

A BILL

25-4

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To authorize the issuance of general obligation bonds and general obligation bond anticipation notes of the District of Columbia for the purposes of financing certain capital projects and the refunding of certain capital indebtedness of the District of Columbia during fiscal years 2023 through 2028.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "General Obligation Bonds and Bond Anticipation Notes for Fiscal Years 2023-2028 Authorization Act of 2023".

Sec. 2. Definitions.

For the purposes of this act, the term:

(1) "Additional Bonds" means District general obligation bonds that may be issued pursuant to section 461 of the Home Rule Act and any act enacted subsequent to this act on a parity with the bonds.

(2) "Additional Notes" means District general obligation bond anticipation notes that may be issued pursuant to section 475 of the Home Rule Act and any act enacted subsequent to this act on a parity with the notes.

(3) "Authorized Delegate" means 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

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28 section 422(6) of the Home Rule Act, including, but not limited to, the Chief Financial Officer, the
29 City Administrator, and the Treasurer of the District of Columbia.

30 (4) "Bond Counsel" means a firm or firms of attorneys designated as bond
31 counsel or co-bond counsel from time to time by the Mayor or an Authorized Delegate.

32 (5) "Bonds" means District general obligation bonds authorized to be issued
33 pursuant to this act, including any refunding bonds.

34 (6) "Capital Projects" means the District capital projects as defined in section
35 103(8) of the Home Rule Act.

36 (7) "Deposit and Investment Act" means the Financial Institutions Deposit and
37 Investment Amendment Act of 1997, effective March 18, 1998 (D.C. Law 12-56; D.C. Official
38 Code § 47-351.01 *et seq.*).

39 (8) "Escrow Agreement" means any agreement heretofore or hereafter entered into
40 by the Mayor or an Authorized Delegate to provide for the custody, investment, and disbursement
41 of revenues and funds pledged to, and in which a security interest is created for, the payment of
42 the principal of, and interest on, the bonds or notes.

43 (9) "Hedge Agreement" means any financial arrangement that is a cap, floor, or
44 collar; forward rate; future rate; swap, which swap may be based on an amount equal to either a
45 principal amount or a notional principal amount relating to all or a portion of the principal
46 amount of a series of bonds; asset, index, price, or market-linked transaction or agreement; other
47 interest rate exchange or rate protection transaction agreement; other similar transactions,

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48 however designated; any combination thereof; any option with respect thereto; or any similar
49 arrangement, which is executed by the District for purposes of debt management, including
50 managing interest rate fluctuations on bonds, but not for purposes of speculation.

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

53 (11) "Notes" means District general obligation bond anticipation notes
54 authorized to be issued pursuant to this act, including any renewals of such notes.

55 (12) "Outstanding Debt" means the outstanding indebtedness at any time of the
56 District for capital project loans from the Treasury of the United States, any Treasury Advances,
57 any outstanding general obligation bonds issued pursuant to this or any prior act, any outstanding
58 general obligation bond anticipation notes issued pursuant to this or any prior act, and any
59 income tax secured revenue bonds issued pursuant to the Income Tax Secured Bond
60 Authorization Act of 2008, effective October 22, 2008 (D.C. Law 17-254, D.C. Official Code
61 §47-340.26 *et seq.*).

62 (13) "Paying Agent" means the District or any bank, trust company, or national
63 banking association designated to serve in this capacity by the Mayor or an Authorized Delegate
64 pursuant to section 6.

65 (14) "Procurement Act" means the District of Columbia Procurement Practices
66 Reform Act of 2010, effective April 8, 2011 (D.C. Law 18-371; D.C. Official Code § 2-351.01 *et*
67 *seq.*).

68 (15) "Registrar" means the District or any bank, trust company, or national
69 banking association designated to serve in this capacity by the Mayor or an Authorized
70 Delegate pursuant to section 6.

71 (16) "Secretary" means the Secretary of the District of Columbia.

72 (17) "Special Tax Fund" means the debt service fund established pursuant to
73 section 9(a)(1).

74 (18) "Special Tax Funds" means the debt service funds established pursuant to
75 section 9(a)(1) and (2).

76 (19) "Special Tax Fund for Notes" means the debt service fund established
77 pursuant to section 9(a)(2).

78 (20) "Treasury Advances" means amounts advanced to the District from the
79 United States Treasury pursuant to Chapter 34 of Title 47 of the District of Columbia Official
80 Code.

81 Sec. 3. Findings.

82 The Council finds that:

83 (1) Section 461 of the Home Rule Act authorizes the District to incur indebtedness
84 by issuing general obligation bonds to refund Outstanding Debt of the District and to provide for
85 the payment of the cost of acquiring or undertaking its various capital projects.

86 (2) Section 475 of the Home Rule Act authorizes the District to incur indebtedness
87 by issuing general obligation bond anticipation notes, the proceeds of which shall be used for the

88 purposes for which general obligation bonds may be issued under section 461 of the Home Rule
89 Act.

90 (3) The cost of Outstanding Debt may be reduced by refunding a portion of it
91 through the issuance of the bonds, and the District's cost of borrowing may be reduced by the
92 issuance from time to time of notes in anticipation of the issuance of bonds.

93 (4) The issuance of the bonds and the notes in anticipation of the bonds is an
94 economical method of financing the costs of acquiring or undertaking the capital projects
95 described in section 5 and of refunding all or a portion of certain Outstanding Debt as is in the
96 public interest.

97 (5) To fund the capital needs of the District for fiscal years 2023 through 2028, it
98 will be necessary to issue bonds from time to time in one or more series in an aggregate principal
99 amount not to exceed \$6,400,000,000 and to issue notes from time to time in one or more series
100 in anticipation of all or a portion of the bonds.

