


Councilmember Kenyan R. McDuffie

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A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To authorize, on a temporary basis, 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 Temporary 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 section 422(6) of the Home Rule Act, including, but not limited to, the Chief Financial Officer, the

34 City Administrator, and the Treasurer of the District of Columbia.

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

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

39 (6) "Capital Projects" means the District capital projects as defined in section
40 103(8) of the Home Rule Act.

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

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

48 (9) "Hedge Agreement" means any financial arrangement that is a cap, floor, or
49 collar; forward rate; future rate; swap, which swap may be based on an amount equal to either a
50 principal amount or a notional principal amount relating to all or a portion of the principal amount
51 of a series of bonds; asset, index, price, or market-linked transaction or agreement; other interest
52 rate exchange or rate protection transaction agreement; other similar transactions, however
53 designated; any combination thereof; any option with respect thereto; or any similar arrangement,
54 which is executed by the District for purposes of debt management, including managing interest
55 rate fluctuations on bonds, but not for purposes of speculation.

56 (10) "Home Rule Act" means the District of Columbia Home Rule Act, approved

57 December 24, 1973 (87 Stat. 774; D.C. Official Code § 1-201.01 *et seq.*).

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

60 (12) "Outstanding Debt" means the outstanding indebtedness at any time of the
61 District for capital project loans from the Treasury of the United States, any Treasury Advances, any
62 outstanding general obligation bonds issued pursuant to this or any prior act, any outstanding general
63 obligation bond anticipation notes issued pursuant to this or any prior act, and any income tax
64 secured revenue bonds issued pursuant to the Income Tax Secured Bond Authorization Act of
65 2008, effective October 22, 2008 (D.C. Law 17-254, D.C. Official Code §47-340.26 *et seq.*).

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

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

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

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

76 (17) "Special Tax Fund" means the debt service fund established pursuant to section
77 9(a)(1).

78 (18) "Special Tax Funds" means the debt service funds established pursuant to
79 9(a)(1) and 9(a)(2).

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

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

85 Sec. 3. Findings.

86 The Council finds that:

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

90 (2) Section 475 of the Home Rule Act authorizes the District to incur indebtedness
91 by issuing general obligation bond anticipation notes, the proceeds of which shall be used for the
92 purposes for which general obligation bonds may be issued under section 461 of the Home Rule
93 Act.

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

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

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

103 in anticipation of all or a portion of the bonds.

104 Sec. 4. Bond and note authorization.

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

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

109 (2) The reimbursing of amounts temporarily advanced for the purposes authorized
110 by this act from the General Fund of the District of Columbia, any enterprise fund, or other fund or
111 account of the District;

112 (3) The refunding of Outstanding Debt; and

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

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

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

125 Sec. 5. Capital projects.

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

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

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

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

149 (c) The maximum total principal amount to be financed through the bonds and notes
150 provided for the capital projects listed in subsection (a)(1) of this section shall include amounts
151 requested by the District government and approved by Congress in the District's Fiscal Year 2023-
152 2028 Capital Improvements Plan or other capital projects approved by the Council, as it may be
153 modified from time to time by appropriations legislation, or by the Council.

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

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

167 Sec. 6. Bond and note details.

168 (a) The Mayor or an Authorized Delegate is authorized to take any action necessary or
169 appropriate in accordance with this act in connection with the preparation, execution, issuance, sale,
170 delivery, security for, and payment of the bonds and notes, including, but not limited to,
171 determinations of:

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

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

182 (3) The rate or rates of interest or the method for determining the rate or rates of
183 interest on each series of the bonds and notes; provided, that the interest rate or rates borne by the
184 bonds of any series with fixed interest rates shall not exceed 15% per year (calculated on the basis of
185 a 360-day year consisting of twelve 30-day months) in any event and that the interest rate or rates
186 borne by the bonds of any series with non-fixed interest rates shall not exceed 15% per year
187 (calculated on the basis of the actual number of days elapsed over a year of 365 or 366 days and
188 based on the total amount of interest paid in any fiscal year), and the interest rate or rates borne by
189 the notes of any series shall not exceed in the aggregate 10% per year (calculated on the basis of a
190 360-day year consisting of twelve 30-day months or on the basis of the actual number of days elapsed
191 over a year of 365 or 366 days), as determined by the Mayor or the Authorized Delegate; provided
192 further, that if the notes are not paid at maturity, the notes may provide for an interest rate or rates
193 after maturity not to exceed in the aggregate 15% per year (calculated on the basis of a 360-day year
194 consisting of twelve 30-day months or on the basis of the actual number of days elapsed over a year

195 of 365 or 366 days), as determined by the Mayor or the Authorized Delegate;

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

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

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

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

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

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

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

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

216 (b) The bonds and notes shall be executed in the name of the District and on its behalf by
217 the manual signature of the Mayor or an Authorized Delegate. To the extent required by the Home

218 Rule Act, the official seal of the District or a facsimile of it shall be impressed, printed, or otherwise
219 reproduced on the bonds and notes.

