



District of Columbia

District of Columbia



Municipal Forum of New York
April 18, 2016



Disclaimer

This presentation is intended to provide certain information about the District of Columbia (the “District”). This presentation does not constitute an offer or a solicitation of an offer to buy any security. Any such offer will be made solely by means of an official statement that is prepared and issued in connection with each particular securities offering.

Forward-Looking and Cautionary Statements

Except for the historical information and discussions contained herein, statements contained in this presentation may constitute forward-looking statements. Forward-looking statements are based on the District’s current estimates and assumptions regarding future events, including business and financial performance in both the public and private sectors. These statements involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including, but not limited to: changes (whether positive or negative) in the economic, fiscal, and financial environment both inside and outside the District; fluctuations in revenues, liabilities, and financial results; impact of legal, economic, social, political, and financial conditions; changes or enactment and implementation of laws, regulations, and rules (including accounting rules); significant changes of the financial market or U.S. economy; and risks from legal proceedings. The District assumes no obligation to update or revise any forward-looking statements.



Presentation Agenda

Topic

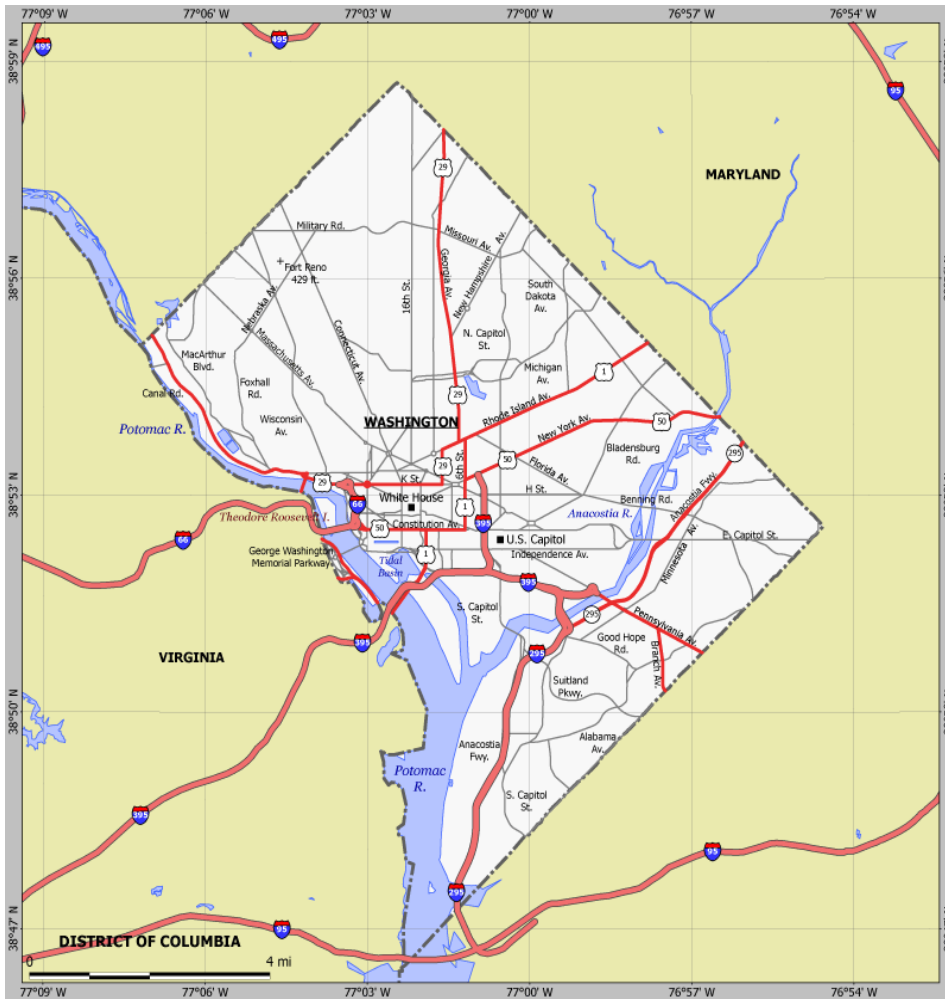
- I. **History of the District of Columbia**
- II. **District Overview**
- III. **District Economy**
- V. **District Finances: Fund Balances, Revenue Estimates and Budgets**
- VI. **Debt and Capital Improvement Plan**
- VII. **Pension and OPEB**
- VIII. **Conclusion**



I. History of the District of Columbia



History of the District of Columbia



**Functions as a City, County, State
and School District**

- 1801 Created
- 1846 Alexandria County portion returned to Virginia
- 1878 Congress establishes three member Board of Commissioners
- 1961 23rd Amendment “Right to Vote for President”
- 1967 President appoints first Mayor
- 1973 Congress passes Home Rule Act; popularly elected Mayor, 13-member Council
- Mid-1990s Control Board instituted; Independent CFO created
- Mid-2001 Control Board activities suspended
- 2016 Budget Autonomy Act ruled legal by D.C. Superior Court