101 Sec. 4. Bond and note authorization.

102 (a) The District is authorized to incur indebtedness by issuing the bonds pursuant to
103 sections 461 through 467 of the Home Rule Act to provide for any of the following:

104 (1) The payment of the cost of acquiring, undertaking, or refinancing capital
105 projects described in section 5 for general governmental and enterprise purposes;

106 (2) The reimbursing of amounts temporarily advanced for the purposes authorized
107 by this act from the General Fund of the District of Columbia, any enterprise fund, or other fund or

108 account of the District;

109 (3) The refunding of Outstanding Debt; and

110 (4) The payment of the costs and expenses of preparation, execution, issuance, sale
111 or delivery of, or security for, the bonds and notes, including the payments of contracts or
112 agreements the Mayor or an Authorized Delegate may determine to be necessary and appropriate
113 as described in section 7(f), and the payment of other debt program related costs as provided in
114 the contracts or agreements related thereto.

115 (b) The Mayor or an Authorized Delegate is authorized to pay from the proceeds of the
116 bonds and other District funds, the costs and expenses referred to in subsection (a)(4) of this
117 section and to the extent necessary to establish or continue the tax exempt status of any of the
118 bonds issued on a tax exempt basis.

119 (c) The District is authorized pursuant to section 475 of the Home Rule Act to issue the
120 notes in anticipation of the issuance of general obligation bonds and to expend the proceeds of
121 the notes for any of the purposes for which bonds may be issued.

122 Sec. 5. Capital projects.

123 (a)(1) Bonds and notes may be issued from time to time to provide for the payment of
124 the cost of acquiring, undertaking, or refinancing capital projects of the District and
125 reimbursement of amounts advanced for such purposes, including, but not limited to, capital
126 projects for the following categories of facilities and equipment by project and project
127 description:

- 128 (A) Physical plant;
- 129 (B) Technology;
- 130 (C) Mass transportation;
- 131 (D) Roads and bridges;
- 132 (E) Housing and economic development;
- 133 (F) Environmental protection;
- 134 (G) Major equipment; and
- 135 (H) 6.

136 (2) The Council shall specify and determine from time to time, by resolution, the
137 capital projects for which the issuance of bonds shall be authorized.

138 (b) The maximum principal amount of indebtedness that may be incurred through the
139 issuance of bonds or notes for the capital projects, exclusive of the costs and expenses of issuing
140 and delivering the bonds or notes and any other costs referred to in section 4(a)(4), which may
141 be funded with proceeds of the bonds or notes, shall not exceed \$6,400,000,000;
142 provided, that the principal amount of any notes or bonds issued to refund prior notes or bonds
143 issued for any capital project shall not be included in the determination of the principal amount of
144 indebtedness issued for such project, and provided that the aggregate amount of any refunded notes
145 or additional notes refinanced with bonds or additional bonds shall be returned to the maximum
146 principal amount of indebtedness for use in future issuances.

147 (c) The maximum total principal amount to be financed through the bonds and notes

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148 provided for the capital projects listed in subsection (a)(1) of this section shall include amounts
149 requested by the District government and approved by Congress in the District's Fiscal Year
150 2023-2028 Capital Improvements Plan or other capital projects approved by the Council, as it
151 may be modified from time to time by appropriations legislation, or by the Council.

152 (d) The costs of the capital projects approved for financing pursuant to this act and prior
153 bond acts that have become law, which are paid originally from the General Fund of the District of
154 Columbia or General Capital Improvements Fund of the District of Columbia, are reasonably
155 expected to be reimbursed in whole or in part with the proceeds of the bonds or notes in the
156 maximum amount set forth in subsection (b) of this section. The adoption of this act by the
157 Council declares the intent of the District under Treas. Reg. § 1.150-2, issued under the Internal
158 Revenue Code of 1986, approved October 22, 1986 (100 Stat. 2085; 26 U.S.C. § 1 *et seq.*), to
159 reimburse the General Fund of the District of Columbia and General Capital Improvement Fund of
160 the District of Columbia or to refinance Treasury Advances or loans from the Treasury of the
161 United States for capital projects, in either case, with the proceeds of the bonds and notes.

162 (e) Funds pursuant to this act shall not be used to pay for personnel of the District,
163 except in positions working on authorized capital projects that create assets or extend the useful
164 life of the assets.

165 Sec. 6. Bond and note details.

166 (a) The Mayor or an Authorized Delegate is authorized to take any action necessary or
167 appropriate in accordance with this act in connection with the preparation, execution, issuance,

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168 sale, delivery, security for, and payment of the bonds and notes, including, but not limited to,
169 determinations of:

170 (1) Whether the bonds or notes are to be issued in one or more series and the
171 principal amount of each series;

172 (2) For each series of the bonds or notes, the date of issuance, sale, and delivery of
173 the bonds or notes, the maturity date or dates of the bonds (provided that the maximum maturity of
174 any bond shall not exceed 30 years from the date of issuance) or notes (provided that the maximum
175 maturity date of any note, including any renewal note issued to refund such note, shall not be later
176 than the last day of the 3rd fiscal year following the fiscal year during which such note was
177 originally issued), the dates for payment of principal and interest on the bonds or notes, and the
178 amount of each installment or sinking fund payment of principal (provided that the principal
179 installments on each series of the bonds shall begin no later than 3 years from the date of issuance
180 of the series);

