

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 provided for in

26 section 481 of the Home Rule Act pledged to payment of general obligation indebtedness of the
27 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 in
31 the Washington Convention Center Fund established pursuant to section 208 of the Washington
32 Convention Center Authority Act of 1994, effective September 28, 1994 (D.C. Law 10-188; D.C.
33 Official Code § 10-1202.08), and any amounts to be made available to the Washington
34 Metropolitan Transit Authority pursuant to section 7101 of the Fiscal Year 2018 Budget Support
35 act of 2017 (D.C. Law 22-0033; 64 DCMR 7652), and section 2 of the Stable and Reliable Source
36 of WMATA Revenues act of 1982 (D.C. Law 4-103; D.C. Official Code 9-1111.15(b)(2)(A)).

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

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

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

47 (8) “Chairman” means the Chairman of the Council of the District of Columbia.

48 (9) “Chief Financial Officer” means the Chief Financial Officer established by
49 section 424(a)(1) of the Home Rule Act.

50 (10) “Closing Documents” means all documents and agreements, other than
51 Financing Documents, that may be necessary and appropriate to issue, sell, and deliver the bonds,
52 and includes agreements, certificates, letters, opinions, forms, receipts, and other similar
53 instruments.

54 (11) “Council” means the Council of the District of Columbia.

55 (12) “Debt Service” means principal, premium, if any, and interest on the bonds.

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

60 (14) “Development Sponsor” means Four Points LLC, Curtis Investment Group,
61 and Blue Sky Housing LLC as Development Sponsors or any other entity that undertakes the
62 development of the Project with the approval of the Mayor.

63 (15) “District” means the District of Columbia.

64 (16) “Financing Documents” means the documents, other than Closing
65 Documents, that relate to the financing or refinancing of transactions to be affected through the
66 issuance, sale, and delivery of the bonds, including any offering document, and any required
67 supplements to any such documents.

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

70 (18) “Project” means the financing, refinancing, or reimbursing of Development
71 Costs incurred within the Reunion Square TIF Area.

72 (19) “Refunding Bonds” means the District of Columbia bonds, notes, or other
73 obligations, in one or more series, authorized to be issued pursuant to this act to refund the Bonds.

74 (20) “Reserve Agreement” means that certain Reserve Agreement, dated as of
75 April 1, 2002, by and among the District, Wells Fargo Bank Minnesota, N.A., and Financial
76 Security Assurance, Inc.

77 (21) “TIF” means tax increment financing.

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

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

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

88 (c) If, at the end of any fiscal year of the District, the balance of cash and investments
89 in the Reunion Square TIF Fund exceeds the amount of debt service (including prepayment of
90 principal and interest), reserves on any bonds, and any approved bond-related administrative
91 expenses during the upcoming fiscal year, 50% of the excess shall be used to prepay the principal

92 of the bonds and the remaining 50% of the excess shall be transferred to the unrestricted balance
93 of the General Fund of the District of Columbia.

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

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

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

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

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

106 (A) \$121, 881 in base year 2020;

107 (B) \$121, 881 in base year 2021;

108 (C) \$121, 881 in base year 2022;

109 (D) \$129, 193 in base year 2023;

110 (E) \$136, 945 in base year 2024; and

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

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

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

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

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

118 Sec. 5. Class A Bond authorization.

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

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

127 Sec. 6. Class B Bond authorization

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

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

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

142 Sec. 7. Payment and security.

143 (a) For the Class A Bonds:

144 (1) Except as may be otherwise provided in this act, the principal of, premium,
145 if any, and interest on, the Class A Bonds, and the payment of ongoing administrative expenses
146 related to the bond financing shall be payable solely from proceeds received from the sale of the
147 bonds, income realized from the temporary investment of those proceeds, Available Tax Increment
148 and any other taxes or fees deposited in the Reunion Square TIF Fund, income realized from the
149 temporary investment of the monies in the Reunion Square TIF Fund prior to payment to the Class
150 A Bondholders, and other funds that, as provided in the Financing Documents, may be made
151 available to the District for payment of the bonds from sources other than the District, all as
152 provided for in the Financing Documents.

153 (2) There is further allocated to the payment of debt service, on the Class A
154 Bonds the Available Increment, subordinate to the allocation of Available Increment to the
155 Budgeted Reserve, as defined in the Reserve Agreement, all as more fully described in the Reserve
156 Agreement and to the extent that the Reserve Agreement continues to apply to the Available
157 Increment, to be used for the payment of debt service on the Class A Bonds to the extent that the
158 revenues allocated in subsection (a) of this section are inadequate to pay debt service on the Class
159 A Bonds. The allocation of Available Increment authorized by this subsection shall be made in
160 compliance with all existing contractual obligations of the District with respect to the Available

161 Increment and shall terminate on the date on which all of the Class A Bonds are paid or provided
162 for and are no longer outstanding pursuant to their terms.