II. District Overview



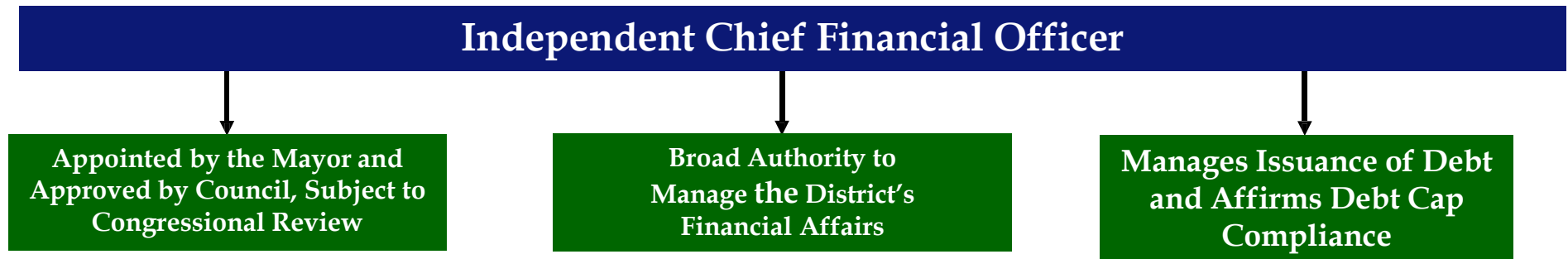
Unique Characteristics about The District

- Seat of the Federal government
- One of the most popular tourist destinations in the U.S.
- 2nd busiest rapid transit system in the nation, behind New York City
- Significant Institutional Presence: Colleges, Universities and Medical Schools, International Organizations, Foreign Embassies and Sports Organizations
- 53.4% of District residents over the age of 25 have a bachelors degree or higher vs. 29.3% of the US (2010-2014)*
- From 2010 to 2014, the median value of owner occupied housing in the District was 259% of the US median*
- Washington, D.C. tops Forbes 2014 list of America's coolest cities
 - Attractive to Millennials

**Source: U.S. Census Bureau*



Disciplined Fiscal Governance



- Can only be removed for cause, with the Mayor taking action, a $\frac{2}{3}$ vote of the Council and subject to Congressional review
- Assists the Mayor in the preparation of the annual budget and a required 5-year financial plan
- Provides monthly and quarterly financial reviews and forecasts, and quarterly revenue estimates
- Certifies funding availability and prepares reports on the fiscal impact of all proposed legislation
- Certifies estimated revenues, neither the Mayor nor Council can revise the CFO's revenue estimates
- Supervises and administers District borrowings to ensure compliance with federal and locally mandated debt limits

