec
90% CDs (Permit / Bid set)	6 wks	5 Feb 2027
Permit app and review time	2-1/2 wks	24 Feb
Bid to pre-qualified general contractors		
Issue final FF&E specs for purchasing		
Procurement – orders, fabrication, shipping	23 wks	4 Aug
Construction start		July 2027
FF&E Installation start		Aug 2027
Completion		October 2027

Attachment B
Schedule and Budget

Hilton Vancouver, WA - Model Rooms

Preliminary Budget

(2) Model Rooms + design of Guest Corridor and Guest Elevator Lobbies

	Item	Qty	Unit	Unit Cost	Total Cost
	SUPPORT COSTS (Soft Costs)				
5	Architecture / ID Basic Services:	D&D			115,000.00
	ST, MEP	none anticipated at this time			
					115,000.00
6	A/E Reimbursable Expenses	1 Allow		1,500.00	1,500.00

Hilton Vancouver, WA - Model Rooms

Preliminary Budget

(2) Model Rooms + design of Guest Corridor and Guest Elevator Lobbies

	Item	Qty	Unit	Unit Cost	Total Cost
1	**CONSTRUCTION**				
	Construction - Model Rooms	2	EA	18,750.00	37,500.00
	Included: Demolition, wall and ceiling prep, MEP, FF&E installation (furniture, artwork, et al), wall and ceiling finishes (paint, carpet, tile, etc.)				
	Contingency			15%	5,625.00
	Total Construction				***43,125.00***
2	**FF&E**				
	Model Rooms	2	EA	25,000.00	50,000.00
	Included: Wall and floor finishes, paint, furniture, seating, casegoods, bed base, window treatment, artwork and accessories, signage, bath vanity, shower door, mini-frigerators, lighting, appliances.				
	Guest Corridor and Elevator Lobby				not included
	Total FF&E				***50,000.00***
3	**OPERATING SUPPLIES**				
	Operating Supplies (HEOS)				by Hotel
	Included: Mattress, bedding, linen, coffee maker, amenities, etc.				
	Total Operating Supplies				***0.00***
4	**EQUIPMENT**				
	Kitchen Equipment	1 Allow			incld above in FF&E
	Total Equipment				***0.00***
	PROJECT SUBTOTAL. (Hard Costs)				**93,125.00**
	SUPPORT COSTS (Soft Costs)				
5	Architecture / ID Basic Services:	D&D			115,000.00
	ST, MEP	none anticipated at this time			
					115,000.00
6	A/E Reimbursable Expenses	1 Allow		1,500.00	1,500.00
7	Owner's Consultants:				
	Environmental (asbestos survey)	1 Allow		2,000.00	2,000.00
8	Brand TSA fees - PM and DM			none	0.00
9	Purchasing Fees & Expenses	1 Allow		30,000.00	30,000.00
10	FF&E Freight, Storage & Delivery	1 Allow		15.0%	7,500.00
	(Assume FF&E deliveries direct to hotel)				
11	Fees and Permits	1 Allow		3.0%	1,293.75
12	Testing & Inspection	1 Allow		0.00	0.00
13	Owner's Builders Risk Insurance	1 Allow		0.00	0.00
14	Sales and use tax on Project Subtotal			8.9%	8,288.13
	Total Support Costs (Soft Costs)				**165,581.88**
	PROJECT TOTAL - before contingency				**258,706.88**
	Contingency			10%	9,312.50
	PROJECT TOTAL			round:	**$268,000.00**

Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Downtown Redevelopment Authority

For the period January 1, 2025 through December 31, 2025

Published August 27, 2026

Report No. 1040321

Scan to see another great way we’re helping advance #GoodGovernment

Office of the Washington State Auditor
Pat McCarthy

August 27, 2026

Board of Directors
Downtown Redevelopment Authority
Vancouver, Washington

Report on Financial Statements

Please find attached our report on the Downtown Redevelopment Authority's financial statements.

We are issuing this report in order to provide information on the Authority's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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Downtown Redevelopment Authority
January 1, 2025 through December 31, 2025

Board of Directors
Downtown Redevelopment Authority
Vancouver, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the Downtown Redevelopment Authority, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 20, 2026.

