



MURIEL BOWSER
MAYOR

6/3/2020

The Honorable Phil Mendelson, Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, N.W., Suite 504
Washington, DC 20004

Dear Chairman Mendelson:

Enclosed for consideration by the Council is legislation entitled the "Reunion Square Tax Increment Financing Second Emergency Declaration Resolution of 2020," the "Reunion Square Tax Increment Financing Second Emergency Act of 2020," and the "Reunion Square Tax Increment Financing Temporary Act of 2020."

This legislation would authorize, on an emergency and temporary basis, the issuance of tax increment financing (TIF) to support the Reunion Square development project, which will transform an underutilized site located near the Anacostia Metrorail Station into a thriving mixed-use project, contributing to the stabilization and revitalization of the Anacostia neighborhood in Ward 8 (Project).

The Council approved the Reunion Square Tax Increment Financing Emergency Act of 2020 (Emergency Act) on March 3, 2020 and the Mayor subsequently signed the Emergency Act on March 17, 2020. The Committee on Business and Economic Development scheduled a public hearing to be held on the permanent version of the Emergency Act for April 2, 2020. On March 11, 2020 the Mayor declared a Public Emergency and Public Health Emergency in response to several confirmed and presumptive positive cases of COVID-19 in the Washington, DC area. Since March 11, 2020 the number of confirmed cases of COVID-19 has increased exponentially, and on March 30, 2020 the Mayor issued a stay at home order for all District residents. The spread of COVID-19 has severely impacted the ability of Council committees to hold hearings, markups, and conduct regular business. As a result, the April 2, 2020 public hearing on the Reunion Square permanent TIF legislation was cancelled.

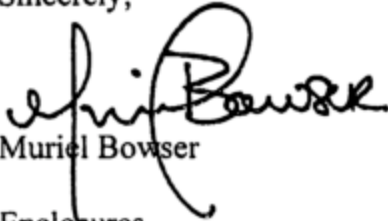
The current legislation seeks TIF authorization to support the entirety of the Reunion Square project, including certain infrastructure and site costs for multiple buildings within the Reunion Square development project that comprise approximately 315,000 square feet of office space, 43,000 square feet of retail, a 120 room hotel and 133 residential units dedicated to seniors. The office building will house the new headquarters for the District Department of Health. I am requesting the Council approve this second emergency to ensure that the District Department of Health is able to move forward with

their relocation, to avoid any additional costs to the District, and to ensure that this important Project moves forward.

The attached emergency and temporary legislation proposes tax increment bond financing in the aggregate amount not to exceed \$45.8 million to support the eligible components of the Project. Of this total, no more than \$16.9 million in aggregate principal will be issued as a TIF bond. The TIF proceeds would fund infrastructure costs and development costs within the Reunion Square TIF area that are required for this Project to move forward.

As always, please feel free to reach out Acting Deputy Mayor John Falcicchio at John.Falcicchio@dc.gov should you have any questions regarding this Project. I look forward to prompt and favorable consideration of this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Muriel Bowser". The signature is fluid and cursive, with a large initial "M" and "B".

Muriel Bowser

Enclosures


Chairman Phil Mendelson
at the request of the Mayor

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A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To authorize, on a temporary basis, the issuance of tax increment financing bonds to support the development project on a portion of the land known as Reunion Square, located to the east of Martin Luther King Jr. Avenue S.E., to the north of Chicago Street S.E., to the west of Railroad Avenue S.E., and to the south of W Street S.E.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, that this act may be cited as the “Reunion Square Tax Increment Financing Temporary Act of 2020”.

Sec. 2. Definitions.

For the purposes of this act, the term:

(1) “Authorized Delegate” means the Deputy Mayor for Planning and Economic Development, the Chief Financial Officer, the Treasurer, or any officer or employee of the executive office of the Mayor to whom the Mayor has delegated any of the Mayor’s functions under this act pursuant to section 422(6) of the Home Rule Act.

(2) “Available Increment” shall have the same meaning as set forth in the Reserve Agreement.

(3) “Available Real Property Tax Revenues” means the revenues resulting from the imposition of the tax provided for in Chapter 8 of Title 47 of the District of Columbia Official Code, inclusive of any penalties and interest charges, exclusive of the special tax

26 provided for in section 481 of the Home Rule Act pledged to payment of general obligation
27 indebtedness of the District.