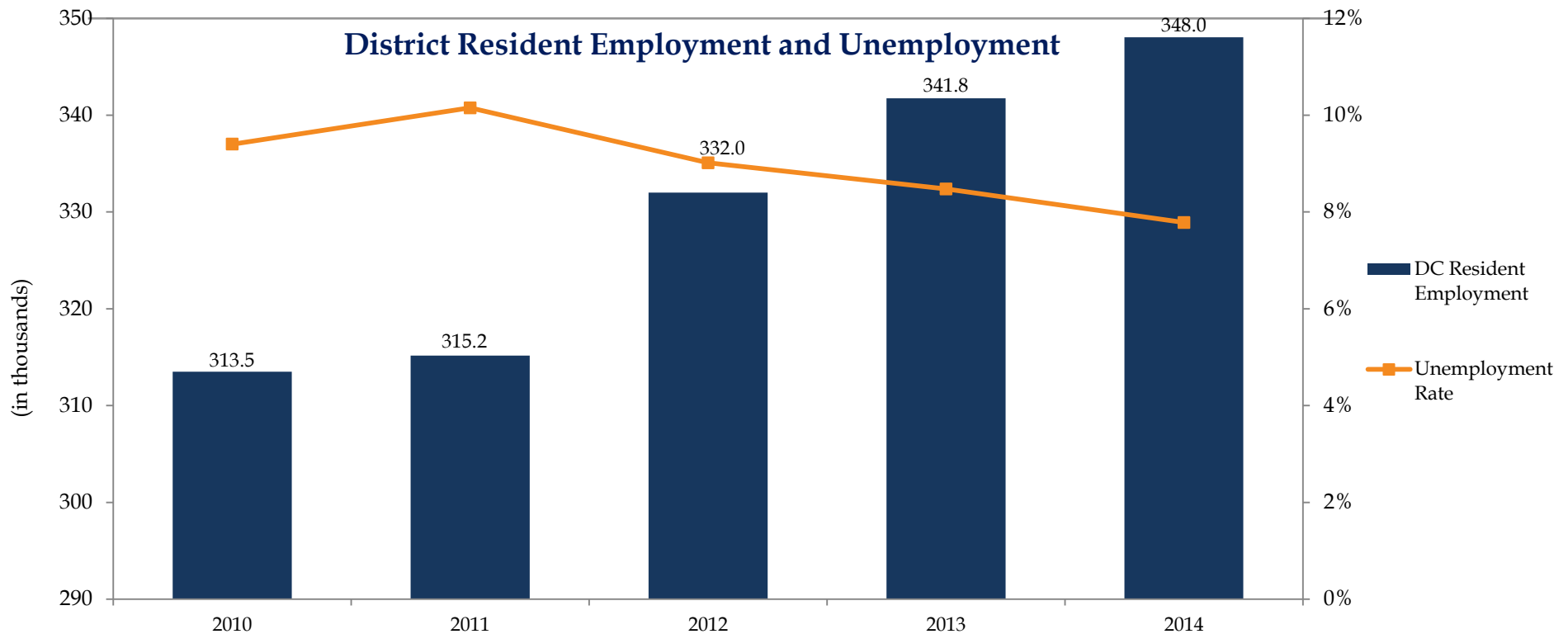


III. District Economy



Labor Markets and Employment

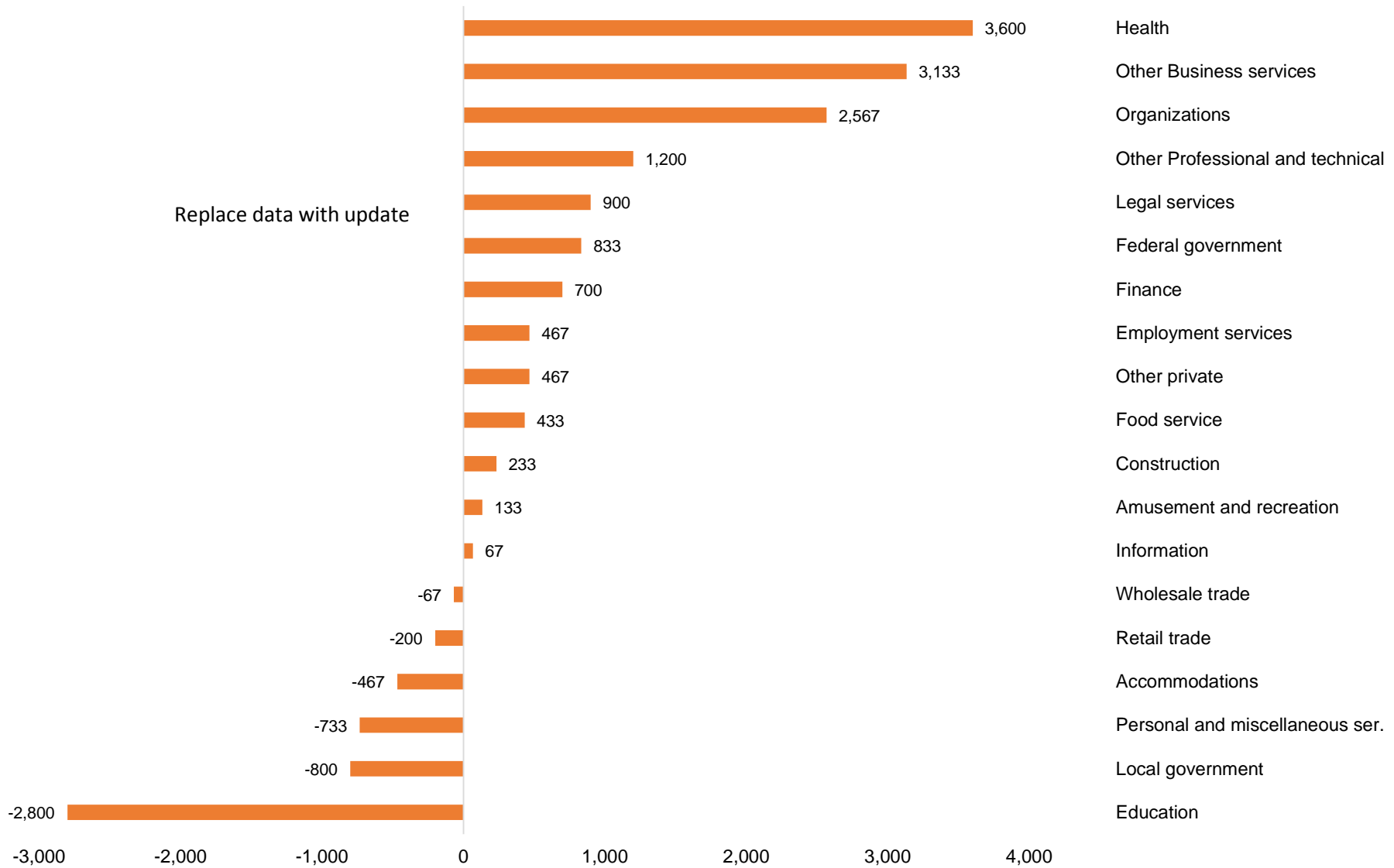
- Resident employment ending in February 2016, increased 10,514 (3.0%) from a year earlier
- Unemployment rate was 6.5% in February 2016, down from the high of 10.5% in mid-2011
- February 2016 wage and salary employment was up by 10,200 (1.3%) from one year earlier



Source: U.S. Department of Labor, Bureau of Labor Statistics; U.S. Department of Commerce, U.S. Census Bureau, Bureau of Economic Analysis