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

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

226 (a) The bonds of any series may be sold by the Mayor or an Authorized Delegate at a
227 public sale upon receipt of sealed proposals (including electronic bids), or at a private sale on a
228 negotiated basis in a manner as the Mayor or an Authorized Delegate may determine to be in the
229 public interest, all pursuant to and in accordance with D.C. Official Code §1-204.66. The notes
230 of any series may be sold by the Mayor or an Authorized Delegate by competitive bid or
231 negotiated sale as may be determined by the Mayor or an Authorized Delegate to be in the best
232 interest of the District.

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

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

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

240 (2) If and to the extent the bonds or notes are issued on a tax-exempt basis, the

241 'exclusion from gross income for federal income tax purposes of interest on the bonds or notes, the
242 treatment of interest on the bonds or notes as not an item of tax preference for purposes of the
243 federal alternative minimum tax, and the exemption from District taxation of interest on the bonds
244 or notes;

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

247 (4) The execution, delivery, and performance of any financing documents in
248 connection with the sale of the bonds or notes, including but not limited to, any Escrow
249 Agreement, trust agreement, bond or note purchase agreement, or paying agent agreement.

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

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

264 bond issuance certificate or note issuance certificate shall be conclusive evidence of the actions or
265 determinations taken or made as stated in the certificate.

266 (f) The Procurement Act and the Deposit and Investment Act shall not apply to whatever
267 contract the Mayor or an Authorized Delegate may from time to time enter into for purposes of this
268 act or the Mayor or an Authorized Delegate may determine to be necessary or appropriate for
269 purposes of this act to place, in whole or in part, including, but not limited to:

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

272 (2) A contract or contracts for bond insurance or other credit enhancement
273 (including, but not limited to, a letter or line of credits), or liquidity agreements, or placement
274 of any investment or obligation or program of investment including any offering document,
275 contract based on interest rate, currency, cash flow, or other basis, including, without limitation,
276 interest rate swap agreements; currency swap agreements; insurance agreements; forward payment
277 conversion agreements; futures contracts providing for payments based on levels of, or changes in,
278 interest rates, currency exchange rates, or stock or other indices; contracts to exchange cash flows or
279 a series of payments; and contracts to hedge payment, currency, rate, spread, or similar exposure,
280 including, without limitation, interest rate floors, or caps, options, puts, and calls, Hedge
281 Agreements, and any required supplements to any such documents. The contracts or other
282 arrangements may also be entered into by the District in connection with, or incidental to, entering
283 into or maintaining any agreement that secures the bonds or notes. The contracts or other
284 arrangements entered into pursuant to this section shall contain whatever payment security, terms,
285 and conditions as the Mayor or an Authorized Delegate may consider appropriate and shall be entered
286 into with whatever party or parties the Mayor or an Authorized Delegate may select, after giving due

287 consideration, where applicable, to the creditworthiness of the counterparty or counterparties,
288 including any rating by a nationally recognized rating agency or any other criteria as may be
289 appropriate.

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

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

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

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

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

308 (d) The bonds and notes shall evidence continuing obligations of the District until paid in

309 accordance with their terms.

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

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

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

318 (a) (1) The Council determines that a special tax is necessary in conjunction with the
319 authorization and issuance of the bonds and any Additional Bonds. Pursuant to section 481 of the
320 Home Rule Act and notwithstanding the provisions of Chapter 5 of Title 47 of the District of
321 Columbia Official Code, there is levied, for each real property tax year in which bonds or Additional
322 Bonds are outstanding, a special tax on the real property in the District subject to taxation, in amounts
323 that will be sufficient to pay the principal of, and interest on, the bonds and Additional Bonds coming
324 due in each year. This special tax is levied, without limitation as to rate or amount, on all classes of
325 real property subject to taxation in the District. The special tax shall be collected and apportioned
326 among classes of real property in the same manner as other District real property taxes and, when
327 collected, shall be set aside in a Special Tax Fund maintained separate from other funds of the District.
328 The collection and custody of the special tax payment may be pursuant to an agreement with an agent
329 for such purposes and the Special Tax Fund may be maintained under an Escrow Agreement. When
330 deposited, the funds in the fund and all investment income or earnings on these funds shall be
331 irrevocably dedicated and pledged to the payment of principal, and interest on, the bonds and any

332 Additional Bonds. Any Escrow Agreement providing for holding funds for the benefit of the holders
333 of the bonds shall be maintained so long as any of the bonds is outstanding under this act.