28 (4) "Available Sales Tax Revenues" means the revenues resulting from the
29 imposition of the tax under Chapter 20 of Title 47 of the District of Columbia Official Code,
30 including penalty and interest charges, exclusive of the portion thereof required to be deposited
31 in the Washington Convention Center Fund established pursuant to section 208 of the
32 Washington Convention Center Authority Act of 1994, effective September 28, 1994 (D.C. Law
33 10-188; D.C. Official Code § 10-1202.08), and any amounts to be made available to the
34 Washington Metropolitan Transit Authority pursuant to section 7101 of the Fiscal Year 2018
35 Budget Support act of 2017 (D.C. Law 22-0033; 64 DCMR 7652), and section 2 of the Stable
36 and Reliable Source of WMATA Revenues act of 1982 (D.C. Law 4-103; D.C. Official Code 9-
37 1111.15(b)(2)(A)).

38 (5) "Available Tax Increment," with respect to any series of bonds, means the
39 sum of the Available Sales Tax Revenues and Available Real Property Tax Revenues generated
40 in the Reunion Square TIF Area in any fiscal year of the District minus the sum of Available
41 Sales Tax Revenues and Available Real Property Tax Revenues generated in the Reunion Square
42 TIF Area in the base year.

43 (6) "Bond Counsel" means a firm or firms of attorneys designated as bond
44 counsel from time to time by the Mayor.

45 (7) "Bonds" means the District of Columbia Class A Bonds, Class B Bonds
46 and any other revenue bonds, notes, or other obligations, in one or more series, authorized to be
47 issued pursuant to this act. Unless otherwise specified, the term "Bonds" shall include Refunding
48 Bonds.

49 (8) "Chairman" means the Chairman of the Council of the District of
50 Columbia.

51 (9) "Chief Financial Officer" means the Chief Financial Officer established
52 by section 424(a)(1) of the Home Rule Act.

53 (10) "Closing Documents" means all documents and agreements, other than
54 Financing Documents, that may be necessary and appropriate to issue, sell, and deliver the
55 bonds, and includes agreements, certificates, letters, opinions, forms, receipts, and other similar
56 instruments.

57 (11) "Council" means the Council of the District of Columbia.

58 (12) "Debt Service" means principal, premium, if any, and interest on the
59 bonds.

60 (13) "Development Costs" has the same meaning as in section 2(13) of the Tax
61 Increment Financing Authorization Act of 1998, effective September 11, 1998 (D.C. Law 12-
62 143; D.C. Official Code § 2-1217.01(13)) and may include any costs for District tenant
63 improvements in the Project.

64 (14) "Development Sponsor" means Four Points LLC, Curtis Investment
65 Group, and Blue Sky Housing LLC as Development Sponsors or any other entity that undertakes
66 the development of the Project with the approval of the Mayor.

67 (15) "District" means the District of Columbia.

68 (16) "Financing Documents" means the documents, other than Closing
69 Documents, that relate to the financing or refinancing of transactions to be affected through the
70 issuance, sale, and delivery of the bonds, including any offering document, and any required
71 supplements to any such documents.

72 (17) "Home Rule Act" means the District of Columbia Home Rule Act,
73 approved December 24, 1973 (87 Stat. 774; D.C. Official Code § 1-201.01 et seq.).

74 (18) "Project" means the financing, refinancing, or reimbursing of
75 Development Costs incurred within the Reunion Square TIF Area.

76 (19) "Refunding Bonds" means the District of Columbia bonds, notes, or other
77 obligations, in one or more series, authorized to be issued pursuant to this act to refund the
78 Bonds.

79 (20) "Reserve Agreement" means that certain Reserve Agreement, dated as of
80 April 1, 2002, by and among the District, Wells Fargo Bank Minnesota, N.A., and Financial
81 Security Assurance, Inc.

82 (21) "TIF" means tax increment financing.

83 Sec. 3. Creation of the Reunion Square TIF Fund.

84 (a) There is established as a nonlapsing fund the Reunion Square TIF Fund. The
85 Chief Financial Officer shall deposit into the Reunion Square TIF Fund the Available Tax
86 Increment and any other taxes or fees specifically designated by law for deposit in the Reunion
87 Square TIF Fund.