181 (3) The rate or rates of interest or the method for determining the rate or rates of
182 interest on each series of the bonds and notes; provided, that the interest rate or rates borne by
183 the bonds of any series with fixed interest rates shall not exceed 15% per year (calculated on the
184 basis of a 360-day year consisting of twelve 30-day months) in any event and that the interest rate
185 or rates borne by the bonds of any series with non-fixed interest rates shall not exceed 15% per
186 year (calculated on the basis of the actual number of days elapsed over a year of 365 or 366 days
187 and based on the total amount of interest paid in any fiscal year), and the interest rate or rates borne

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188 by the notes of any series shall not exceed in the aggregate 10% per year (calculated on the basis of
189 a 360-day year consisting of twelve 30-day months or on the basis of the actual number of days
190 elapsed over a year of 365 or 366 days), as determined by the Mayor or the Authorized Delegate;
191 provided further, that if the notes are not paid at maturity, the notes may provide for an interest rate
192 or rates after maturity not to exceed in the aggregate 15% per year (calculated on the basis of a 360-
193 day year consisting of twelve 30-day months or on the basis of the actual number of days elapsed
194 over a year of 365 or 366 days), as determined by the Mayor or the Authorized Delegate;

195 (4) For each series of the bonds or notes, the maximum debt service payable in
196 any fiscal year in accordance with the amount permitted under section 11(a)(3);

197 (5) The designation of any series of the bonds or notes and their denominations,
198 lettering, and numbering or the manner of determining the designations and denominations,
199 lettering, and numbering;

200 (6) The price and terms under which any series of the bonds or notes may be
201 paid, optionally or mandatorily redeemed, accelerated, tendered, called, or put for redemption,
202 repurchase, or remarketing before their stated maturities;

203 (7) The final form, content, and terms of each series of the bonds and notes,
204 including a determination that any series of the bonds or notes may be issued in book-entry
205 form;

206 (8) The designation of a registrar, if other than the District, for any series of the
207 bonds or notes and the execution and delivery of any necessary agreements relating to the

208 appointment;

209 (9) The designation of a Paying Agent for any series of the bonds or notes and the
210 execution and delivery of any necessary agreements relating to the appointment;

211 (10) Provisions for the registration, transfer, and exchange of the bonds or notes and
212 the replacement of mutilated, lost, stolen, or destroyed bonds or notes; and

213 (11) Provisions for the security of holders of the bonds or notes, including, but not
214 limited to, bond insurance or other credit enhancement.

215 (b) The bonds and notes shall be executed in the name of the District and on its behalf by
216 the manual signature of the Mayor or an Authorized Delegate. To the extent required by the
217 Home Rule Act, the official seal of the District or a facsimile of it shall be impressed, printed, or
218 otherwise reproduced on the bonds and notes.

219 (c) The registrar shall manually authenticate each bond or note and maintain the books of
220 registration for the payment of the principal of, and interest on, the bonds or notes and perform
221 other ministerial responsibilities as specifically provided in its appointment as registrar, and the
222 securities depository, if the bonds or notes are issued in book-entry form, shall maintain or cause to
223 be maintained books of registration of owners of beneficial interests in the bonds or notes.

224 Sec. 7. Sale of the bonds and notes.

225 (a) The bonds of any series may be sold by the Mayor or an Authorized Delegate at a
226 public sale upon receipt of sealed proposals (including electronic bids), or at a private sale on a
227 negotiated basis in a manner as the Mayor or an Authorized Delegate may determine to be in the

228 public interest, all pursuant to and in accordance with section 466 of the Home Rule Act. The
229 notes of any series may be sold by the Mayor or an Authorized Delegate by competitive bid or
230 negotiated sale as may be determined by the Mayor or an Authorized Delegate to be in the best
231 interest of the District.

232 (b) The Mayor or an Authorized Delegate may prepare, or cause to be prepared, and may
233 execute, for each sale of the bonds or notes, offering documents on behalf of the District and may
234 authorize the distribution of the offering documents for the bonds or notes.

235 (c) The Mayor or an Authorized Delegate shall take actions and execute and deliver
236 agreements, documents, and instruments (including any amendment of or supplement to any
237 such agreement, document, or instrument) as required by or incidental to:

238 (1) The issuance of the bonds or notes;

239 (2) If and to the extent the bonds or notes are issued on a tax-exempt basis, the
240 exclusion from gross income for federal income tax purposes of interest on the bonds or notes, the
241 treatment of interest on the bonds or notes as not an item of tax preference for purposes of the
242 federal alternative minimum tax, and the exemption from District taxation of interest on the
243 bonds or notes;

244 (3) The performance of any covenants contained in this act or any purchase
245 contract for the bonds or notes; and

246 (4) The execution, delivery, and performance of any financing documents in
247 connection with the sale of the bonds or notes, including but not limited to, any Escrow

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248 Agreement, trust agreement, bond or note purchase agreement, or paying agent agreement.

249 (d) The bonds or notes shall not be issued until the Mayor or an Authorized Delegate
250 receives an approving opinion from Bond Counsel as to the validity of the bonds or notes and, if
251 and to the extent the bonds or notes are issued on a tax-exempt basis, the treatment of the interest
252 on the bonds or notes for purposes of federal and District income taxation.