334 (2) In addition to the special tax levied pursuant to subsection (a)(1), the Council
335 determines that a separate tax levy is necessary in conjunction with the authorization and issuance of
336 notes and any Additional Notes. Pursuant to section 467(a) of the Home Rule Act, and notwithstanding
337 the provisions of Chapter 5 of Title 47 of the District of Columbia Official Code, there is levied, for
338 each real property tax year in which notes or Additional Notes are outstanding, a special tax for notes
339 on the real property in the District subject to taxation, which shall be separate and distinct from the
340 collection and pledge of the special tax in subsection (a)(1), in amounts that will be sufficient to pay
341 the principal of, and interest on, the notes and Additional Notes coming due in each year. This special
342 tax for notes is levied, without limitation as to rate or amount, on all classes of real property subject to
343 taxation in the District. The special tax for notes shall be collected and apportioned among classes of
344 real property in the same manner as other District real property taxes and, when collected, shall be set
345 aside in a Special Tax Fund for Notes maintained separate from other funds of the District, including
346 the Special Tax Fund maintained under subsection (a)(1). The collection and custody of the revenue
347 pledge payment may be pursuant to an agreement with an agent for such purposes and the Special Tax
348 Fund for Notes may be maintained under an Escrow Agreement. When deposited, the revenues in the
349 fund and all investment income or earnings on these funds shall be irrevocably dedicated and pledged
350 to the payment of principal, and interest on, the notes and any Additional Notes. Any Escrow
351 Agreement providing for holding funds for the benefit of the holders of the notes or Additional Notes
352 shall be maintained so long as any of the notes or Additional Notes is outstanding under this act.

353 (3) The special taxes authorized pursuant to subsections (a)(1) and (a)(2) shall be levied
354 and collected ratably and on a parity with each other, and in the event there are insufficient

355 collections of real property taxes, the amounts collected shall be allocated to each of the Special
356 Tax Funds in proportion of the amounts of bonds and Additional Bonds and notes and Additional
357 Notes outstanding.

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

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

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

382 (e)(1) In any real property tax year, if the amount expected to be on deposit in the Special
383 Tax Fund on the first day of the next succeeding real property tax year exceeds the greater of the
384 earnings on the Special Tax Fund for the current real property tax year or 1/12 of the amount that
385 the Mayor certifies as required to pay the principal of, and interest on, the bonds and any Additional
386 Bonds coming due in the next succeeding real property tax year, the Mayor shall either cause the
387 transfer of that excess amount to the General Fund of the District of Columbia or the use of that
388 excess amount to purchase, for cancellation, Outstanding Debt. That excess amount shall be
389 released from the lien on and security interest in the special tax revenue created under this section.

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

399 (3) On or before the date upon which the Mayor is required by law to submit to the
400 Council proposed real property tax rates for a real property tax year of the District (but not later

401 than the first day of that real property tax year), the Mayor shall certify to the Council the amount
402 required in that real property tax year to pay the principal of, and interest on, the bonds and any
403 Additional Bonds or notes and any Additional Notes coming due for any reason during that real
404 property tax year. The amount certified, less any funds then on deposit in the Special Tax Funds
405 after application of paragraphs (1) and (2) of this subsection, shall be called the special tax
406 requirement

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

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

420 (h) Real property special taxes shall be collected in the same manner as other District real
421 property taxes and the Mayor shall promptly deposit in the Special Tax Funds all real property
422 special taxes collected, including collection through a collection agent and deposit under an Escrow
423 Agreement. If the law of the District relating to the levy or collection of real property taxes or the

424 calculation or establishment of real property tax rates is changed in a manner that renders any of
425 the provisions of subsections (e) through (h) of this section incapable of performance in accordance
426 with their respective terms, the Mayor and the Council shall take actions that result in the collection
427 of real property special taxes, in the same manner as other District real property taxes, in the
428 amounts required by this section.

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

442 (j) The Mayor shall provide for the payment of the principal of, and interest on, the bonds
443 or notes, as it may become due and payable for any reason, by transferring funds on deposit in the
444 Special Tax Funds, respectively, to the Paying Agent to the extent required pursuant to the bond or
445 Additional Bond issuance certificate or note or Additional Note issuance certificate provided for in
446 section 7.

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

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

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

454 Sec. 11. General covenants.

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

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

463 (2) The District shall prepare its annual financial statements in accordance with
464 generally accepted accounting principles for state and local governments and cause its annual
465 financial statements to be audited by an independent accountant.