Our report includes a reference to other auditors who audited the financial statements of the Vancouver Hotel and Convention Center Project (the Project), as described in our report on the Authority's financial statements. The financial statements of the Project were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Project that are reported on separately by those auditors.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

August 20, 2026

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Downtown Redevelopment Authority
January 1, 2025 through December 31, 2025

Board of Directors
Downtown Redevelopment Authority
Vancouver, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the Downtown Redevelopment Authority, a component unit of the City of Vancouver, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Downtown Redevelopment Authority, as of December 31, 2025, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Vancouver Hotel and Convention Center Project (the Project), which represents 3 percent and 100 percent, respectively, of the assets and revenues of the Authority. Those statements were audited by other audits, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Project, is based solely on the reports of the other auditors. The financial statements of the Project were not audited in accordance with *Government Auditing Standards*.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

August 20, 2026

FINANCIAL SECTION

Downtown Redevelopment Authority
January 1, 2025 through December 31, 2025

REQUIRED SUPPLEMENTARY INFORMATION

BASIC FINANCIAL STATEMENTS

Vancouver Downtown Redevelopment Authority's (the "Authority" or "DRA") discussion and analysis offers readers of the DRA's financial statements a narrative overview and analysis of the Authority's financial activities for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and notes to the financial statements (which immediately follow this discussion).

FINANCIAL HIGHLIGHTS

- At December 31, 2025, the assets and deferred outflows of resources of the DRA exceeded its liabilities by $5.11 million.
- Sales tax and lodging tax collections in 2025 resulted in the Authority meeting the tax cap obligation, and full payment of the Clark County PFD Loan mid-year. For the second year in a row, excess revenue collections were disbursed to City PFD.
- The Authority reported net operating income of $2.53 million. This is an increase of $441.7 thousand over the prior year's operating income of $2.09 million.
- The Authority has reported a positive unrestricted net position of $9.17 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provide an introduction and overview to the DRA's basic financial statements and is intended to assist users in interpreting the Authority's basic financial statements. We will also provide discussion and analysis of certain plans, projects, and trends necessary for understanding the full context of the financial condition of the Authority. The DRA is a special purpose business-type government. The purpose of the Authority is to own the Vancouver Conference Center Hotel, approve its budget and oversee its activities and operations.

Basic Financial Statements

The basic financial statements are comprised of two components: 1) enterprise fund financial statements, and 2) notes to the financial statements. Because the Authority is a special-purpose government engaged only in business-type activities, only fund financial statements are presented as the basic financial statements.

Enterprise Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources that are segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting for compliance with finance related legal requirements. The single fund of the DRA is reported as an enterprise fund. The financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

The Statement of Net Position presents information on all the Authority's assets and liabilities, with the difference between the two reported as net position. This statement serves a purpose like that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the DRA is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Position presents information showing how the Authority's net position changed during 2025. The DRA distinguishes between operating and non-operating revenues as well as expenses. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the DRA are charges to customers for lodging, meals, and banquet services. This statement separates operating program revenue (revenue generated by specific programs through charges for services) from general nonoperating revenue (revenue provided by taxes and other sources not tied to a particular program). This shows the extent to which a program relies on general revenue for funding. All changes in net position are reported using the accrual basis of accounting, similar to the method used by most private-sector companies. The accrual basis of accounting requires that revenues are reported when they are earned, and expenses are reported as soon as liabilities are incurred. Items such as unpaid vendor invoices for items received in 2025 and earned but unused vacation leave will be included in the statement of revenues, expenses and changes in net position as an expense, even though the cash associated with these items was not distributed in 2025.

The Statement of Cash Flows presents the cash and cash equivalent activity of the Authority. It classifies cash flows into four activities: 1) operating activities, 2) non-capital financing activities, 3) capital and related financing activities and 4) investing activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the fund statements. The notes to the financial statements can be found following the statement of cash flows.

FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, changes in net position over time may serve as a useful indicator of a government's financial position. The Authority's total net position is positive $5.11 million at December 31, 2025. The following table reflects the condensed and comparative version of the Statement of Net Position:

Downtown Redevelopment Authority
Statement of Net Position

	December 31, 2025	December 31, 2024
Current and other assets	$ 21,021,878	$ 18,596,842
Capital assets	29,108,292	29,235,659
Total assets	50,130,170	47,832,501
Deferred outflows of resources	556,338	625,880
Current liabilities	7,041,769	5,895,844
Noncurrent liabilities	38,533,881	41,371,455
Total liabilities	45,575,650	47,267,299
Net position		
Net investment in capital assets	(11,178,264)	(13,695,659)
Restricted for capital purposes	339,366	421,169
Restricted for debt service	6,776,618	6,197,455
Unrestricted	9,173,138	8,268,118
Total net position	**$ 5,110,858**	**$ 1,191,083**

Capital assets and liabilities account for the majority of the Authority’s total assets and liabilities. In 2025, total net position increased by $3.92 million. This is an increase of $528.7 thousand over 2024’s change in net position of $3.39 million.

In 2025 there was a total increase of total revenues of $685.6 thousand, driven by increased hotel charges for services of $712.8 thousand and increase in intergovernmental contributions of $73.9 thousand, but offset by reduction to interest earned of $101.2 thousand. This interest reduction was largely due to lower rates on lower cash balances held by the DRA. The tax cap was met mid-year with the subsequent pay-off of the Clark County Public Facilities District loan balance. At that point, collected City of Vancouver lodging tax revenues and City Public Facilities District sales tax credits were distributed to the Vancouver Public Facilities District, as per the interlocal agreement.