88 (b) The Mayor may pledge and create a security interest in the funds in the Reunion
89 Square TIF Fund, or any sub-account within the Reunion Square TIF Fund, for the payment of
90 debt service on the bonds without further action by the Council as permitted by section 490(f) of
91 the Home Rule Act. The payment of debt service shall be made in accordance with the
92 provisions of the Financing Documents entered into by the District in connection with the
93 issuance of the bonds.

94 (c) If, at the end of any fiscal year of the District, the balance of cash and investments
95 in the Reunion Square TIF Fund exceeds the amount of debt service (including prepayment of
96 principal and interest), reserves on any bonds, and any approved bond-related administrative
97 expenses during the upcoming fiscal year, 50% of the excess shall be used to prepay the
98 principal of the bonds and the remaining 50% of the excess shall be transferred to the
99 unrestricted balance of the General Fund of the District of Columbia.

100 Sec. 4. Creation of the Reunion Square TIF Area.

101 (a) There is created a TIF area designated as the Reunion Square TIF Area. The
102 Reunion Square TIF Area is defined as Square 5784, Lots 899, 900, 1101; Square 5783, Lot
103 1018; and Square 5772, Lots 827, 829, 984, 1017, and 1020.

104 (b) As provided under section 3, the Available Tax Increment from the Reunion
105 Square TIF Area shall be deposited in the Reunion Square TIF Fund and may be used for the
106 purposes set forth in section 3.

107 (c) (1) The base year for determination of Available Sales Tax Revenues from
108 locations within the Reunion Square TIF Area shall be the tax year preceding the year in which
109 this act becomes effective.

110 (2) The base amount for determination of Available Real Property Tax
111 Revenues shall be:

- 112 (A) \$121, 881 in base year 2020;
- 113 (B) \$121, 881 in base year 2021;
- 114 (C) \$121, 881 in base year 2022;
- 115 (D) \$129, 193 in base year 2023;
- 116 (E) \$136, 945 in base year 2024; and

117 (F) \$141, 738 in base year 2025 and each base year thereafter.

118 (d) The Reunion Square Street TIF Area shall terminate on the earlier of

119 (1) Twenty-five years after the issuance of the last Bonds issued pursuant to this
120 act;

121 (2) The date on which the Bonds are paid in full or are defeased and are no longer
122 outstanding, or

123 (3) September 30, 2025 if no Bonds are issued.

124 Sec. 5. Class A Bond authorization.

125 (a) The Council approves and authorizes the issuance of one or more series of Class
126 A Bonds in an aggregate principal amount not to exceed \$16.9 million to fund the Project. The
127 Class A Bonds, which may be issued from time to time, in one or more series, shall be tax-
128 exempt or taxable as the Mayor shall determine and shall be payable and secured as provided in
129 section 7(a).

130 (b) The Mayor may pay from the proceeds of the Class A Bonds the financing costs
131 and expenses of issuing and delivering the Class A Bonds, including, but not limited to,
132 underwriting, legal, accounting, financial advisory, credit enhancement, marketing, sale, and
133 printing costs and expenses.

134 Sec. 6. Class B Bond authorization

135 (a) The Council approves and authorizes the issuance of one or more series of Class
136 B Bonds in an aggregate principal amount not to exceed \$45.8 million, less the issued gross
137 Class A Bond amount, to reimburse Development Costs of the Project and financing costs
138 incurred by the District and to fund capitalized interest and required reserves. The Class B
139 Bonds, which may be issued from time to time, in one or more series, shall be tax-exempt or
140 taxable as the Mayor shall determine and shall be payable and secured as provided in section
141 7(b).

142 (b) The Mayor may pay from the proceeds of the Class B Bonds the financing costs
143 and expenses of issuing and delivering the Class B Bonds, including, but not limited to,
144 underwriting, legal, accounting, financial advisory, credit enhancement, marketing, sale, and
145 printing costs and expenses.

146 (c) The Class B Bonds also may be issued as a TIF note to the Development Sponsor
147 and may be held and used as security for debt incurred or to be incurred by the Development
148 sponsor, an agent of the Development Sponsor, or another party selected by the Development
149 sponsor and Approved by the District.