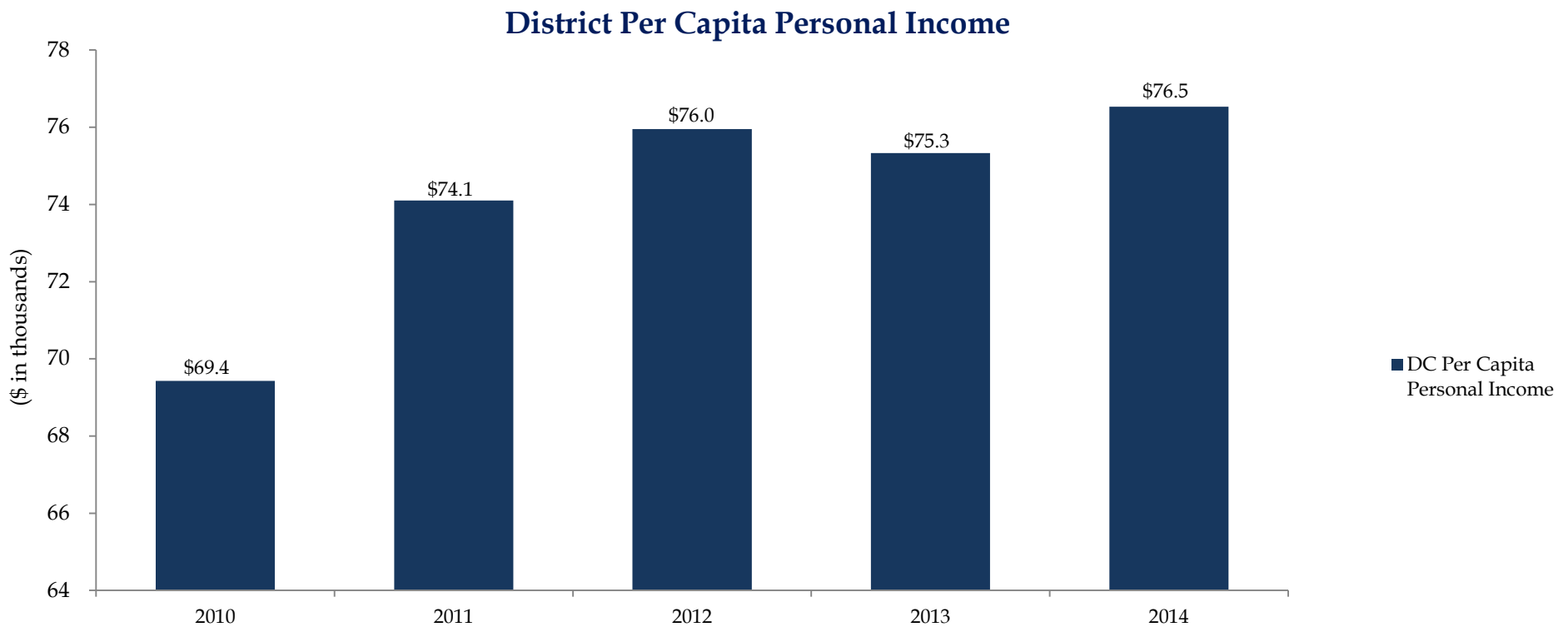
Jobs in DC: Year-over-year change (February 2016)





Personal Income

- Per capita personal income was 150% of the U.S. average
- For the quarter ended December 2015, Personal Income grew by 4.9% and estimated wages of District residents also grew by 4.9% from prior year
- Private sector wages in the same quarter grew 5.4% (\$2.20 billion)



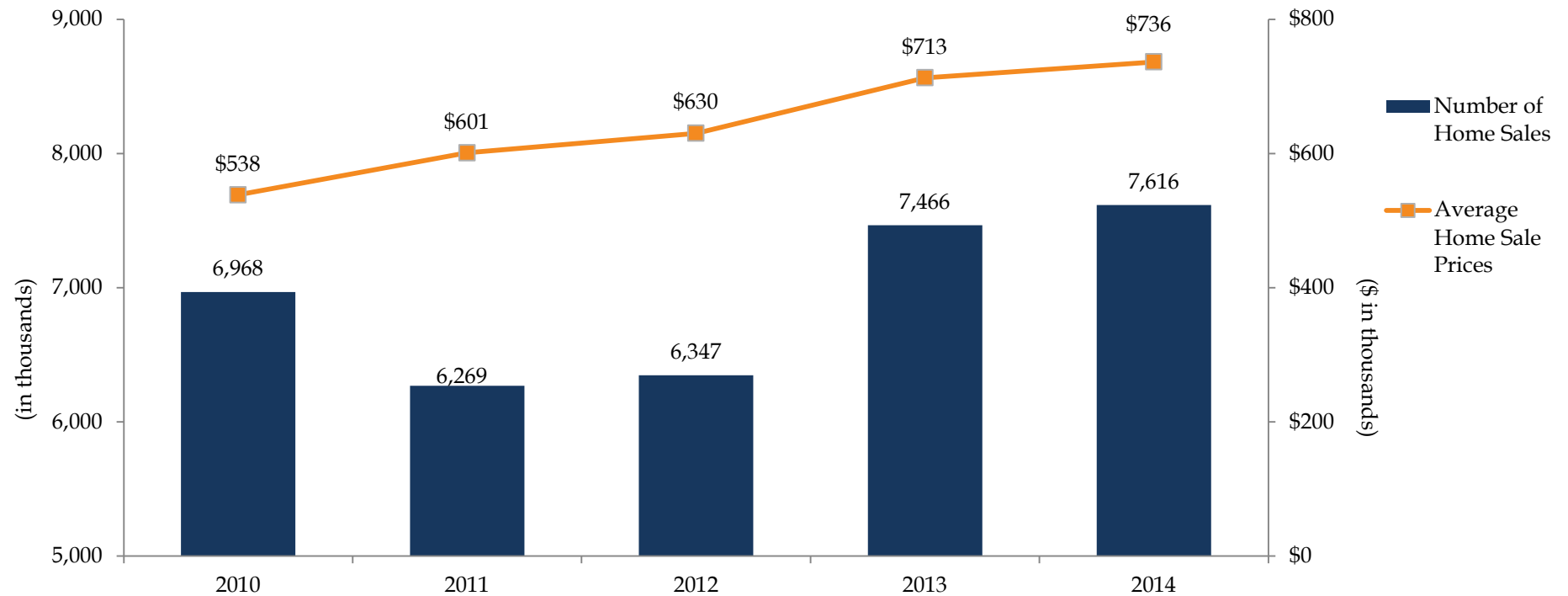
Source: U.S. Department of Labor, Bureau of Labor Statistics; U.S. Department of Commerce, U.S. Census Bureau, Bureau of Economic Analysis



