BEFORE THE HEARING EXAMINER
CITY OF SEATTLE

In re Objections of ASHFORD SEATTLE WATERFRONT LP	Nos. CWF-0439 **DECLARATION OF CLAYTON RASH**

I, Clayton Rash, declare as follows:

1. I have personal knowledge of the facts stated below and am competent to testify regarding the same.

2. I am the vice president of property tax for Ashford Hospitality, the 3rd party advisor to the REIT that controls Ashford Seattle Waterfront LP ("Ashford"), which owns, the Seattle Marriott Waterfront (the "Seattle Marriott"), located at 2100 Alaskan Way Seattle, Washington 98101. I have held this position since December 10, 2007. Prior to my current position, I was the Director of Property Tax for CNL Hotels and Resorts in Orlando, Florida and have over 20 years of real estate assessment and valuation work experience with 15 plus years in hospitality. I obtained a Bachelor of Science Degree in Financial Management with a concentration in Real Estate from Clemson University in 1992, and also

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completed my MBA in 2002 from Stetson University. I have been a guest speaker and moderator at IPT conferences/symposiums related to the hotel industry and general property tax issues and I am a licensed Florida Sales Person (inactive).

3. My responsibilities as vice president include managing the property tax assessment and ad valorem tax functions for two publicly traded REITs with a total estimated value of over $6 billion in real estate contained within 130 hotels. My duties include managing the real estate and personal property assessments and taxes for all of our hotels including but not limited to assessment appeals, engaging 3rd party consulting firms, appraisers, and legal counsel. My responsibilities also include estimating and revising property tax accruals and budgets, assisting with underwriting acquisitions and sales, and overseeing all property tax payments for our portfolio, as well as tax escrow reviews. In the course of my duties, I regularly review, commission, and analyze hotel appraisals and conduct hotel valuations.

4. The Seattle Marriott is situated along Elliot Bay, adjacent to the Downtown Marina and Bell Harbor International Convention Center. Accommodations include 361 guestrooms, an onsite restaurant, meeting space, business center, and swimming pool.

LOCAL IMPROVEMENT DISTRICT PROCESS

5. Ashford received notice of proposed final assessment for Waterfront LID No. 6751 on January 15, 2020. The notice was dated December 30, 2019.

6. I have reviewed the proposed final assessment and the final special benefit study prepared by ABS Valuation and Robert Macaulay for the City of Seattle.

7. No one from the City of Seattle or ABS Valuation contacted Ashford to request financial data (e.g., occupancy rates, room rates, income data, expense data) or other information about the Seattle Marriott.

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8. No one from the City of Seattle or ABS Valuation contacted Ashford to request physical access to the Seattle Marriott.

9. No one from the City of Seattle or ABS Valuation contacted Ashford to request input or feedback on the proposed assessments, the computation of special benefit, or the valuation of the Seattle Marriott.

"SPECIAL BENEFIT"

10. The proposed LID improvements are not necessary to the functionality or continued use of this property as a hotel. There is simply no basis to conclude that the waterfront LID improvements will provide $5,377,000 worth of special benefit to this hotel, justifying a $2,106,827 assessment.

11. The estimated LID value increase of the Seattle Marriott is grossly disproportionate to comparable hotels. The city estimates that the LID improvements will provide a 3.2% increase to the Seattle Marriott value, whereas comparable hotels, even along the waterfront, are estimated to receive a 0.97% increase in value. No justification has been provided by the city to explain the difference. This puts the Seattle Marriott at a severe competitive disadvantage by artificially increasing our expenses relative to our competitors.

12. The unusually high estimated increase in value relative to comparable hotels cannot be explained by the Seattle Marriott's proximity to the proposed LID improvements. Dr. Crompton's park analysis, on which the city's appraiser relies heavily, concludes that park improvements--which the LID Improvements are not--generate most of their benefits within a 500-foot radius; the Seattle Marriott is over 800 feet away. What's more, the Seattle Marriott is only approximately 1,580 feet south of the Edgewater Hotel, which is estimated to receive only a 0.92% benefit - drastically less than the Seattle Marriott, despite both hotels being on waterfront and a similar distance from the improvements. This type of

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unexplained inconsistency further demonstrates the artificially high assessment that the city is seeking to impose on the Seattle Marriott.

13. The Seattle Marriott will not be able to recover the costs of the proposed LID assessment through higher occupancy or room rates. First, the assessment is due upon approval of the assessment roll, but there will be no improvements for at least five years. Hotels are constantly balancing rate and occupancy to maximize revenue. If we had the ability to simply increase room rates without negatively impacting occupancy, we would have done so already. That is not how the hotel business works. Second, our hotel business is driven by business travelers visiting Seattle employers and attending conventions. Most of those conventions regularly rotate to Seattle. The modest waterfront improvements will have no impact on demand for hotel rooms. No one who is not already coming to Seattle will chose to come to Seattle or stay at our hotel because of the proposed LID improvement.

14. The proposed LID assessment of $2,106,827 is a substantial additional cost to the Seattle Marriott which will decrease the fair market value of the property. No rational hotel owner would invest $2,106,827 today in a project that will have no return for either the five years of planning and construction or the period afterward. Given the current market conditions, there is no way that we are in the financial position to pay the current LID as lump sum during the "pre-pay" period and would absolutely need to finance the assessment over the 18-year period. This would add over $175,000 per year to our yearly expenses, which would reduce the value of the hotel and would impact what a buyer would be willing to pay for the property in the open market.