150 Sec. 7. Payment and security.

151 (a) For the Class A Bonds:

152 (1) Except as may be otherwise provided in this act, the principal of,
153 premium, if any, and interest on, the Class A Bonds, and the payment of ongoing administrative
154 expenses related to the bond financing shall be payable solely from proceeds received from the
155 sale of the bonds, income realized from the temporary investment of those proceeds, Available
156 Tax Increment and any other taxes or fees deposited in the Reunion Square TIF Fund, income

157 realized from the temporary investment of the monies in the Reunion Square TIF Fund prior to
158 payment to the Class A Bondholders, and other funds that, as provided in the Financing
159 Documents, may be made available to the District for payment of the bonds from sources other
160 than the District, all as provided for in the Financing Documents.

161 (2) There is further allocated to the payment of debt service, on the Class A
162 Bonds the Available Increment, subordinate to the allocation of Available Increment to the
163 Budgeted Reserve, as defined in the Reserve Agreement, all as more fully described in the
164 Reserve Agreement and to the extent that the Reserve Agreement continues to apply to the
165 Available Increment, to be used for the payment of debt service on the Class A Bonds to the
166 extent that the revenues allocated in subsection (a) of this section are inadequate to pay debt
167 service on the Class A Bonds. The allocation of Available Increment authorized by this
168 subsection shall be made in compliance with all existing contractual obligations of the District
169 with respect to the Available Increment and shall terminate on the date on which all of the Class
170 A Bonds are paid or provided for and are no longer outstanding pursuant to their terms.

171 (3) Payment of the Class A Bonds shall be secured as provided in the
172 Financing Documents and by an assignment by the District for the benefit of the Class A
173 Bondholders of certain of its rights under the Financing Documents and Closing Documents to
174 the trustee for the Class A Bonds pursuant to the Financing Documents.

175 (4) The trustee or paying agent is authorized to deposit, invest, and disburse
176 the proceeds received from the sale of the Class A Bonds pursuant to the Financing Documents.

177 (b) For the Class B Bonds:

178 (1) Except as may be otherwise provided in this act, the principal of,
179 premium, if any, and interest on, the Class B Bonds, and the payment of ongoing

180 administrative expenses related to the Class B Bond financing shall be payable solely
181 from proceeds received from the sale of the subordinate Class B Bonds and income
182 realized from the temporary investment of those proceeds, the Available Tax Increment
183 and any other taxes or fees deposited in the Reunion Square TIF Fund, income realized
184 from the temporary investment of the monies in the Reunion Square TIF Fund prior to
185 payment to the Class B Bondholders, and other funds that, as provided in the Financing
186 Documents, may be made available to the District for payment of the subordinate Class B
187 Bonds from sources other than the District, all as provided for in the Financing
188 Documents.

189 (2) Payment of debt service on the Class B Bonds from monies deposited in
190 the Reunion Square TIF Fund or income realized from the temporary investment of those
191 monies shall be subordinate to (i) the payment of debt service on the Class A Bonds from
192 monies deposited in the Reunion Square TIF Fund or income realized from the temporary
193 investment of those monies and (ii) any reasonable reserves required by the District.

194 (3) Payment of the Class B Bonds shall be secured as provided in the
195 Financing Documents and by an assignment by the District for the benefit of the Class B
196 Bondholders of certain of its rights under the Financing Documents and Closing
197 Documents to the trustee for the s Class B Bonds pursuant to the Financing Documents.

198 (4) The trustee or paying agent is authorized to deposit, invest, and disburse
199 the proceeds received from the sale of the Class B Bonds pursuant to the Financing
200 Documents.