Housing/Commercial Office Market

- Single family home sales and the sale price in FY 2015 have increased by 181% and 4.3%, respectively, as compared to FY 2013
- For the quarter ended December 2015, commercial occupied office space and effective rent increased by 0.1% and 1.5%, respectively, compared to the prior year period

The Housing Market Is Strong and Growing



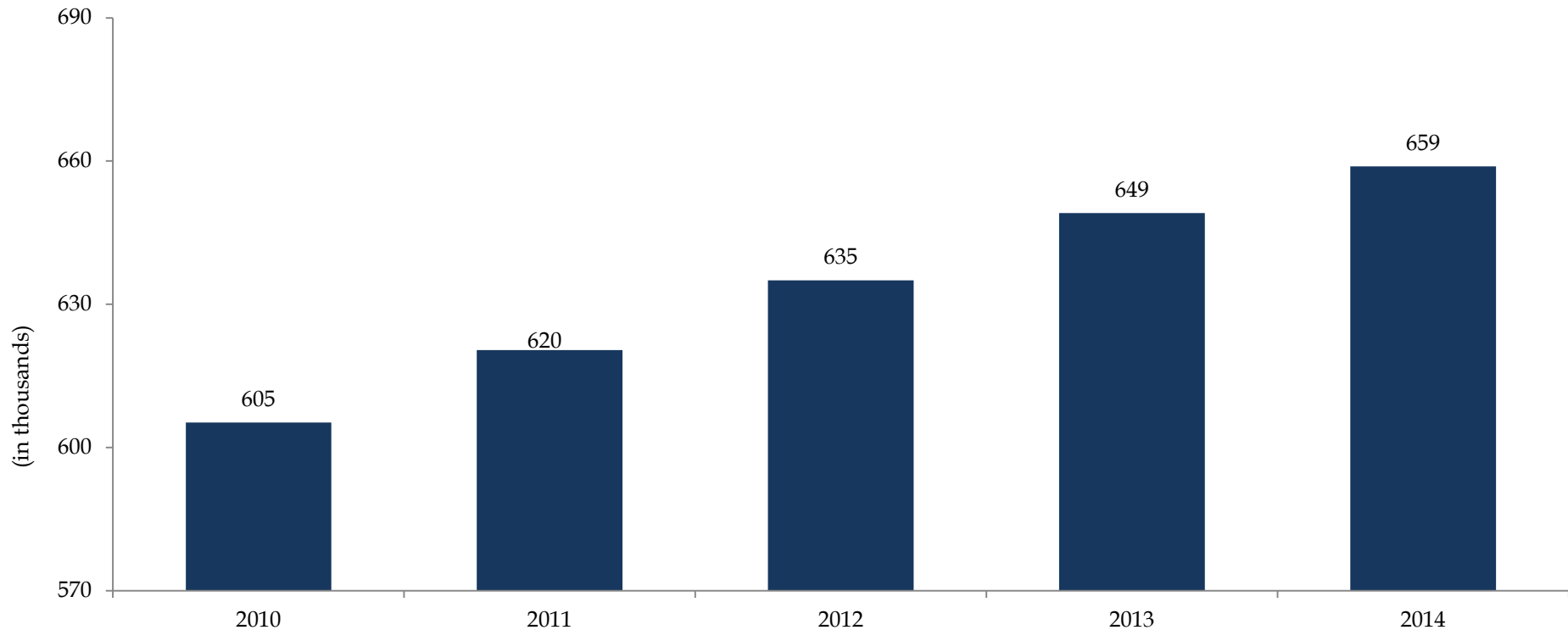
**Sales data include condominium units, price data does not*

Source: Metropolitan Regional Information Systems (MRIS); U.S. Census Bureau



Growing Population

- D.C.'s population has grown by 67,102 since 2010; averaging 1,100 net new residents per month
- From April 2010 to July 2015, the District's population increased 11.7% versus a nationwide increase of 4.1%