253 (e) The Mayor shall execute a bond issuance certificate or note issuance certificate, as the
254 case may be, evidencing the determinations made and other actions taken by the Mayor for each
255 series of the bonds or notes issued and shall designate in such certificate the amount of the bonds
256 or notes to be used to finance capital projects or to refund or refinance Outstanding Debt, the
257 amount of principal and interest on that amount of bonds or notes to be paid through sinking fund
258 payments, redemptions, or otherwise, in each fiscal year, the date of the bonds or notes, the series
259 designation, the authorized denominations, the Paying Agent or Agents, and any other matters
260 pertaining to the bonds or notes, including any matters applicable under section 6(a). A copy of the
261 bond issuance certificate or note issuance certificate, as the case may be, shall be filed with the
262 Secretary to the Council not more than 3 days after the delivery of the bonds or notes covered by
263 the certificate. Any bond issuance certificate or note issuance certificate shall be conclusive
264 evidence of the actions or determinations taken or made as stated in the certificate.

265 (f) The Procurement Act and the Deposit and Investment Act shall not apply to whatever
266 contract the Mayor or an Authorized Delegate may from time to time enter into for purposes of

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267 this act or the Mayor or an Authorized Delegate may determine to be necessary or appropriate for
268 purposes of this act to place, in whole or in part, including, but not limited to:

269 (1) An investment or obligation of the District as represented by the bonds or
270 notes;

271 (2) A contract or contracts for bond insurance or other credit enhancement
272 (including, but not limited to, a letter or line of credits), or liquidity agreements, or
273 placement of any investment or obligation or program of investment including any offering
274 document, contract based on interest rate, currency, cash flow, or other basis, including,
275 without limitation, interest rate swap agreements; currency swap agreements; insurance agreements;
276 forward payment conversion agreements; futures contracts providing for payments based on levels
277 of, or changes in, interest rates, currency exchange rates, or stock or other indices; contracts to
278 exchange cash flows or a series of payments; and contracts to hedge payment, currency, rate,
279 spread, or similar exposure, including, without limitation, interest rate floors, or caps, options,
280 puts, and calls, Hedge Agreements, and any required supplements to any such documents.

281 The contracts or other arrangements may also be entered into by the District in connection with, or
282 incidental to, entering into or maintaining any agreement that secures the bonds or notes. The
283 contracts or other arrangements entered into pursuant to this section shall contain whatever payment
284 security, terms, and conditions as the Mayor or an Authorized Delegate may consider appropriate
285 and shall be entered into with whatever party or parties the Mayor or an Authorized Delegate may
286 select, after giving due consideration, where applicable, to the creditworthiness of the counterparty

287 or counterparties, including any rating by a nationally recognized rating agency or any other
288 criteria as may be appropriate.

289 (3) A contract or contracts for an escrow agent, paying agent, disclosure agent,
290 trustee, collection agent, registrar, underwriting, legal services, accounting, financial advisory
291 services, rating agency services, printing, and any other contracts for services of professionals or
292 advisors or for disclosure services as the Mayor or an Authorized Delegate may deem to be
293 necessary or appropriate.

294 Sec. 8. Payment and security of the bonds and notes.

295 (a) The full faith and credit of the District is pledged for the payment of the principal of,
296 and interest on, the bonds and notes as they become due and payable through required sinking fund
297 payments, redemptions, or otherwise.

298 (b) The Council shall, in the full exercise of the authority granted in section 483 of the
299 Home Rule Act and under any other law, provide in each annual budget for a fiscal year of the
300 District sufficient funds to pay the principal of, and interest on, the bonds and notes becoming
301 due and payable for any reason during that fiscal year.

302 (c) The Mayor shall, in the full exercise of the authority granted to the Mayor under the
303 Home Rule Act and under any other law, take such actions as may be necessary or appropriate to
304 ensure that the principal of, and interest on, the bonds and notes are paid when due for any reason,
305 including the payment of principal and interest from any funds or accounts of the District not
306 otherwise legally committed.

307 (d) The bonds and notes shall evidence continuing obligations of the District until paid in
308 accordance with their terms.

309 (e) Any Paying Agent shall pay the principal of, and interest on, the bonds and notes
310 and may perform other ministerial responsibilities as specifically provided in its appointment as
311 paying agent.

312 (f) Proceeds of the bonds or notes and any money set aside for any security for the bonds
313 or notes or any contract or other arrangement entered into pursuant to this section, may be pledged to
314 and used to service any contract or other arrangement providing for payment of principal of and
315 interest on the bonds or notes.

316 Sec. 9. Special tax; establishment of rates; collection.

317 (a) (1) The Council determines that a special tax is necessary in conjunction with the
318 authorization and issuance of the bonds and any Additional Bonds. Pursuant to section 481 of the
319 Home Rule Act and notwithstanding the provisions of Chapter 5 of Title 47 of the District of
320 Columbia Official Code, there is levied, for each real property tax year in which bonds or
321 Additional Bonds are outstanding, a special tax on the real property in the District subject to
322 taxation, in amounts that will be sufficient to pay the principal of, and interest on, the bonds and
323 Additional Bonds coming due in each year. This special tax is levied, without limitation as to rate
324 or amount, on all classes of real property subject to taxation in the District. The special tax shall be
325 collected and apportioned among classes of real property in the same manner as other District real
326 property taxes and, when collected, shall be set aside in a Special Tax Fund maintained separate

327 from other funds of the District. The collection and custody of the special tax payment may be
328 pursuant to an agreement with an agent for such purposes and the Special Tax Fund may be
329 maintained under an Escrow Agreement. When deposited, the funds in the fund and all investment
330 income or earnings on these funds shall be irrevocably dedicated and pledged to the payment of
331 principal, and interest on, the bonds and any Additional Bonds. Any Escrow Agreement providing
332 for holding funds for the benefit of the holders of the bonds shall be maintained so long as any of
333 the bonds is outstanding under this act.