201 Sec. 8. Bond details.

202 (a) The Mayor is authorized to take any action reasonably necessary or appropriate in
203 accordance with this act in connection with the preparation, execution, issuance, sale, delivery,
204 security for, and payment of the bonds of each class and series, including, but not limited to,
205 determinations of:

206 (1) The final form, content, designation, and terms of the bonds, including a
207 determination that the bonds may be issued in certificated or book-entry form;

208 (2) The principal amount of the bonds to be issued and denominations of the
209 bonds;

210 (3) The rate or rates of interest or the method for determining the rate or rates
211 of interest on the bonds;

212 (4) The date or dates of issuance, sale, and delivery of, and the payment of
213 interest on, the bonds, and the maturity date or dates of the bonds;

214 (5) The terms under which the bonds may be paid, optionally or mandatorily
215 redeemed, accelerated, tendered, called, or put for redemption, repurchase, or remarketing before
216 their respective stated maturities;

217 (6) Provisions for the registration, transfer, and exchange of the bonds and the
218 replacement of mutilated, lost, stolen, or destroyed bonds;

219 (7) The creation of any reserve fund, sinking fund, or other fund with respect
220 to the bonds;

221 (8) The time and place of payment of the bonds;

222 (9) Procedures for monitoring the use of the proceeds received from the sale
223 of the bonds to ensure that the proceeds are properly applied and used to accomplish the
224 purposes of the Home Rule Act and this act;

225 (10) Actions necessary to qualify the bonds under blue sky laws of any
226 jurisdiction where the bonds are marketed; and

227 (11) The terms and types of any credit enhancement under which the bonds
228 may be secured.

229 (b) The bonds shall contain a legend which shall provide that the bonds are special
230 obligations of the District, are without recourse to the District, are not a pledge of, and do not
231 involve, the faith and credit or the taxing power of the District (other than the Available Tax
232 Increment, the Available Increment, and any other taxes and fees deposited in the Reunion
233 Square TIF Fund), do not constitute a debt of the District, and do not constitute lending of the
234 public credit for private undertakings as prohibited in section 602(a)(2) of the Home Rule Act.

235 (c) The bonds shall be executed in the name of the District and on its behalf by the
236 manual or facsimile signature of the Mayor, and attested by the Secretary of the District of
237 Columbia by the Secretary's manual or facsimile signature.

238 (d) The official seal of the District, or a facsimile of it, shall be impressed, printed, or
239 otherwise reproduced on the bonds.

240 (e) The bonds of any series may be issued in accordance with the terms of a trust
241 instrument to be entered into by the District and a trustee or paying agent to be selected by the
242 Mayor, and may be subject to the terms of one or more agreements entered into by the Mayor
243 pursuant to section 490(a)(4) of the Home Rule Act.

244 (f) The bonds may be issued at any time or from time to time in one or more issues
245 and in one or more series.

246 (g) The bonds are declared to be issued for essential public and governmental
247 purposes. The bonds, the interest thereon, and the income therefrom, and all funds pledged or

248 available to pay or secure the payment of the bonds, shall at all times be exempt from taxation by
249 the District, except for estate, inheritance, and gift taxes.

250 (h) The District pledges, covenants, and agrees with the holders of the bonds that,
251 subject to the provisions of the Financing Documents, the District will not limit or alter the
252 revenues pledged to secure the bonds or the basis on which such revenues are collected or
253 allocated, will not impair the contractual obligations of the District to fulfill the terms of any
254 agreement made with the holders of the bonds, will not in any way impair the rights or remedies
255 of the holders of the bonds, and will not modify, in any way, the exemptions from taxation
256 provided for in this act, until the bonds, together with interest thereon, and all costs and expenses
257 in connection with any suit, action, or proceeding by or on behalf of the holders of the bonds, are
258 fully met and discharged. This pledge and agreement for the District may be included as part of
259 the contract with the holders of the bonds. This subsection constitutes a contract between the
260 District and the holders of the bonds. To the extent that any acts or resolutions of the Council
261 may be in conflict with this act, this act shall be controlling.

262 (i) Consistent with section 490(a)(4)(B) of the Home Rule Act and notwithstanding
263 Article 9 of Chapter 28 of the District of Columbia Official Code:

264 (1) A pledge made and security interest created in respect of the bonds or
265 pursuant to any related Financing Document shall be valid, binding, and perfected from the time
266 the security interest is created, with or without physical delivery of any funds or any property
267 and with or without any further action;

268 (2) The lien of the pledge shall be valid, binding, and perfected as against all
269 parties having any claim of any kind in tort, contract, or otherwise against the District, whether
270 or not such party has notice; and

271 (3) The security interest shall be valid, binding, and perfected whether or not
272 any statement, document, or instrument relating to the security interest is recorded or filed.