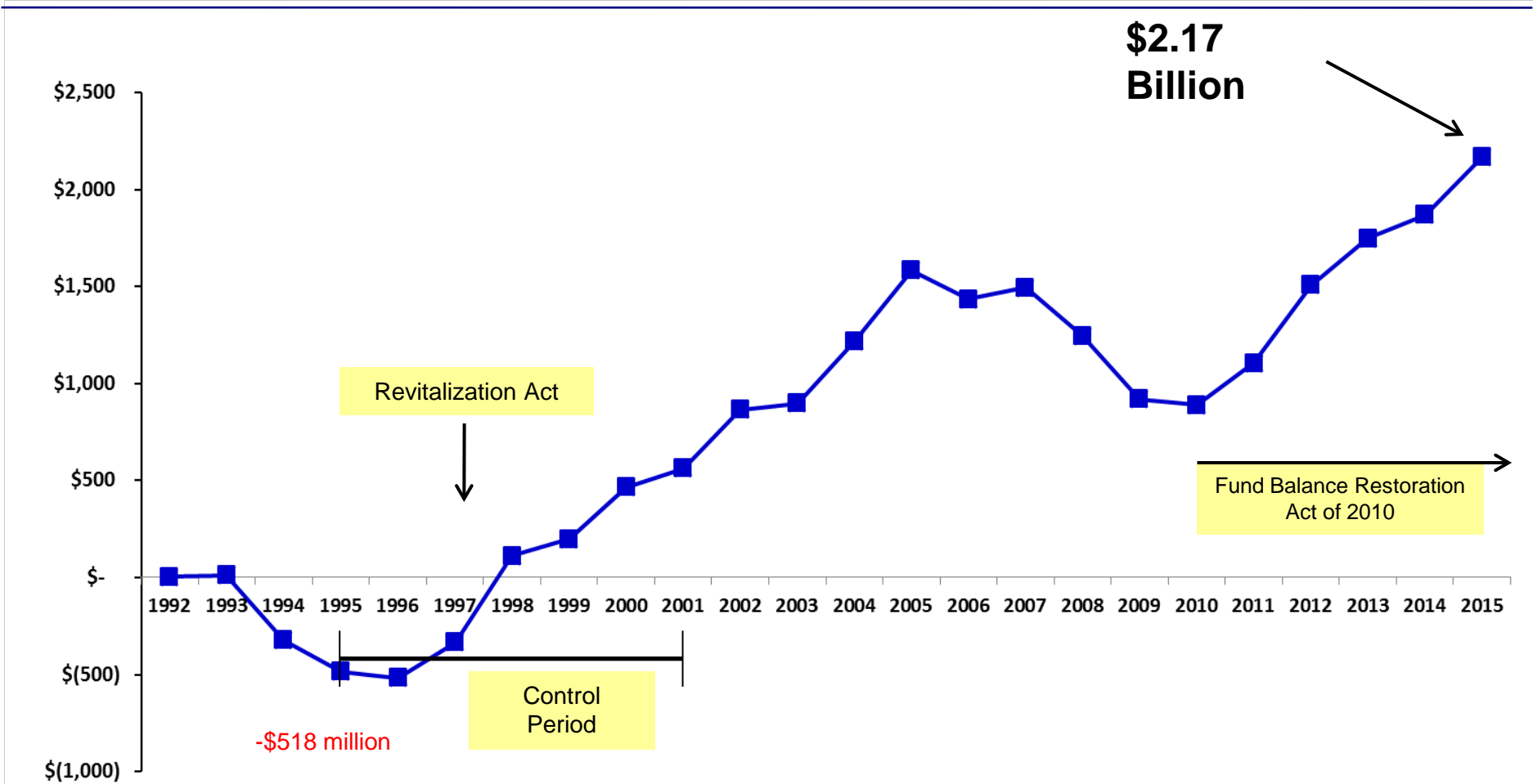
Source: Bureau of Labor Statistics



V. District Finances: Fund Balances, Revenue Estimates and Budgets



General Fund Reserves and Bond Rating History



General Obligation Bond Ratings

S&P:	A-	A-	A-	B	B	B	BB	BBB	BBB	BBB+	BBB+	A-	A-	A	A+	A+	A+	A+	A+	A+	A+	A+	AA-	AA	AA
Moody's:	Baa	Baa	Baa	Ba	Ba	Ba2	Ba1	Baa3	Baa3	Baa1	Baa1	Baa1	A2	A2	A2	A1	A1	A1	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa1
Fitch:	A-	A-	BB	BB	BB	BB+	BBB	BBB	BBB	BBB+	BBB+	A-	A-	A	A	A+	A+	A+	AA-	AA-	AA-	AA-	AA	AA	