Approximately 40% or $6.78 million of the Authority’s cash with the Trustee is subject to restrictions imposed by the bond indenture. The current year presentation reflects an amount restricted for capital purposes, as the Authority had cash deposited with the Trustee in the required capital accounts.

Statement of Revenues, Expenses and Changes in Fund Net Position

Key elements in the changes in net position are discussed below. A condensed version of the Statement of Revenues, Expenses and Changes in Fund Net Position for the past two years is shown in the following table. The full statement is a tabular depiction of the relationship of revenues and expenses for the DRA.

Downtown Redevelopment Authority
Summary of Changes in Fund Net Position

	2025	2024
Revenues		
Operating revenues		
Charges for services	$ 21,826,337	$ 21,113,515
Nonoperating revenues		
Interest earned	607,040	708,192
Intergovernmental contributions	2,988,214	2,914,324
Total revenues	25,421,591	24,736,031
Expenses		
Operating expenses		
Supplies and contractual services	18,392,996	17,443,655
Depreciation	905,125	1,583,310
Nonoperating expenses		
Excise tax	354,984	324,562
(Gain) Loss on disposal of capital asset	13,305	-
Interest and fiscal charges	1,835,404	1,993,455
Total expenses	21,501,814	21,344,982
Excess of deficiency before special and extraordinary items	3,919,777	3,391,049
Special items	-	-
Change in net position	3,919,777	3,391,049
Fund net position - beginning	1,191,081	(2,199,968)
Fund net position - ending	$ 5,110,858	$ 1,191,081

In 2025, total revenues increased by $685.6 thousand. Intergovernmental contributions come from two sources; the City of Vancouver lodging tax and the City Public Facilities District sales tax credit, which decreased 5.28% and increased 0.56%, respectively.

The Authority's total expenses increased by $156.8 thousand. Of this amount, supplies and contractual services increased by $949.3 thousand over the prior year but offset by reduction in depreciation expense of $678.2 thousand. Total non-operating expenses decreased over prior year by $114.3 thousand, primarily due to decrease in interest and fiscal charges of $158.1 thousand. Significant work was done in 2025 to update capital assets. This resulted in a loss on disposal of capital assets of $13.3 thousand. Overall, there was a decrease in interest and fiscal charges.

The Authority's increase in net position of $3.92 million was primarily attributed to the increased operational revenues and position of intergovernmental contributions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

On December 31, 2025, the Authority's investment in capital assets, which includes buildings and equipment for the Conference Center-Hotel, totaled $29.12 million. In 2025, there was over $844.5 thousand of machinery and equipment capitalized, with nearly half of the total for LED lighting conversion at the property. This upgrade is expected to reduce future energy costs.

	Total Activities	
	12/31/2025	12/31/2024
Construction in progress	$ 34,316	$ 87,778
Buildings (net of depreciation)	27,562,137	28,359,594
Equipment (net of depreciation)	1,511,838	788,286
Total	**$ 29,108,292**	**$ 29,235,659**

Long Term Debt

At December 31, 2025, the DRA had total outstanding bonds of $40.60 million. This decreased by $2.69 million due to scheduled debt payments. The $570.3 thousand Due to Other Governmental Units reflects the DRA's liability to the Clark County Public Facilities District for their funding of the construction and operation of the Conference Center Hotel.

ECONOMIC OUTLOOK

During 2025, the DRA's performance was above budgeted expectations. Revenues came in approximately $801.8 thousand higher than anticipated in the budget. Operating expenses were $149.0 thousand higher than anticipated in the budget. The inflationary increases in supplies, personnel costs created an upward pressure on expenditures during 2025. The annual flow of funds in January of 2026 resulted in a substantial distribution of monies to various funds. Cash flow projections indicate cash flow will be more than sufficient to meet debt service requirements, as well as operating and capital needs in 2026. The Hotel/Convention Center performance continues to be one of the strongest among the group of comparable hotels in the Pacific Northwest. The business travel trend has been stabilizing and is anticipated to continue to do so in the nearest future. Expectations for 2026 include continued strong performance of the Hotel/Convention Center.

Requests for Information

This financial report is designed to provide a general overview of DRA finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Downtown Redevelopment Authority, Financial & Management Services, PO Box 1995, Vancouver, WA, 98668-1995.