466 (3) The District shall not issue any general obligation bonds or general
467 obligation bond anticipation notes, other than bonds or renewal notes to refund any Outstanding
468 Debt, or incur any indebtedness to the Treasury of the United States for capital projects in an amount
469 that would cause the amount of debt service payable in any fiscal year on all the indebtedness,

470 including all outstanding bonds and loans, to exceed any limitations set forth in the Home Rule Act
471 or the borrowing limitation set forth in D. C. Official Code §47-335.02 at the time the additional
472 bonds or indebtedness are issued or incurred. For purposes of the limitation imposed by this section,
473 and as required by section 475(b) of the Home Rule Act, the Council hereby determines that the
474 estimated maximum annual debt service amount for the bonds anticipated by the notes is \$30
475 million.

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

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

489 Sec. 12. Events of default.

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

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

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

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

499 (b) A bond or note owner who claims an event of default under subsection (a)(3) of this
500 section shall provide to the registrar written notice specifying the failure and requesting that it be
501 remedied. Upon verifying that the written notice has been transmitted by a bona fide bond or note
502 owner, the registrar, if other than the District, shall transmit the written notice to the District. If the
503 registrar is the District, the written notice shall be delivered directly to the Mayor. Transmittal to the
504 District of the written notice required by subsection (a)(3) of this section shall not be accomplished
505 in any manner other than that set forth in this subsection. If there is a trust agreement or Escrow
506 Agreement for the bonds or notes, the notice by bond or note owners and notice to the District shall
507 be given by and to the persons designated in or pursuant to such agreement.

508 Sec. 13. Remedies.

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

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

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

515 (3) By action or suit at law or in equity, enjoin any acts that may be unlawful or in

516 violation of the rights of the bond or note owner.

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

521 (c) Subject to the provisions of the Home Rule Act, if there is a trust agreement or
522 Escrow Agreement for the bonds or notes, actions under this act or such agreement, or on the
523 bonds or notes, as the case may be, shall be subject to applicable provisions in the agreement,
524 notwithstanding other provisions in this act.

525 Sec. 14. District officials.

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

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

532 Sec. 15. Defeasance of bonds and notes.

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

536 (1) Deposits with an escrow agent, which shall be a bank, trust company, or
537 national banking association with requisite trust powers, in a separate defeasance escrow
538 account, established and maintained by the escrow agent solely at the expense of the District

539 and held in trust for the bond owners, sufficient moneys or direct obligations of the United
540 States, the principal of, and interest on, which, when due and payable, will provide sufficient
541 moneys to pay when due the principal of, and interest on, the bonds or notes to be defeased; and

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

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

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

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

553 Sec. 16. Additional debt and other obligations.

554 Subject to the terms of any trust agreement or Escrow Agreement pertaining to the bonds or
555 notes, the District reserves the right at any time to borrow money or enter into other
556 obligations to the full extent permitted by law, to secure the borrowings or obligations by the pledge
557 of its full faith and credit, to secure the borrowings or other obligations by any other security and
558 pledges of funds as may be authorized by law, and to issue bonds, including Additional Bonds, notes,
559 including Additional Notes, or other instruments, to evidence the borrowings or obligations. Any act
560 of the Council authorizing the issuance of Additional Bonds or Additional Notes shall provide for an
561 increase in the special tax requirements sufficient to pay principal of, and interest on, the Additional

562 Bonds or Additional Notes.

563 Sec. 17. Tax status.

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

573 Sec. 18. Contract.

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

577 Sec. 19. Authorized delegation of authority.

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

581 Sec. 20. Maintenance of documents.

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

584 Sec. 21. Information reporting.

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

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

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

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

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

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

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

607 (e) With respect to a negotiated sale of bonds or notes, the underwriters shall provide

608 written notification to the District of the following circumstances:

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

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

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

618 Sec. 22. Period of Limitations.

619 At the end of the 20-day period beginning on the date of the first publication pursuant to the
620 notice in section 463(a) that an act authorizing the issuance of the bonds has taken effect:

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

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

631 Sec 23. Severability.

632 As provided in the General Rule of Severability Adoption Act of 1983, effective March 14,
633 1984 (D.C. Law 5-56; D.C. Official Code § 45-201), if any provision of this act or the application
634 of this act to any person or circumstance is held to be unconstitutional or beyond the statutory
635 authority of the Council, or otherwise invalid, the invalidity shall not affect other provisions or
636 applications of the act that can be given effect without the invalid provision or application, and to
637 this end the provisions of this act are declared to be severable.

638 Sec. 24. Fiscal impact statement.

639 The Council adopts the fiscal impact statement of the Chief Financial Officer as the
640 fiscal impact statement required by section 4a of the General Legislative Procedures Act of
641 1975, approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

642 Sec. 25. Effective date.

643 (a) This act shall take effect following approval by the Mayor (or in the event of veto by the
644 Mayor, action by the Council to override the veto), a 30-day period of Congressional review as
645 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
646 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
647 Columbia Register.

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