Income Tax Secured Revenue Bonds: S&P: AAA Moody's: Aa1 Fitch: AA+



Federally and Locally Mandated Reserves

Reserves	% of Expenditure/ Budget	Amount (\$ in Millions)	Status
Emergency	2%	\$ 122.0	Full
Contingency	4%	244.2	Full
Fiscal Stabilization	2.34%	174.9	Full
Cash Flow	8.33%	443.7	69%
Total		\$984.8	49 days cash

*Additional \$235M required to meet 60 days cash



Summary of February 2016 Revenue Estimate

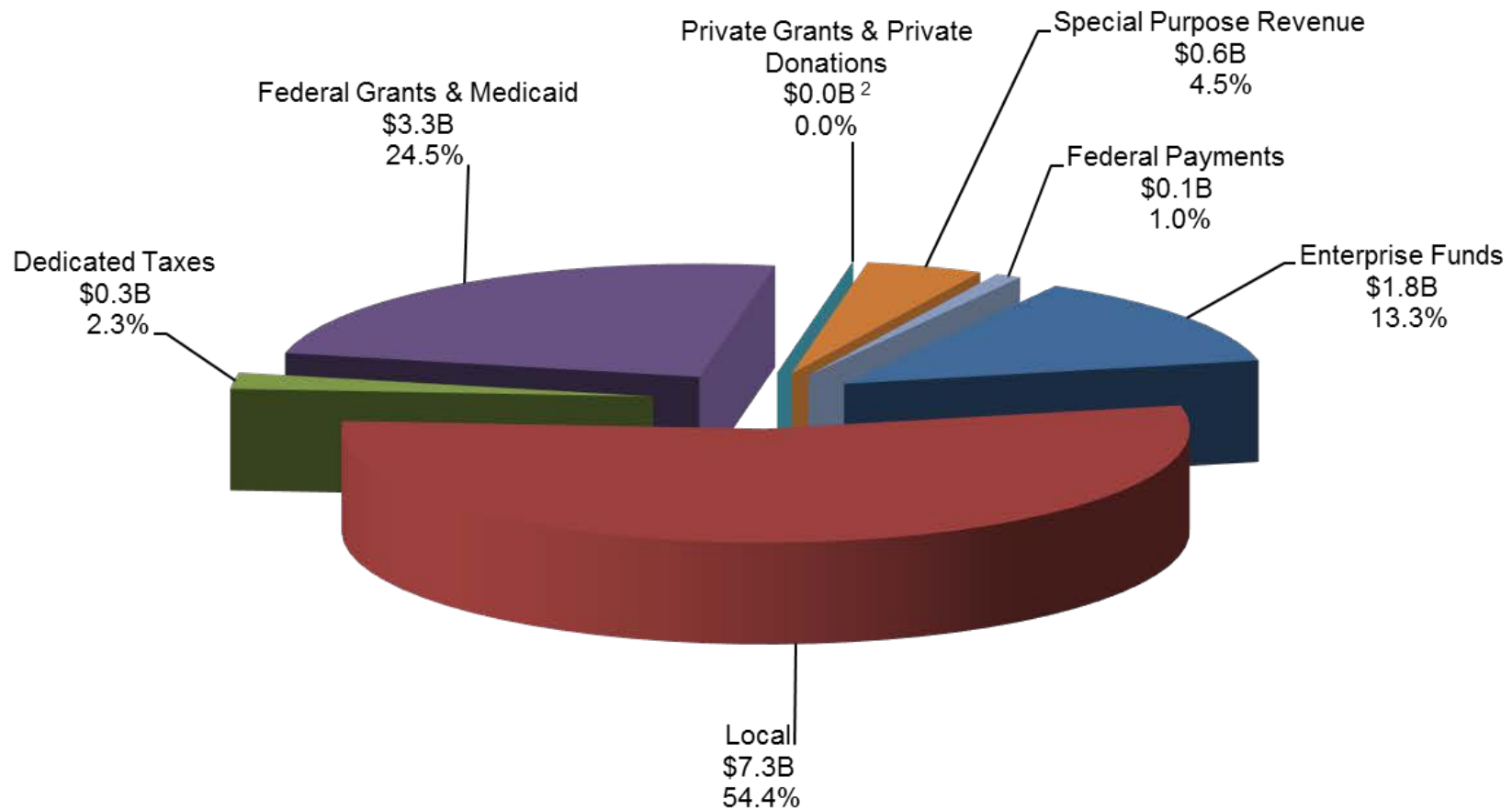
February 216 Revenue Estimates Compared to Previous Estimate