DOWNTOWN REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Vancouver)
Statement of Net Position
As of December 31, 2025

ASSETS	
Current Assets	
Cash and cash equivalents	$ 101,847
Cash with Fiscal Agent	10,617,738
Restricted cash with fiscal/escrow agent	7,115,984
Receivables (net)	
Taxes	1,543,086
Accounts	1,204,632
Interest	53,540
Inventory	53,726
Prepaid expenses	331,325
Total Current Assets	21,021,878
Noncurrent Assets	
Construction in Progress	34,316
Buildings & Other Improvements	52,480,386
Machinery & Equipment	6,611,599
Accumulated depreciation	(30,018,009)
Total noncurrent assets	29,108,292
TOTAL ASSETS	**50,130,170**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	556,338
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**556,338**
LIABILITIES	
Current Liabilities	
Accounts payable	274,069
Accrued interest payable	886,581
Accrued liabilities	1,144,660
Unearned revenue	1,857,155
Bonds, notes and leases payable	2,879,304
Total current liabilities	7,041,769
Non-current liabilities	
Bonds, notes and leases payable from restricted assets	37,963,590
Due to other governments	570,291
Total noncurrent liabilities	38,533,881
TOTAL LIABILITIES	**45,575,650**
NET POSITION	
Net investment in capital assets	(11,178,264)
Restricted for capital purposes	339,366
Restricted for debt service	6,776,618
Unrestricted	9,173,137
TOTAL NET POSITION	**$ 5,110,857**

The notes to the financial statements are an integral part of this statement

DOWNTOWN REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Vancouver)
Statement of Revenues, Expenses and Changes in Net Position
For the year ended December 31, 2025

OPERATING REVENUES		
Charges for services	$	21,826,337
Total operating revenues		21,826,337
OPERATING EXPENSES		
Supplies and contractual services		18,392,996
Depreciation		905,125
Total operating expenses		19,298,121
Operating income (loss)		2,528,216
NONOPERATING REVENUE (EXPENSES)		
Intergovernmental contributions		2,988,214
Interest earnings		607,040
Excise tax		(354,984)
Gain (Loss) on disposal of capital assets		(13,305)
Interest and fiscal charges		(1,835,404)
Total nonoperating revenues (expenses)		1,391,561
Change in net position		3,919,777
TOTAL NET ASSETS - BEGINNING	$	1,191,080
TOTAL NET ASSETS - ENDING	**$**	**5,110,857**

The notes to the financial statements are an integral part of this statement

Downtown Redevelopment Authority
(A Component Unit of the City of Vancouver)
STATEMENT OF CASH FLOWS
For the year ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from operating activities	$ 21,928,579
Cash payments for goods and services	(17,780,929)
Net cash provided (used) by operating activities	4,147,650
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts from other governments	6,240,454
Payments to other governments	(3,620,438)
Net cash provided (used) by noncapital financing activities	2,620,016
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(2,685,151)
Interest paid on capital debt	(1,832,463)
Purchase of capital assets	(791,064)
Net cash provided (used) by capital and related financing activities	(5,308,678)
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of interest	609,657
Net cash provided (used) by investing activities	609,657
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,068,645
CASH AND CASH EQUIVALENTS - BEGINNING	15,766,924
CASH AND CASH EQUIVALENTS - ENDING	$ 17,835,569
Reconciliation of ending cash	
Restricted	$ 7,115,984
Non-restricted	10,719,585
Total Cash	$ 17,835,569
Reconciliation of operating income (loss) to net cash used by operating activities:	
Net operating income (loss)	$ 2,528,216
Adjustments to reconcile net operating income (loss) to net cash provided by operations:	
Depreciation expense	905,125
(Increase) Decrease in receivables	(327,297)
(Increase) Decrease in inventories	(5,368)
(Increase) Decrease in prepaid items	6,749
Increase (Decrease) in current payables	610,686
Increase (Decrease) in unearned revenue	429,539
Total adjustments	1,619,434
Net cash provided (used) by operating activities	$ 4,147,650

The notes to the financial statements are an integral part of this statement

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Downtown Redevelopment Authority (the Authority or DRA) conform to generally accepted accounting principles as applied to local governmental units. The more significant accounting policies are described below. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

The Downtown Redevelopment Authority (DRA) is a special purpose government established in 1997 to plan, design, finance, acquire, construct, equip, own, maintain, operate, repair, remodel, expand and promote the Vancouver Conference Center Hotel project. The DRA is a component unit of the City of Vancouver (the City), Washington, the primary government. The DRA Board is composed of seven members who are appointed by the City Council of Vancouver to four-year terms. The City can impose its will on the Authority; however, the DRA's services do not exclusively or almost exclusively benefit the City of Vancouver. Therefore, financial statements are discretely presented in the City of Vancouver's annual financial report. The City of Vancouver's financial statements can be obtained from the City of Vancouver, Financial & Management Services, PO Box 1995, Vancouver, WA 98668-1995.