273 Sec. 9. Issuance of the bonds.

274 (a) The bonds of any series may be sold at negotiated or competitive sale at, above,
275 or below par, to one or more persons or entities, and upon terms that the Mayor considers to be
276 in the best interests of the District.

277 (b) The Mayor or an Authorized Delegate may execute, in connection with each sale
278 of the bonds, offering documents on behalf of the District, may deem final any such offering
279 document on behalf of the District for purposes of compliance with federal laws and regulations
280 governing such matters, and may authorize the distribution of the documents in connection with
281 the bonds.

282 (c) The Mayor is authorized to deliver executed and sealed bonds, on behalf of the
283 District, for authentication, and, after the bonds have been authenticated, to deliver the bonds to
284 the original purchasers of the bonds upon payment of the purchase price.

285 (d) The bonds shall not be issued until the Mayor receives an approving opinion from
286 Bond Counsel as to the validity of the bonds of such series and, if the interest on the bonds is
287 expected to be exempt from federal income taxation, the treatment of the interest on the bonds
288 for purposes of federal income taxation.

289 (e) The Procurement Practices Reform Act of 2010, effective April 8, 2011 (D.C.
290 Law 18-371; D.C. Official Code § 2-351.01 et seq.), and subchapter III-A of Chapter 3 of Title
291 47 of the District of Columbia Official Code shall not apply to any contract the Mayor may from
292 time to time enter into, or the Mayor may determine to be necessary or appropriate, for the
293 purposes of this act.

294 Sec. 10. Financing and Closing Documents.

295 (a) The Mayor is authorized to prescribe the final form and content of all Financing
296 Documents and all Closing Documents to which the District is a party that may be necessary or
297 appropriate to issue, sell, and deliver the bonds.

298 (b) The Mayor is authorized to execute, in the name of the District and on its behalf,
299 the Financing Documents and any Closing Documents to which the District is a party by the
300 Mayor's manual or facsimile signature.

301 (c) If required, the official seal of the District, or a facsimile of it, shall be impressed,
302 printed, or otherwise reproduced on the bonds, the other Financing Documents, and the Closing
303 Documents to which the District is a party.

304 (d) The Mayor's execution and delivery of the Financing Documents and the Closing
305 Documents to which the District is a party shall constitute conclusive evidence of the Mayor's
306 approval, on behalf of the District, of the final form and content of the executed Financing
307 Documents and the executed Closing Documents.

308 (e) The Mayor is authorized to deliver the executed and sealed Financing Documents
309 and Closing Documents, on behalf of the District, prior to or simultaneously with the issuance,
310 sale, and delivery of the bonds, and to ensure the due performance of the obligations of the
311 District contained in the executed, sealed, and delivered Financing Documents and Closing
312 Documents.

313 Sec. 11. Limited liability.

314 (a) The bonds shall be special obligations of the District. The bonds shall be without
315 recourse to the District. The bonds shall not be general obligations of the District, shall not be a
316 pledge of, or involve, the faith and credit or the taxing power of the District (other than the

317 Available Tax Increment, the Available Increment, and any other taxes or fees allocated to the
318 Reunion Square TIF Fund), shall not constitute a debt of the District, and shall not constitute
319 lending of the public credit for private undertakings as prohibited in section 602(a)(2) of the
320 Home Rule Act.

321 (b) The bonds shall not give rise to any pecuniary liability of the District and the
322 District shall have no obligation with respect to the purchase of the bonds.

323 (c) No person, including, but not limited to, any bond owner, shall have any claims
324 against the District or any of its elected or appointed officials, officers, employees, or agents for
325 monetary damages suffered as a result of the failure of the District to perform any covenant,
326 undertaking, or obligation under this act, the bonds, the Financing Documents, or the Closing
327 Documents, or as a result of the incorrectness of any representation in or omission from the
328 Financing Documents or the Closing Documents, unless the District or its elected or appointed
329 officials, officers, employees, or agents have acted in a willful and fraudulent manner.

330 Sec. 12. District officials.

331 (a) Except as otherwise provided in section 11(c), the elected or appointed officials,
332 officers, employees, or agents of the District shall not be liable personally for the payment of the
333 bonds or be subject to any personal liability by reason of the issuance of the bonds, or for any
334 representations, warranties, covenants, obligations, or agreements of the District contained in this
335 act, the bonds, the Financing Documents, or the Closing Documents.