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

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

169 (b) For the Class B Bonds:

170 (1) Except as may be otherwise provided in this act, the principal of, premium,
171 if any, and interest on, the Class B Bonds, and the payment of ongoing administrative
172 expenses related to the Class B Bond financing shall be payable solely from proceeds
173 received from the sale of the subordinate Class B Bonds and income realized from the
174 temporary investment of those proceeds, the Available Tax Increment and any other taxes
175 or fees deposited in the Reunion Square TIF Fund, income realized from the temporary
176 investment of the monies in the Reunion Square TIF Fund prior to payment to the Class B
177 Bondholders, and other funds that, as provided in the Financing Documents, may be made
178 available to the District for payment of the subordinate Class B Bonds from sources other
179 than the District, all as provided for in the Financing Documents.

180 (2) Payment of debt service on the Class B Bonds from monies deposited in the
181 Reunion Square TIF Fund or income realized from the temporary investment of those
182 monies shall be subordinate to (i) the payment of debt service on the Class A Bonds from

183 monies deposited in the Reunion Square TIF Fund or income realized from the temporary
184 investment of those monies and (ii) any reasonable reserves required by the District.

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

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

191 Sec. 8. Bond details.

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

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

198 (2) The principal amount of the bonds to be issued and denominations of the
199 bonds;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

236 (g) The bonds are declared to be issued for essential public and governmental purposes.
237 The bonds, the interest thereon, and the income therefrom, and all funds pledged or available to
238 pay or secure the payment of the bonds, shall at all times be exempt from taxation by the District,
239 except for estate, inheritance, and gift taxes.

240 (h) The District pledges, covenants, and agrees with the holders of the bonds that,
241 subject to the provisions of the Financing Documents, the District will not limit or alter the
242 revenues pledged to secure the bonds or the basis on which such revenues are collected or
243 allocated, will not impair the contractual obligations of the District to fulfill the terms of any
244 agreement made with the holders of the bonds, will not in any way impair the rights or remedies
245 of the holders of the bonds, and will not modify, in any way, the exemptions from taxation provided
246 for in this act, until the bonds, together with interest thereon, and all costs and expenses in
247 connection with any suit, action, or proceeding by or on behalf of the holders of the bonds, are

248 fully met and discharged. This pledge and agreement for the District may be included as part of
249 the contract with the holders of the bonds. This subsection constitutes a contract between the
250 District and the holders of the bonds. To the extent that any acts or resolutions of the Council may
251 be in conflict with this act, this act shall be controlling.

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

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

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

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

263 Sec. 9. Issuance of the bonds.

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

267 (b) The Mayor or an Authorized Delegate may execute, in connection with each sale
268 of the bonds, offering documents on behalf of the District, may deem final any such offering
269 document on behalf of the District for purposes of compliance with federal laws and regulations

270 governing such matters, and may authorize the distribution of the documents in connection with
271 the bonds.

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

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

279 (e) The Procurement Practices Reform Act of 2010, effective April 8, 2011 (D.C. Law
280 18-371; D.C. Official Code § 2-351.01 et seq.), and subchapter III-A of Chapter 3 of Title 47 of
281 the District of Columbia Official Code shall not apply to any contract the Mayor may from time
282 to time enter into, or the Mayor may determine to be necessary or appropriate, for the purposes of
283 this act.

284 Sec. 10. Financing and Closing Documents.

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

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

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

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

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

302 Sec. 11. Limited liability.

303 (a) The bonds shall be special obligations of the District. The bonds shall be without
304 recourse to the District. The bonds shall not be general obligations of the District, shall not be a
305 pledge of, or involve, the faith and credit or the taxing power of the District (other than the
306 Available Tax Increment, the Available Increment, and any other taxes or fees allocated to the
307 Reunion Square TIF Fund), shall not constitute a debt of the District, and shall not constitute
308 lending of the public credit for private undertakings as prohibited in section 602(a)(2) of the Home
309 Rule Act.

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

312 (c) No person, including, but not limited to, any bond owner, shall have any claims
313 against the District or any of its elected or appointed officials, officers, employees, or agents for

314 monetary damages suffered as a result of the failure of the District to perform any covenant,
315 undertaking, or obligation under this act, the bonds, the Financing Documents, or the Closing
316 Documents, or as a result of the incorrectness of any representation in or omission from the
317 Financing Documents or the Closing Documents, unless the District or its elected or appointed
318 officials, officers, employees, or agents have acted in a willful and fraudulent manner.

319 Sec. 12. District officials.

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

325 (b) The signature, countersignature, facsimile signature, or facsimile countersignature
326 of any official appearing on the bonds, the Financing Documents, or the Closing Documents shall
327 be valid and sufficient for all purposes notwithstanding the fact that the individual signatory ceases
328 to hold that office before delivery of the bonds, the Financing Documents, or the Closing
329 Documents.

330 Sec. 13. Maintenance of documents.

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

333 Sec. 14. Information reporting.

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

337 Sec. 15. Expiration of issuance authority.

338 (a) The authority to issue the Bonds shall expire on September 30, 2025 if no Bonds
339 have been issued; provided, however, that the expiration of the authority shall have no effect on
340 any Bonds issued prior to the expiration date or on the District’s ability to issue Refunding Bonds
341 on a future date.

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

345 Sec. 16. Fiscal impact statement.

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

349 Sec. 17. Effective date.

350 (a) This act shall take effect following the approval by the Mayor (or in the event of veto
351 by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review
352 as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
353 24, 1973 (87 Stat. 788; D.C. Official Code § 1-206.02(c)(1), and publication in the District of
354 Columbia Register.

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