334 (2) In addition to the special tax levied pursuant to paragraph (1) of this subsection, the
335 Council determines that a separate tax levy is necessary in conjunction with the authorization and
336 issuance of notes and any Additional Notes. Pursuant to section 467(a) of the Home Rule Act, and
337 notwithstanding the provisions of Chapter 5 of Title 47 of the District of Columbia Official Code,
338 there is levied, for each real property tax year in which notes or Additional Notes are outstanding, a
339 special tax for notes on the real property in the District subject to taxation, which shall be separate
340 and distinct from the collection and pledge of the special tax in paragraph (1) of this subsection, in
341 amounts that will be sufficient to pay the principal of, and interest on, the notes and Additional Notes
342 coming due in each year. This special tax for notes is levied, without limitation as to rate or amount,
343 on all classes of real property subject to taxation in the District. The special tax for notes shall be
344 collected and apportioned among classes of real property in the same manner as other District real
345 property taxes and, when collected, shall be set aside in a Special Tax Fund for Notes maintained
346 separate from other funds of the District, including the Special Tax Fund maintained under

347 paragraph (1) of this subsection. The collection and custody of the revenue pledge payment may be
348 pursuant to an agreement with an agent for such purposes and the Special Tax Fund for Notes may
349 be maintained under an Escrow Agreement. When deposited, the revenues in the fund and all
350 investment income or earnings on these funds shall be irrevocably dedicated and pledged to the
351 payment of principal, and interest on, the notes and any Additional Notes. Any Escrow Agreement
352 providing for holding funds for the benefit of the holders of the notes or Additional Notes shall be
353 maintained so long as any of the notes or Additional Notes is outstanding under this act.

354 (3) The special taxes authorized pursuant to subsection (a)(1) and (2) of this section
355 shall be levied and collected ratably and on a parity with each other, and in the event there are
356 insufficient collections of real property taxes, the amounts collected shall be allocated to each of
357 the Special Tax Funds in proportion of the amounts of bonds and Additional Bonds and notes and
358 Additional Notes outstanding.

359 (b) The District irrevocably pledges for and on behalf of the owners of the bonds or notes
360 as further security for the due and punctual payment of the principal and redemption price, if any,
361 of, and interest on, the bonds or notes as they shall become due and payable for any reason, all of
362 its right, title, and interest now owned or later acquired in and to the revenue from the applicable
363 special taxes levied by this section, whether to be received, or held at the time, by a collection
364 agent, custodian, or escrow agent for the District, or by District officials. This pledge creates and
365 grants a parity security interest, which is created and perfected as contemplated in section 467 of
366 the Home Rule Act, subject to the terms, conditions, and limitations in this act, including the

367 provisions of subsections (e) and (i) of this section and the provisions setting forth conditions and
368 limitations applicable to the issuance of Additional Bonds or Additional Notes secured, equally
369 and ratably with the bonds or notes, respectively by a pledge of and security interest in the special
370 tax revenue or special tax for notes revenue.

371 (c) The security interests created in the revenues from the special taxes levied by this
372 section shall be valid, binding, and perfected from the time of the delivery of the first bonds or
373 notes with or without the physical delivery or allocation of any special tax revenue or special tax
374 for notes revenue and with or without any further action. The security interest shall be valid,
375 binding, and perfected whether or not any statement, document, or instrument relating to the
376 security interest is recorded or filed. The pledge and lien created by the security interest shall be
377 valid, binding, and perfected with respect to any individual or legal entity having claims against
378 the District, whether or not the individual or legal entity has notice of the pledge and lien.

379 (d) If the District pays or, pursuant to section 15, makes provisions to pay to the owners of
380 all bonds and Additional Bonds or notes and Additional Notes the principal or redemption price,
381 if any, and the interest due or to become due, at the time and in the manner stipulated, the security
382 interest created in the revenue from the special taxes levied under this section shall be terminated.

383 (e)(1) In any real property tax year, if the amount expected to be on deposit in the Special
384 Tax Fund on the first day of the next succeeding real property tax year exceeds the greater of the
385 earnings on the Special Tax Fund for the current real property tax year or 1/12 of the amount that
386 the Mayor certifies as required to pay the principal of, and interest on, the bonds and any

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387 Additional Bonds coming due in the next succeeding real property tax year, the Mayor shall either
388 cause the transfer of that excess amount to the General Fund of the District of Columbia or the
389 use of that excess amount to purchase, for cancellation, Outstanding Debt. That excess amount
390 shall be released from the lien on and security interest in the special tax revenue created under this
391 section.

392 (2) In any real property tax year, if the amount expected to be on deposit the
393 Special Tax Fund for Notes on the first day of the next succeeding real property tax year exceeds
394 the greater of the earnings on the Special Tax Fund for Notes for the current real property tax
395 year or 1/12 of the amount that the Mayor certifies as required to pay the principal of, and interest
396 on, the notes and any Additional Notes coming due in the next succeeding real property tax year,
397 the Mayor shall either cause the transfer of that excess amount to the General Fund of the District
398 of Columbia or the use of that excess amount to purchase, for cancellation, Outstanding Debt.
399 That excess amount shall be released from the lien on and security interest in the special tax for
400 notes revenue created under this section.

401 (3) On or before the date upon which the Mayor is required by law to submit to
402 the Council proposed real property tax rates for a real property tax year of the District (but not
403 later than the first day of that real property tax year), the Mayor shall certify to the Council the
404 amount required in that real property tax year to pay the principal of, and interest on, the bonds
405 and any Additional Bonds or notes and any Additional Notes coming due for any reason during
406 that real property tax year. The amount certified, less any funds then on deposit in the Special

407 Tax Funds after application of paragraphs (1) and (2) of this subsection, shall be called the
408 special tax requirement.