15. In my professional opinion, the Seattle Marriott will receive no special benefit from the proposed LID improvements. In fact, this property is more valuable

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without the proposed LID improvements than with the proposed improvements and the corresponding assessment.

16. The revenue and demand increases that the Seattle Marriott would need to generate in order to recover the LID assessments are completely unrealistic given the downtown Seattle hospitality market conditions, which have been devastated by to the COVID-19 outbreak.

17. COVID-19 and the related shelter in place orders and social distancing guidelines have devastated the hotel industry generally and the Seattle Marriott specifically. As of the first week in April, the hotel is on average 1.2% occupied, which is lower than the 6.2% competitive set, with a revenue per room (known as "RevPAR") of essentially zero. Even once the COVID-19 related orders and guidelines are lifted, it is unknown how long it will take the general public to become comfortable traveling and lodging once again. The imposition of additional municipal assessments at a time when the hotel has no meaningful revenue stream and an uncertain financial future unnecessarily compounds these historic challenges. At the very least, the city should re-assess the LID properties taking into account this dire new reality.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Signed at ___Sanford_____, Florida, on April _14__, 2020.

Clayton Rash

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EXHIBIT A

Tab 2 - Weekly Performance at a Glance - My Property vs. Competitive Set

Marriott Seattle Waterfront 2100 Alaskan Way Seattle, WA 98121-3139 Phone: (206) 443-5000

STR # 45829 Chain ID: SEAWF Mgt Co: None Owner: Ashford Hospitality Trust

For the Week of: March 29, 2020 - April 04, 2020 Date Created: April 07, 2020 Competitive Set Data Excludes Subject Property

March 29, 2020 - April 04, 2020

		Sunday		Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Total	
			% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg
Occupancy	My Property	2.5%	-95.2	1.1%	-98.6			0.8%	-99.2					0.3%	-99.7	1.2%	-98.6
	Comp Set	5.2%	-92.0	5.2%	-93.8	6.6%	-93.1	8.0%	-91.7	6.5%	-92.3	6.9%	-89.9	5.6%	-90.3	6.2%	-92.0
	Index (MPI)	48.0	-39.1	21.3	-78.0			10.3	-90.0					5.0	-96.5	18.9	-82.1
ADR	My Property	203.19	2.3	165.56	-30.1			200.67	-31.4					184.00	4.3	192.76	-19.5
	Comp Set	113.72	-38.5	102.72	-51.3	114.18	-56.1	121.78	-53.1	129.30	-44.5	108.82	-46.3	128.15	-29.9	117.00	-47.8
	Index (ARI)	178.7	66.4	161.2	43.4			164.8	46.2					143.6	48.7	164.8	54.4
RevPAR	My Property	5.07	-95.0	1.83	-99.0			1.67	-99.4					0.51	-99.6	2.27	-98.9
	Comp Set	5.91	-95.1	5.34	-97.0	7.55	-97.0	9.78	-96.1	8.35	-95.7	7.45	-94.6	7.16	-93.2	7.30	-95.8
	Index (RGI)	85.7	1.3	34.4	-68.4			17.0	-85.3					7.1	-94.8	31.1	-72.4

Running 28 Days (by Day of Week)

		Sunday		Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Total	
			% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg
Occupancy	My Property	9.7%	-83.1	8.6%	-90.3	8.5%	-91.1	6.0%	-93.7	8.4%	-89.6	8.6%	-90.8	5.5%	-94.2	7.8%	-91.0
	Comp Set	13.3%	-79.9	12.7%	-84.8	12.6%	-86.3	12.2%	-86.9	11.0%	-87.3	12.1%	-84.6	10.9%	-86.9	12.1%	-85.4
	Index (MPI)	73.0	-15.8	67.6	-36.1	67.4	-35.2	48.8	-51.8	76.2	-18.2	71.1	-40.2	50.2	-55.9	64.4	-37.8
ADR	My Property	190.97	-5.2	204.61	-6.6	227.47	-9.3	213.71	-17.8	222.95	-5.6	201.11	8.4	233.11	25.7	211.09	-4.4
	Comp Set	137.10	-24.5	145.03	-26.9	146.00	-35.5	139.88	-39.3	140.94	-33.6	130.59	-31.5	134.59	-28.3	139.31	-32.2
	Index (ARI)	139.3	25.6	141.1	27.8	155.8	40.6	152.8	35.5	158.2	42.2	154.0	58.3	173.2	75.3	151.5	41.1
RevPAR	My Property	18.51	-83.9	17.57	-90.9	19.32	-91.9	12.73	-94.8	18.73	-90.2	17.27	-90.0	12.75	-92.7	16.49	-91.3
	Comp Set	18.21	-84.8	18.43	-88.9	18.39	-91.1	17.06	-92.1	15.54	-91.6	15.76	-89.4	14.68	-90.6	16.89	-90.1
	Index (RGI)	101.7	5.8	95.3	-18.4	105.1	-8.9	74.6	-34.7	120.6	16.3	109.6	-5.3	86.9	-22.7	97.7	-12.3

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