336 (b) The signature, countersignature, facsimile signature, or facsimile countersignature
337 of any official appearing on the bonds, the Financing Documents, or the Closing Documents
338 shall be valid and sufficient for all purposes notwithstanding the fact that the individual signatory

339 ceases to hold that office before delivery of the bonds, the Financing Documents, or the Closing
340 Documents.

341 Sec. 13. Maintenance of documents.

342 Copies of the specimen bonds and of the final Financing Documents and Closing
343 Documents shall be filed in the Office of the Secretary of the District of Columbia.

344 Sec. 14. Information reporting.

345 Within 3 days after the Mayor's receipt of the transcript of proceedings relating to the
346 issuance of the bonds, the Mayor shall transmit a copy of the transcript to the Secretary to the
347 Council.

348 Sec. 15. Expiration of issuance authority.

349 (a) The authority to issue the Bonds shall expire on September 30, 2025 if no Bonds
350 have been issued; provided, however, that the expiration of the authority shall have no effect on
351 any Bonds issued prior to the expiration date or on the District's ability to issue Refunding
352 Bonds on a future date.

353 (b) The authority to issue the Class B Bonds shall expire on September 30, 2030;
354 provided, however, that the expiration of the authority shall have no effect on any Class B Bonds
355 issued prior to the expiration date.

356 Sec. 16. Fiscal impact statement.

357 The Council adopts the fiscal impact statement in the committee report as the fiscal
358 impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act,
359 approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

360 Sec. 17. Effective date.

361 (a) This act shall take effect following the approval by the Mayor (or in the event of veto

362 by the Mayor, action by the Council to override the veto), a 30-day period of Congressional
363 review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved
364 December 24, 1973 (87 Stat. 788; D.C. Official Code § 1-206.02(c)(1), and publication in the
365 District of Columbia Register.

366 (b) This act shall expire after 225 days of its having taken effect.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL



Commercial Division
Tax & Finance Section

MEMORANDUM

TO: John Falcicchio
Acting Deputy Mayor for Planning and Economic Development

FROM: Patrick Allen
Senior Assistant Attorney General
Commercial Division

DATE: May 18, 2020

SUBJECT: Legal Sufficiency Certification of the “Reunion Square Tax Increment Financing Second Emergency Act of 2020”, the “Reunion Square Tax Increment Financing Temporary Act of 2020”, and the “Reunion Square Tax Increment Financing Second Emergency Declaration of 2020”,

This is to certify that the Commercial Division has reviewed both of the above-referenced Bills and above-referenced Declaration and found each of them to be legally sufficient. If you have any questions in this regard, please do not hesitate to call me at (202 870-7495).

Patrick Allen

Patrick Allen
Senior Assistant Attorney General


Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: May 30, 2020

SUBJECT: Fiscal Impact Statement – Reunion Square Tax Increment Financing
Second Emergency Act of 2020

REFERENCE: Draft Bill as provided to the Office of Revenue Analysis on May 29,
2020

Conclusion

Funds are sufficient in the fiscal year 2020 budget and the proposed fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the bill. The bill authorizes the District to issue \$45.8 million of tax increment financing (TIF) debt to support a mixed-use development in the Anacostia historic neighborhood. A portion of the proposed debt, \$16.9 million, will be backed by tax revenues from the unrelated Downtown TIF area.¹ The District has identified approximately \$1.32 million to create a reserve that is equal to one year's debt service.

Background

The overall Reunion Square development project consists of a team of developers² that plan to construct a mixed-use project with commercial office space, ground-floor retail, parking, a hotel, and a senior affordable housing building. In the first phase of the project, unrelated, but adjacent to the proposed TIF area, the development team built an office building located at 2235 Shannon Place, S.E. that houses District government offices, including the D.C. Lottery and the Department of For-Hire Vehicles.

¹ The bill authorizes this debt to be supported by the "Available Increment," the property and sales tax increments generated in the Downtown TIF as defined in the April 1, 2002 Reserve Agreement by the District, Wells Fargo Bank Minnesota, N.A., and Financial Security Assurance, Inc.