The Downtown Redevelopment Authority retains the Hilton Hotels Corporation as a Manager for its Conference Center Hotel project, which constitutes most of the Authority's ongoing operations. Financial statements for the Conference Center Hotel project can be obtained from the City of Vancouver, Financial & Management Services, PO Box 1995, Vancouver, WA 98668-1995.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, contributions, and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are room rents and meal revenues from hotel, banquet and restaurant usage. Operating expenses for this enterprise fund include the cost of personnel and contractual services and supplies. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

It is the government's policy to use restricted resources for their intended uses, and unrestricted resources for other uses.

C. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

The DRA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. Statutes authorize the Authority to invest in obligations of the U. S. Treasury, commercial paper, repurchase agreements, Local Government Investment Pools and the State Treasurer's Investment Pool. The City of Vancouver Investment Pool operates in accordance with appropriate state laws and regulations. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the state pool is the same as the amortized value of the pool shares. For the most part, investments for the DRA, are reported at fair value.

For purposes of the statement of cash flows, the DRA considers the assets within the state and local government investment pools and all highly liquid investments with a maturity of three months or less to be cash equivalents.

2. Receivables and Payables

All trade receivables are shown net of an allowance for uncollectible accounts. Accrued interest receivable consists of amounts earned on investments, but not received at the end of the year.

3. Inventories and Prepaid Items.

The inventories consist primarily of food, beverage, china, glass, silver, and linens used in the operation of the Conference Center Hotel and are stated at the lower of cost or market using a first-in first-out valuation method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the DRA financial statements.

4. Restricted Assets

These accounts contain resources being held by the Trustee for debt service and operation of the Conference Center Hotel. The use of these assets is limited by applicable trust indenture requirements.

5. Capital Assets

Capital assets are generally considered property, plant, and equipment owned by the Authority costing $10,000 or more, and having an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if the actual cost is not available and are reported in the Statement of Net Position. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are recorded in construction in progress as they are constructed and capitalized upon completion.

Assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Category	Useful Life
Buildings	80
Structures	15-30
Leasehold Improvements	5
Other Improvements	5-22
Equipment	5-25

6. Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

7. Unearned Revenue

This includes amounts available but not yet earned and Conference Center Hotel guest advance deposits.

8. Restricted Funds

In accordance with bond documents and other related agreements separate restricted fund are required. The assets held in these funds are restricted for specific uses and specific conditions, including capital needs, debt service and other special reserve requirements. Restricted funds on 12/31/2025 included the following:

Purpose	12/31/2025
Debt Service	6,776,618
Capital	339,366
Total	7,115,984

9. Use of Estimates

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP), require management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates and assumptions.

NOTE 2. DETAILED NOTES

A. DEPOSITS AND INVESTMENTS

Deposits

Cash and investments are presented on the Statement of Net Position in the basic financial statements at fair value or amortized cost, which approximates fair value.

Custodial credit risk (deposits). Custodial risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned. The Authority has not adopted a policy that addresses deposit custodial risk; however, the Authority's deposits are covered by Federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commissioner (PDPC). In the event of a bank failure, claims for Authority's deposits would be satisfied by the FDIC or from the sale of collateral held in the PDPC pool.

The Authority does not have a deposit policy for custodial credit risk.

Investments

As required by state law, the Authority may only invest funds in obligations of the U.S. Government, U.S. agency issues, the State Treasurer's Investment Pool, bankers' acceptances, overnight repurchase agreements, commercial paper, the City of Vancouver Investment Pool, money market accounts, or certificates of deposit with Washington State banks and savings and loan institutions.

The City of Vancouver Treasurer acts in a fiduciary capacity for the Authority's unrestricted funds not held by the Trustee and administers an investment pool in which the Authority participates.

As of December 31, 2025, the Authority's interest in the City of Vancouver Investment Pool totaled $83,216. Investments in the City's pool are stated at fair value and are not subject to categorization because specific instruments cannot be distinguished between those participating in the pool. The fair value of the Authority's position in the pool is the same as the fair value of the pool shares.

The Authority's restricted funds, $7.12 million, are held by the bond Trustee. The Authority measures and records its investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3: Unobservable inputs for an asset or liability, to the extent observable inputs are not available.

As of December 31, 2025, the Authority used the Level 2 – quoted market prices, which are significant other observable inputs, to measure the Restricted Investment held with the Trustee in Money Market Funds.

Credit risk. Credit risk is the risk that an issuer or related party will not fulfill its obligations. The DRA has not adopted a formal investment policy that limits its investment and diversification by investment type and issuer beyond the limits imposed by State law. As required by state law, all investments of the DRA's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities, investments in the State Treasurer's Investment Pool, investments in the City of Vancouver Investment Pool, bankers' acceptances, or certificates of deposit with Washington State banks and savings and loan institutions. The DRA invests in a money market fund which only invests in U.S. Treasury securities has a credit rating of AAA-mf from Moody's and AAAm from S&P.