409 (f) On or before the date upon which the Mayor is required by law to submit to the Council
410 proposed tax rates for a real property tax year of the District (but not later than the first day of that
411 real property tax year), the Mayor shall calculate and submit to the Council proposed real property
412 special tax rates to be applied during the real property tax year to all real property subject to
413 taxation in the District. The real property special tax rates shall be calculated to yield the special tax
414 requirement, as that amount is certified by the Mayor pursuant to subsection (e) of this section.

415 (g) The Council, in the same manner as provided for the establishment of other real
416 property tax rates, shall, by act, establish real property special tax rates for the real property tax
417 year calculated to yield the special tax requirement, as that amount is certified by the Mayor
418 pursuant to subsection (e) of this section. If the Council fails to enact special real property tax
419 rates for the real property tax year within the time provided by law, the real property special tax
420 rates submitted by the Mayor pursuant to subsection (f) of this section shall be the real property
421 special tax rates to be applied during that real property tax year.

422 (h) Real property special taxes shall be collected in the same manner as other District real
423 property taxes and the Mayor shall promptly deposit in the Special Tax Funds all real property
424 special taxes collected, including collection through a collection agent and deposit under an
425 Escrow Agreement. If the law of the District relating to the levy or collection of real property
426 taxes or the calculation or establishment of real property tax rates is changed in a manner that

427 renders any of the provisions of subsections (e) through (h) of this section incapable of
428 performance in accordance with their respective terms, the Mayor and the Council shall take
429 actions that result in the collection of real property special taxes, in the same manner as other
430 District real property taxes, in the amounts required by this section.

431 (i) The District and the Mayor reserve the right to satisfy all or a portion of the special tax
432 pledge requirements by setting aside and depositing into the Special Tax Funds, equally and ratably,
433 at any time any funds of the District not otherwise legally committed, which shall irrevocably
434 dedicate and pledge those deposits to the payment of principal of, and interest on, the bonds and
435 Additional Bonds or notes and any Additional Notes then outstanding. To the extent that all or a
436 portion of the special tax requirement or revenue pledge requirement is satisfied by those deposits,
437 an equal amount of real property special tax revenue or special tax for notes revenue subsequently
438 collected shall be released from the lien on and the security interest in the special tax revenue or the
439 special tax for notes revenue created under this section and shall be paid to reimburse the General
440 Fund of the District of Columbia or other fund of the District of Columbia from which the other
441 funds were received, and any other funds so deposited in lieu of a portion of the special tax revenues
442 or pledged property tax revenues shall be subject to the pledge and security interest under this act as
443 if they were special tax revenues or special tax for notes pledged revenues pursuant to section 467 of
444 the Home Rule Act.

445 (j) The Mayor shall provide for the payment of the principal of, and interest on, the bonds
446 or notes, as it may become due and payable for any reason, by transferring funds on deposit in the

447 Special Tax Funds, respectively, to the Paying Agent to the extent required pursuant to the bond or
448 Additional Bond issuance certificate or note or Additional Note issuance certificate provided for in
449 section 7.

450 Sec. 10. Issuance of bonds to pay notes when due.

451 (a) The District shall issue the bonds or, to the extent permitted by the Home Rule Act,
452 renewal notes to provide for the payment of the principal of the notes, as they may become due and
453 payable.

454 (b) The par value to be received from the sale of any bonds issued to refund the notes or any
455 renewal notes shall, to the extent necessary, be used to pay the principal of, and interest on, the
456 notes when due and are pledged to that purpose.

457 Sec. 11. General covenants.

458 (a) The following covenants are made by the District in connection with the
459 authorization and issuance of the bonds:

460 (1) Pursuant to section 603(c) of the Home Rule Act, the Council shall not approve
461 any budget that would result in expenditures being made by the District during any fiscal year in
462 excess of all resources that the Mayor estimates will be available from all funds available to the
463 District for that fiscal year, except as permitted by applicable law. The Mayor shall not forward to
464 the President for submission to Congress a budget that is not balanced according to the provisions
465 of section 603(c) of the Home Rule Act, except as permitted by applicable law.

466 (2) The District shall prepare its annual financial statements in accordance with

467 generally accepted accounting principles for state and local governments and cause its annual
468 financial statements to be audited by an independent accountant.

469 (3) The District shall not issue any general obligation bonds or general
470 obligation bond anticipation notes, other than bonds or renewal notes to refund any Outstanding
471 Debt, or incur any indebtedness to the Treasury of the United States for capital projects in an
472 amount that would cause the amount of debt service payable in any fiscal year on all the
473 indebtedness, including all outstanding bonds and loans, to exceed any limitations set forth in the
474 Home Rule Act or the borrowing limitation set forth in D. C. Official Code §47-335.02 at the time
475 the additional bonds or indebtedness are issued or incurred. For purposes of the limitation imposed
476 by this section, and as required by section 475(b) of the Home Rule Act, the Council hereby
477 determines that the estimated maximum annual debt service amount for the bonds anticipated by
478 the notes is \$30 million.

479 (4) Subject to applicable law, the District shall maintain a capital projects fund,
480 separate from other funds of the District, into which it will deposit the proceeds of any bonds or
481 notes, other than bonds or notes issued to refund Outstanding Debt, less any capitalized interest
482 and accrued interest, and shall expend the proceeds only to finance capital projects and incidental
483 costs as defined in section 103(8) of the Home Rule Act. Subject to applicable law, the proceeds
484 of the bonds or notes may be escrowed in appropriate accounts with escrow agents or a trustee for
485 the bonds or notes to be applied to the applicable purposes. Interest or other investment earnings
486 of proceeds in the capital projects fund shall be credited to the General Fund of the District of

487 Columbia, subject to provisions for any deposit requirements to a rebate fund or other funds in
488 accordance with agreements pertaining to the bonds or notes.