² The development team includes Four Points LLC, Curtis Investment Group, and Blue Sky Housing LLC.

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FIS: "Reunion Square Tax Increment Financing Second Emergency Act of 2020," Draft Bill as provided to the Office of Revenue Analysis on May 29, 2020

The bill establishes the Reunion Square TIF area that roughly encompasses five land lots bounded by Martin Luther King, Jr. Avenue, S.E. and Shannon Place, S.E. near the terminus of U Street, S.E.; one land lot bounded by Shannon Place, S.E., V Street, S.E., and Railroad Avenue, S.E.; and three land lots bounded by Shannon Place, S.E., an alley located behind private homes along Chicago Street, S.E. and Railroad Avenue, S.E.³ The bill also establishes the Reunion Square TIF Fund into which the District will deposit the incremental real property and sales tax revenues generated from the TIF area. The incremental sales taxes will be calculated as the difference between the sales taxes due from the TIF area each year and a base value set at the sales taxes generated for the tax year preceding the year in which this bill becomes effective. The incremental real property taxes will be calculated as the difference between the real property taxes due each year and a base amount established for each year in the bill.⁴

The bill authorizes the District to use this tax increment to support the issuance of up to \$45.8 million in TIF debt to support the construction of an office building, hotel, and senior affordable housing building, comprising approximately 315,000 square feet of commercial office space and approximately 43,000 square feet of retail space. The Department of Health intends to lease in the office building, relocating its headquarters to this new location. The bill authorizes the District to issue two classes of debt, with the first being \$16.9 million in Class A bonds backed by the Downtown TIF area. The District is also authorized to issue up to \$28.9 million⁵ in Class B debt, which could take the form of a bond or note and is not backed by the Downtown TIF area. The District's authority to issue Class A bonds will expire on September 30, 2025 and Class B will bonds will expire on September 30, 2030, if no bonds have been issued by those dates.⁶

Any excess tax increment remaining in the Reunion Square TIF Fund each year will be equally divided between the payment of outstanding principal on the TIF debt and transfers to the unrestricted balance of the District's General Fund.

Financial Plan Impact

Funds are sufficient in the fiscal year 2020 budget and the fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the bill. The bill authorizes the District to issue up to \$45.8 million in TIF debt, which the Office of the Chief Financial Officer estimates to require annual debt service payments of \$4.2 million once the project is fully constructed. The tax increment will cover these debt payments. However, the bill also authorizes the Downtown TIF Area as a source of repayment on up to \$16.9 million of the debt, and the Mayor is required to appropriate and hold in reserve an amount equal to one year's debt service payment on this portion, or \$1.32 million. The Mayor will pay debt service obligations from this reserve if the tax increment from the Reunion

³ The lots are known for assessment and tax purposes as Square 5772, Lots 827, 829, 984, 1017, and 1020; Square 5783, Lot 1018; Square 5784, Lots 899, 900, and 1101.

⁴ Base real property taxes will be \$121,881 for 2020, 2021, and 2022, \$129,193 in 2023, \$136,945 in 2024, and \$141,738 in 2025 and each year thereafter through the life of the TIF area.

⁵ The bill authorizes the District to issue up to \$45.8 million in Class B debt minus the amount of any Class A debt issued.

⁶ Any Class A or B bonds issued prior to those dates are unaffected by these expiration dates.

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Square TIF area is not sufficient to cover debt service payments in any year until the bonds mature or are retired. Any use of the reserve must be replenished. The Mayor has identified the necessary funding and reserved it for this purpose.

The \$29.9 million of Class B debt is only backed by tax increment from the TIF area and its approximately \$2.8 million annual debt service does not require a reserve that needs to be budgeted in local funds.

The District expects to issue the TIF debt beginning in fiscal year 2021. The combined debt service on the Class A and Class B debt is included in the District's debt cap evaluation.⁷

The Office of Tax and Revenue (OTR) will need to track development progress and retail activity to allocate the tax revenues to the Reunion Square TIF Fund. OTR can perform these activities with its existing resources.

⁷ Limitation on Borrowing and Establishment of the Operating Cash Reserve Act of 2008, effective March 25, 2009 (D.C. Law 17-360; D.C. Official Code § 47-335.02).