Concentration of credit risk. Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The DRA has not adopted a policy limiting the amount the DRA may invest in any one issuer. All of the investments are held in the Money Market Fund, which manages its concentration risk with short term investments held within the fund.

Interest rate risk. DRA policy limits investment maturities as a means to manage its exposure to fair value losses arising from increasing interest rates. The DRA's investments in the money market fund at December 31, 2025, had a weighted average life of 93 days.

B. CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2025, was as follows:

	Beginning Balance 1/1/2025	Increases	Decreases	Ending Balance 12/31/2025
Capital assets, not being depreciated	$ 87,778	$ 953,784	$ 1,007,245	$ 34,317
Construction in progress	87,778	953,784	1,007,245	34,317
Capital assets, being depreciated				
Buildings and other improvements	52,480,385	-	-	52,480,385
Machinery and equipment	8,107,616	844,524	2,340,541	6,611,599
Total capital assets being depreciated	60,588,001	844,524	2,340,541	59,091,984
Less accumulated depreciation for:				
Buildings and other improvements	24,120,791	1,001,328	203,871	24,918,248
Machinery and equipment	7,319,328	320,278	2,539,845	5,099,761
Total accumulated depreciation	31,440,119	1,321,606	2,743,716	30,018,009
Total capital assets, being depreciated, net	29,147,882	(477,082)	(403,175)	29,073,975
Capital assets, net	**$ 29,235,660**	**$ 476,702**	**$ 604,070**	**$ 29,108,292**

Depreciation expense was charged to the Authority for the year ending December 31, 2025, for $905.1 thousand.

C. LONG-TERM DEBT

Revenue Bonds

In 2003, the DRA issued bonds in which it pledged income derived from the acquired or constructed assets and taxes pledged to it by other governments to pay debt service. The revenue bonds were authorized by resolution adopted by the DRA Board, and financed from operating revenues. The revenue bonds were issued to finance construction of the Conference Center Hotel project. In June 2013, the remaining outstanding balance of $63.12 million of the 2003 DRA revenue bonds were refunded by issuing two series of revenue refunding bonds.

The first series of bonds, $41.19 million Conference Center Project Refunding Revenue Bonds, were authorized by Resolution No. 2013-05-14-1 by the DRA Board. The Project Revenue Bonds are payable primarily from project revenues received by the Authority. In addition, the City has agreed pursuant to the Amended and Restated Payment Agreement, dated June 1, 2013, between the City and the Authority to make payments to the Trustee from any available funds if and to the extent necessary to pay debt service on the 2013 Project Revenue Bonds. The 2013 Amended and Restated Payment Agreement provides that if on the 10th business day prior to each interest payment date or principal payment date, if there is not sufficient money on deposit with the Trustee in the Project Revenue Bonds Debt Service Account as required by the Indenture, the City shall pay to the Trustee, in immediately available funds, on or prior to the 5th business day prior to the debt service date, the amount of any such deficiency; provided that the aggregate amount of such payments by the City to the Trustee in any calendar year shall not exceed the annual debt service payments on the Project Revenue Bonds. Any payment by the City to pay interest and/or principal on the 2013 Project Revenue Bonds will constitute a loan by the City to the Authority, with interest payable on such amounts at the rate or rates on such 2013 Project Revenue Bonds and the City shall have full rights of subrogation.

The City shall take such action as may be necessary under the Amended and Restated Payment Agreement to include all payments due in its operating budget for each fiscal year commencing on and after the date of execution, and to make all appropriations for such payments at such time and in such manner and amounts as may be necessary in order to make all debt service payments when due.

The second series of bonds, $18.05 million Conference Center Project Sales and Lodging Tax Refunding Revenue Bonds, were also issued in June 2013. These bonds were authorized by Resolution No. 2013-05-14-1 by the DRA Board. The Tax Revenue Bonds are payable primarily from 1) certain proceeds of special sales and use taxes imposed by the Vancouver Public Facilities District (the "City PFD") and the Clark County Public Facilities District (the "County PFD"); 2) certain proceeds of a special lodging tax levied by the City (the "Lodging Tax Revenues"); and 3) certain amounts of certain funds and accounts established under the Indenture. In 2025, the agreement in place for the Sales Taxes imposed by the City PFD was amended. The "City PFD Expiration Date" was extended from March 2026 to until the bonds issued to finance or refinance are no longer outstanding or fifty-five years after taxes were first collected. The agreement in place for the Sales Tax imposed by the County PFD will expire March 2028. Lodging Tax Revenues will continue to be pledged for payment of principal and interest on the Tax Revenue Bonds until the final maturity of this bond series.