489 (b) The Mayor or an Authorized Delegate may, through a trust agreement or other
490 instrument, make additional covenants of the District and agree to other provisions to better secure,
491 administer funds for, and protect the bonds or notes and the owners thereof.

492 Sec. 12. Events of default.

493 (a) Each of the following events constitutes an event of default:

494 (1) Failure to pay the principal of the bonds or notes, as the case may be, when
495 the principal becomes due and payable at maturity, upon redemption, or otherwise;

496 (2) Failure to pay an installment of interest on the bonds or notes, as the case
497 may be, upon the day when the interest becomes due; and

498 (3) Failure by the District to observe and perform any covenant, condition,
499 agreement, or provision, other than as specified in paragraphs (1) and (2) of this subsection,
500 contained in the bonds or notes, as the case may be, or in this act, but only if the failure
501 continues for a period of 90 days after transmittal to the District of written notice of failure.

502 (b) A bond or note owner who claims an event of default under subsection (a)(3) of this
503 section shall provide to the registrar written notice specifying the failure and requesting that it be
504 remedied. Upon verifying that the written notice has been transmitted by a bona fide bond or note
505 owner, the registrar, if other than the District, shall transmit the written notice to the District. If
506 the registrar is the District, the written notice shall be delivered directly to the Mayor. Transmittal

507 to the District of the written notice required by subsection (a)(3) of this section shall not be
508 accomplished in any manner other than that set forth in this subsection. If there is a trust
509 agreement or Escrow Agreement for the bonds or notes, the notice by bond or note owners and
510 notice to the District shall be given by and to the persons designated in or pursuant to such
511 agreement.

512 Sec. 13. Remedies.

513 (a) Upon the occurrence and continuance of any event of default, any bond or note
514 owner may:

515 (1) By mandamus or other suit, action, or proceeding at law or in equity, enforce
516 all rights of the bond or note owner and require the District to carry out any agreements with or for
517 the benefit of the bond or note owner and to perform its duties under this act;

518 (2) Bring suit upon the bonds or notes, as the case may be; and

519 (3) By action or suit at law or in equity, enjoin any acts that may be unlawful or in
520 violation of the rights of the bond or note owner.

521 (b) If any proceeding initiated by any bond or note owner to enforce any right under this
522 act is discontinued or abandoned for any reason, the District and the bond or note owner shall be
523 restored to their former positions and rights, and all rights, remedies, and powers of each of the
524 parties shall continue as though the proceeding had not been initiated.

525 (c) Subject to the provisions of the Home Rule Act, if there is a trust agreement or
526 Escrow Agreement for the bonds or notes, actions under this act or such agreement, or on the

527 bonds or notes, as the case may be, shall be subject to applicable provisions in the agreement,
528 notwithstanding other provisions in this act.

529 Sec. 14. District officials.

530 (a) The elected and appointed officials, officers, employees, or agents of the District shall
531 not be liable personally for the payment of the bonds or notes or be subject to any personal
532 liability by reason of the issuance of the bonds or notes.

533 (b) The signature, countersignature, facsimile signature, or facsimile countersignature on
534 the bonds or notes shall be valid and sufficient for all purposes, notwithstanding the fact that the
535 official ceases to be that official before delivery of the bonds or notes.

536 Sec. 15. Defeasance of bonds and notes.

537 (a) The bonds or notes, as the case may be, shall be legally defeased and no longer be
538 considered outstanding and unpaid for the purpose of this act, and the requirements of this act
539 shall be discharged with respect to the bonds or the notes if the Mayor or an Authorized
540 Delegate:

541 (1) Deposits with an escrow agent, which shall be a bank, trust company, or
542 national banking association with requisite trust powers, in a separate defeasance escrow
543 account, established and maintained by the escrow agent solely at the expense of the
544 District and held in trust for the bond owners, sufficient moneys or direct obligations of the
545 United States, the principal of, and interest on, which, when due and payable, will provide
546 sufficient moneys to pay when due the principal of, and interest on, the bonds or notes to be

547 defeased; and

548 (2) Delivers to the defeasance escrow agent an irrevocable letter of instruction to
549 apply the moneys or investments to the payment of the principal of and interest on, the bonds or
550 notes to be defeased as they become due and payable.

551 (b) The defeasance escrow agent shall not invest the defeasance escrow account in any
552 investment callable at the option of its issuer if the call could result in less than sufficient moneys
553 being available for the purposes required by this section.

554 (c) The defeasance escrow account specified in subsection (a) of this section may be
555 established and maintained without regard to any District limitations placed on these accounts by
556 any law, except for this act.

557 (d) References in this section to "amounts due and payable" include, but are not limited to,
558 amounts due and payable by reason of optional or mandatory redemption.

559 Sec. 16. Additional debt and other obligations.

560 Subject to the terms of any trust agreement or Escrow Agreement pertaining to the bonds or
561 notes, the District reserves the right at any time to borrow money or enter into other
562 obligations to the full extent permitted by law, to secure the borrowings or obligations by the pledge
563 of its full faith and credit, to secure the borrowings or other obligations by any other security and
564 pledges of funds as may be authorized by law, and to issue bonds, including Additional Bonds,
565 notes, including Additional Notes, or other instruments, to evidence the borrowings or obligations.
566 Any act of the Council authorizing the issuance of Additional Bonds or Additional Notes shall

567 provide for an increase in the special tax requirements sufficient to pay principal of, and interest on,
568 the Additional Bonds or Additional Notes.