If an Event of Default occurs and is continuing with respect the Project Revenue or Tax Revenue bonds, the Trustee shall, upon the request of the owners of a majority in aggregate principal amounts of the bonds, take up to and including the following actions:

For the Project Revenue Bonds:

- Prohibit the Authority from withdrawing funds from any account, with few exceptions, without the Trustee's written consent.
- Commence foreclosure of the Leasehold Mortgage by private sale or judicial foreclosure.
- Accelerate the bonds, whereupon all principal and interest on such bonds shall immediately become due.

For the Tax Revenue Bonds

- Prohibit the Authority from withdrawing funds from any account, with few exceptions, without the Trustee's written consent.
- Take legal action to protect and secure tax revenues pledged for the benefit of bondholders.
- Accelerate the bonds, whereupon all principal and interest on such bonds shall immediately become due.

DRA Revenue Refunding bonds outstanding at year-end are as follows:

Outstanding DRA Revenue Bond Debt

Name of Issuance	Original Debt	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
2013 DRA Conference Center Project Refunding Revenue Bonds	$ 41,185,000	6/27/2013	1/1/2044	4.38%	33,640,000
2013 DRA Conference Center Project Sales & Lodging Tax Refund Revenue Bonds	18,045,000	6/27/2013	1/1/2034	4.05%	6,960,000
Total Revenue Bonds	**$ 59,230,000**				**$ 40,600,000**

DRA 2013 Project Revenue Bonds and the DRA 2013 Tax Revenue Bonds debt service requirements to maturity are as follows:

	2013 Project Revenue Refunding Bonds			2013 Tax Revenue Refunding Bonds		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2026	1,175,000	1,439,738	2,614,738	1,675,000	270,550	1,945,550
2027	1,235,000	1,379,488	2,614,488	1,260,000	211,850	1,471,850
2028	1,300,000	1,322,613	2,622,613	960,000	167,450	1,127,450
2029	1,350,000	1,269,613	2,619,613	565,000	134,575	699,575
2030	1,405,000	1,214,513	2,619,513	435,000	110,388	545,388
2031-2035	7,920,000	5,145,563	13,065,563	2,065,000	207,413	2,272,413
2036-2040	9,755,000	3,263,281	13,018,281	-	-	-
2041-2044	9,500,000	878,625	10,378,625	-	-	-
Total	$ 33,640,000	$ 15,913,431	$ 49,553,431	$ 6,960,000	$ 1,102,225	$ 8,062,225

The 2013 Project Revenue Bonds require a debt service coverage ratio of 1.05 to 1. The DRA remains in compliance with that provision with a 2025 ratio of 1.08, compared to the 2024 ratio of 1.10 to 1 coverage. There are several limitations and restrictions contained in the bond indentures. The DRA is in compliance with these requirements.

Due to Other Governments

Under an interlocal agreement with the Vancouver Public Facilities District (PFD), the DRA is liable to the Clark County PFD for state sales credit monies received by the DRA. Payments under this direct borrowing agreement are received by Clark County PFD monthly and forwarded to the DRA. This creates a liability for the DRA to repay these funds via two methods. The first is a predetermined tax cap. The tax cap amount changes each year through 2034. Tax revenue received by the DRA in excess of the tax cap are returned to the Clark County PFD. The second method occurs after funds flow through the 2013 Bond Indenture distribution requirements. The monies available at the end of each year after all required distributions have been made, if any, are split equally between the DRA and the Clark County PFD, and any amounts so distributed to the Clark County PFD decreases the DRA's liability to Clark County PFD.

The direct borrowing from the Clark County PFD has assets pledged as collateral. These assets include pledged tax revenues in excess of the annual tax cap and a portion of the annual surplus operating revenue. If the direct borrowing should default the financial consequences will be whatever action at law or in equity as may be necessary to enforce the agreement. There are no consequences for early termination and prepayment of principal plus interest is allowed at any time without incurring a premium.

Changes in Long Term Liabilities

The following is a summary of long-term debt changes of the Authority for the year:

	Beginning Balance 1/1/2025	Additions	Reductions	Ending Balance 12/31/2025	Due Within One Year
Bonds Payable:					
Revenue Bonds	$ 43,285,000	$ -	$ 2,685,000	$ 40,600,000	$ 2,850,000
Premiums (discounts)	272,197	-	29,305	242,892	29,304
Total bonds payable	43,557,197	-	2,714,305	40,842,892	2,879,304
Direct borrowing:					
Due to other governments	528,561	3,569,386	3,527,656	570,291	-
Component unit long-term liabilities	$ 44,085,758	$ 3,569,386	$ 6,241,961	$ 41,413,183	$ 2,879,304

D. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

At December 31, 2025, the Authority had a surplus net fund position of $5.11 million. The Authority activities involve the operation of a hotel and conference center in the City's central downtown area. This is a cash flow-based project, and the positive net position balance is primarily attributed to continued strong operational and tax revenues, and sound expense management. The Authority and its Asset Manager, a hotel industry consultant, monitor Conference Center Hotel activities monthly.

NOTE 3. OTHER DISCLOSURES

A. RELATED PARTY TRANSACTIONS

The Vancouver Public Facilities District (PFD) was created to acquire, construct, own, finance, and operate the Conference Center Hotel project. The Clark County Public Facilities District was created for the purpose of participating in the development of regional centers, consisting of the Convention Center Project and the Exposition Center at the Clark County Fairgrounds. The Vancouver PFD, the County PFD, the City of Vancouver (City), and the DRA entered into interlocal agreements which detail their support for the DRA's project.

During 2025, the DRA recognized intergovernmental revenue of $1.74 million in sales tax credit monies from the Vancouver PFD for the Conference Center Hotel project and the City of Vancouver contributed $1.25 million of lodging tax. The amount of support from the Clark County Public Facilities District is described in Note II.D. Intergovernmental Obligations.

The City signed an agreement on December 1, 2003, to participate in the construction and operation of the Conference Center Hotel, using tourism funds.

In June 2013, the DRA refinanced the debt associated with the construction of the Conference Center Hotel. 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 with the Trustee in the Project Revenue Bonds Debt Service Account and in the Authority Reserve Account 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. In 2025, the City made no payments under its contingent payment obligation. The DRA has no current expectation of having to incur a liability to the City, as it expects project revenues and tax revenues to be sufficient for such purposes.

The City provides administrative support to the Authority. During 2025, $120,000 was expensed by the Authority for this support. It is recorded within the Statement of Revenue, Expenses, and Changes in Fund Net Position as supplies and contractual services.

In October of 2019 DRA purchased a parking license for the lot adjacent to the Hilton. The original term for the parking license was valid for a three-year term and provides parking for large vehicles connected with conventions held at the Convention Center. The agreement was extended for another three-year term effective November 1, 2023. The contract was further amended effective September 1, 2025 with expiration remaining November 1, 2026. During 2025, $94,160 was expensed for parking. In 2024 the Vancouver PFD has become the owner of the property directly south of the Hotel/Convention Center with a sole purpose of facilitating the expansion of the Vancouver Convention Center. The Vancouver PFD has authorized the Vancouver DRA to initiate work to add a 50,000 sf expansion to the Convention Center and the related necessary facilities, such as parking. The land currently has a number of parking spaces that are utilized by the Hilton/Convention Center for no charge.

B. RESTATED CAPITAL ASSETS

During 2025, the DRA conducted an extensive review of capital assets to align financial records with current capitalization thresholds, physical inventory and actual asset usage. Of the 79 assets on the books in 2025, 19 assets were identified as no longer in use and disposed of; 10 assets were disposed of because the original cost was below the per item threshold. These assets had a historical cost of $1,923,658.73 with a corresponding accumulated depreciation balance of $1,923,658.73. Because these items had a net book value of zero, their removal resulted in no recognized gain or loss on disposal. This adjustment has been reflected in the current year changes to the capital asset schedule.

Additionally, to better reflect the actual experience, the service life of 7 "Machinery & Equipment" assets were adjusted retroactively. Each of these assets were fully depreciated so this update resulted in an adjustment to accumulated depreciation of $110,685.06. Given the unique nature of assets for the hotel, no changes were made to the default useful life schedule; useful life of assets is determined on a case-by-case basis, within the default schedule parameters.

C. SUBSEQUENT EVENTS

In January 2026, the City of Vancouver's Chief Financial Officer, who had been appointed by the Vancouver Downtown Redevelopment Authority (DRA) Board to serve as Executive Director, was terminated from employment with the City. Following this action, transfers of pledged lodging tax revenues and Clark County Public Facilities District sales tax credit revenues were temporarily delayed by City management. The transfers were subsequently completed after the DRA issued a notification to the bond trustee. In addition, communications between City staff providing accounting and administrative support and DRA management, as contemplated under the interlocal agreement, were temporarily disrupted. To maintain operational continuity, the DRA Board entered into a contract for Executive Director services with the former City Chief Financial Officer.

In March 2026, the City of Vancouver approved an ordinance amending the DRA's bylaws to require that the Executive Director be an at-will employee of the City. Previously, the DRA Board retained sole authority to appoint or contract for these services. On Thursday, April 16, 2026, the Downtown Redevelopment Authority accepted and approved the City of Vancouver's nomination for Executive Director for the DRA. On Friday April 17, 2026, the City Manager for the City of Vancouver emailed the President of the DRA Board confirming the appointment of the City appointee, which procedurally placed the individual as the official Executive Director.

DRA Management, including the Board, have evaluated these subsequent events and determined that no adjustments to the accompanying financial statements are required. These matters do not affect the presentation of the DRA as a separate municipal corporation for financial reporting purposes.

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