569 Sec. 17. Tax status.

570 If and to the extent the bonds or notes are issued on a tax-exempt basis, the Mayor or an
571 Authorized Delegate shall not (1) take any action or omit to take any action, or (2) invest, reinvest,
572 or accumulate any moneys in a manner, that will cause the interest on the bonds or notes, as the
573 case may be, to be includable in gross income for federal income tax purposes or to be treated as
574 an item of tax preference for purposes of the federal alternative minimum tax. The Mayor or an
575 Authorized Delegate shall also take all actions necessary to be taken, including to make any rebate
576 payment, if any, when due, so that the interest on the bonds or notes will not be includable in gross
577 income for federal income tax purposes or be treated as an item of tax preference for purposes of
578 the federal alternative minimum tax.

579 Sec. 18. Contract.

580 This act shall constitute a contract between the District and the owners of the bonds and
581 notes. To the extent that any acts or resolutions of the Council may be in conflict with this act, this
582 act shall be controlling with respect to bonds and notes.

583 Sec. 19. Authorized delegation of authority.

584 To the extent permitted by District and federal laws, the Mayor may delegate to any
585 authorized delegate the performance of any act authorized to be performed by the Mayor under this
586 act.

587 Sec. 20. Maintenance of documents.

588 Copies of the specimen bonds and notes and related documents shall be filed in the
589 Office of the Secretary of the District of Columbia.

590 Sec. 21. Information reporting.

591 (a) Within 3 days after the Mayor's receipt of the transcript of proceedings relating to
592 the issuance of any series of the bonds or notes, the Mayor shall transmit a copy of the transcript to
593 the Secretary to the Council.

594 (b) The Mayor shall notify the Council, within 30 days, if any funds or accounts of
595 the District not otherwise legally committed have been used for the payment of principal of
596 and interest on the bonds pursuant to section 8(c).

597 (c)(1) The Mayor's letter of transmittal accompanying the submission of any proposed
598 resolution to approve the issuance of bonds or notes pursuant to this act shall include a statement
599 as to:

600 (A) Whether the bonds or notes of any series are intended to be sold by
601 competitive bid or by negotiated sale and, if bonds of any series are intended to be sold by
602 negotiated sale, a copy of the Mayor's written determination that sale by competitive bid is not
603 feasible or is not in the best interests of the District and a statement of the reasons supporting
604 this determination; and

605 (B) Whether the bonds or notes of any series are intended to be issued on a
606 tax-exempt or taxable basis.

607 (d)(1) No portion of the proceeds of the sale of bonds or notes shall be used to
608 compensate a District employee unless the employee actually performs duties related to the
609 projects financed by this act, as provided in section 5(e).

610 (2) Within 30 days after the effective date of this act, and before any bonds or
611 notes are issued pursuant to this act, the Mayor shall submit to the Council a list of all
612 District employees who are compensated, in whole or part, by capital improvement funds.

613 (e) With respect to a negotiated sale of bonds or notes, the underwriters shall provide
614 written notification to the District of the following circumstances:

615 (1) Any relationship, during the prior 2 years, with elected or appointed District
616 officials, or the District's bond counsel or financial advisor, which could create a conflict of
617 interest or apparent conflict of interest with the duties performed, or to be performed, by such
618 underwriters or other advisors for the District;

619 (2) Any arrangement, during the prior 2 years, to share fees with other
620 underwriters, firms, or individuals in connection with the provision of services to the District by
621 either entity; and

622 (3) Any public finance transaction for any other issuer where the underwriter, or
623 prospective underwriter, is serving, or has served in the prior 2 years, as financial advisor in any
624 transaction where the District's financial advisor was, or is, an underwriter.

625 Sec. 22. Period of Limitations.

626 At the end of the 20-day period beginning on the date of the first publication pursuant to

627 the notice in section 463(a) of the Home Rule Act that an act authorizing the issuance of the
628 bonds has taken effect:

629 (1) Any recital or statement of fact contained in such act or in the preamble or title of
630 this act shall be deemed to be true for the purpose of determining the validity of any bonds
631 authorized by this act, and the District and all others interested shall be estopped from denying
632 any such recital or statement of fact; and

633 (2) This act, and all proceedings in connection with the authorization of the issuance
634 of bonds authorized by this act, shall be deemed to have been duly and regularly taken, passed,
635 and done by the District, in compliance with the Home Rule Act and all other applicable laws, for
636 the purpose of determining the validity of this act and the proceeding in connection with the
637 authorization and issuance of bonds authorized by this act; and no court shall have jurisdiction in
638 any suit, action, or proceeding commenced before the end of such 20-day period.

639 Sec 23. Severability.

640 As provided in the General Rule of Severability Adoption Act of 1983, effective March
641 14, 1984 (D.C. Law 5-56; D.C. Official Code § 45-201), if any provision of this act or the
642 application of this act to any person or circumstance is held to be unconstitutional or beyond the
643 statutory authority of the Council, or otherwise invalid, the invalidity shall not affect other
644 provisions or applications of the act that can be given effect without the invalid provision or
645 application, and to this end the provisions of this act are declared to be severable.

646 Sec. 24. Fiscal impact statement.

ENGROSSED ORIGINAL

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

650 Sec. 25. Effective date.

651 This act shall take effect following approval by the Mayor (or in the event of veto by the
652 Mayor, action by the Council to override the veto), a 30-day period of Congressional review as
653 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
654 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
655 Columbia Register.