	Actual		Estimate			Projected	
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	
Local Source, General Fund Revenue Estimate (\$M)							
February 2016 Revenue Estimate	6,904.2	6,898.0	7,142.7	7,370.4	7,604.4	7,836.0	
<u>Triggered Tax Proposals</u>			(16.5)	(17.3)	(17.6)	(17.9)	
Net Local Fund Revenue (after enacted tax policy changes)		6,898.0	7,126.2	7,353.1	7,586.8	7,818.1	
Mayor's Policy Proposals		3.7	9.2	9.2	9.1	9.1	
Total Local Fund Revenue		6,901.7	7,135.4	7,362.3	7,589.9	7,827.2	
Revenue change from previous year							
Amount		-2.5	233.7	226.9	233.6	231.3	
Percent		-0.1%	3.4%	3.2%	3.2%	3.0%	

*Includes the revenue impact of previously triggered tax policy changes.



FY 2017 Revenue Sources¹



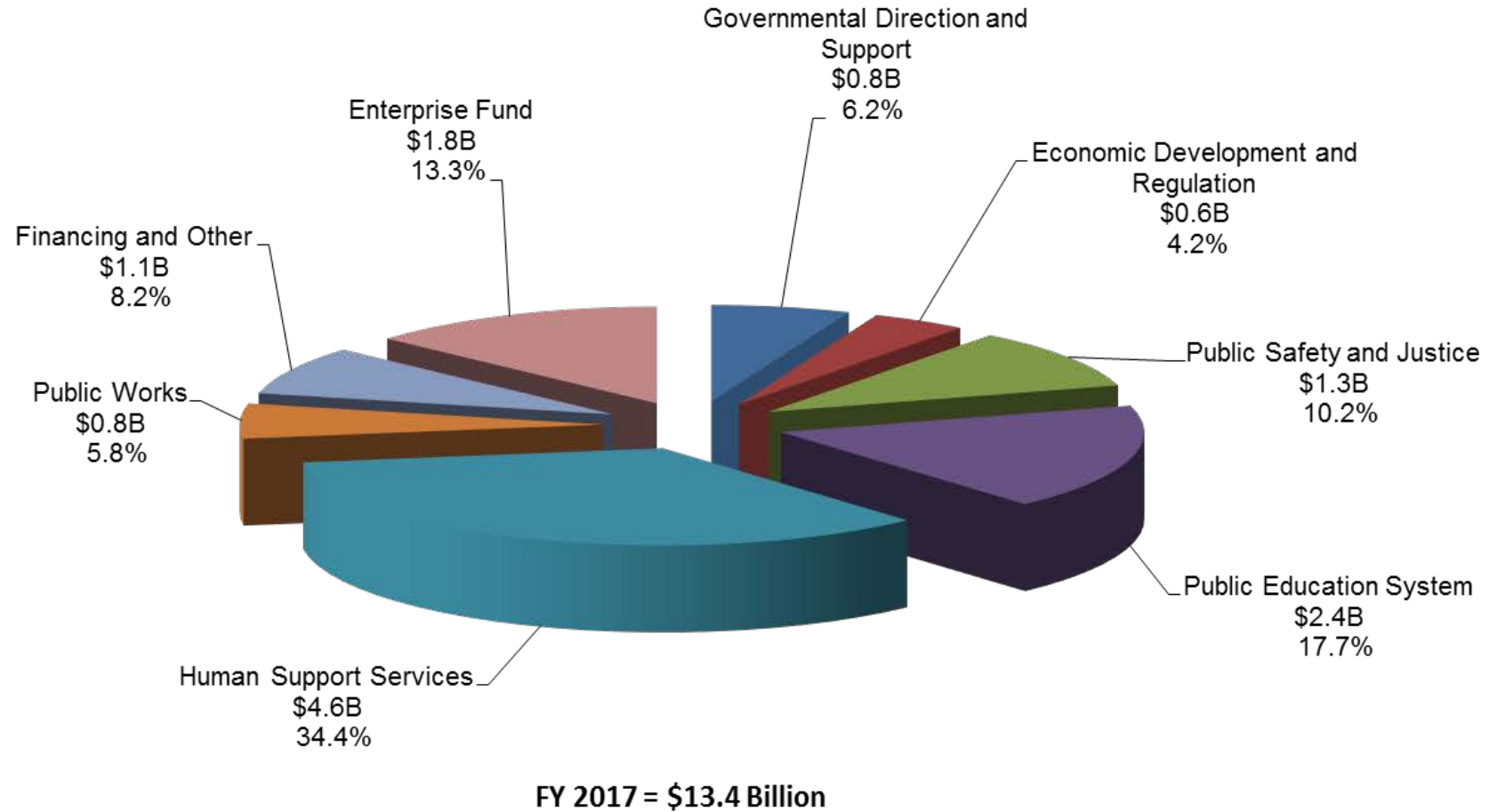
1 Excludes Intra-District Funds

2 The amount from this source is \$1.3 million

FY 2017 = \$13.4 Billion



FY 2017 Expenditures by Function¹



¹ Excludes Intra-District Funds

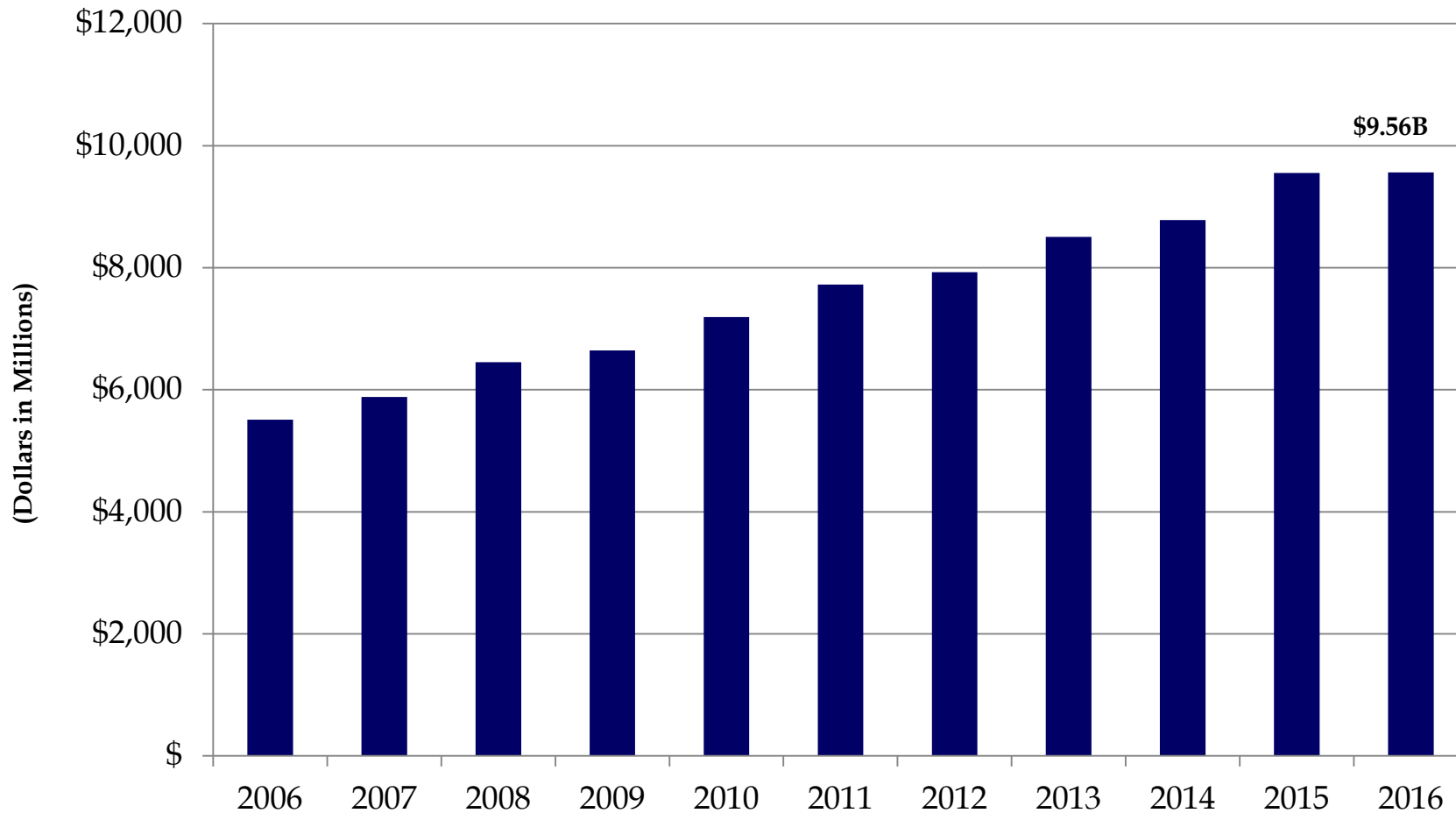


VI. Debt & Capital Improvement Plan



Total Debt Outstanding

Current Outstanding Total Debt – \$ 9.56 Billion

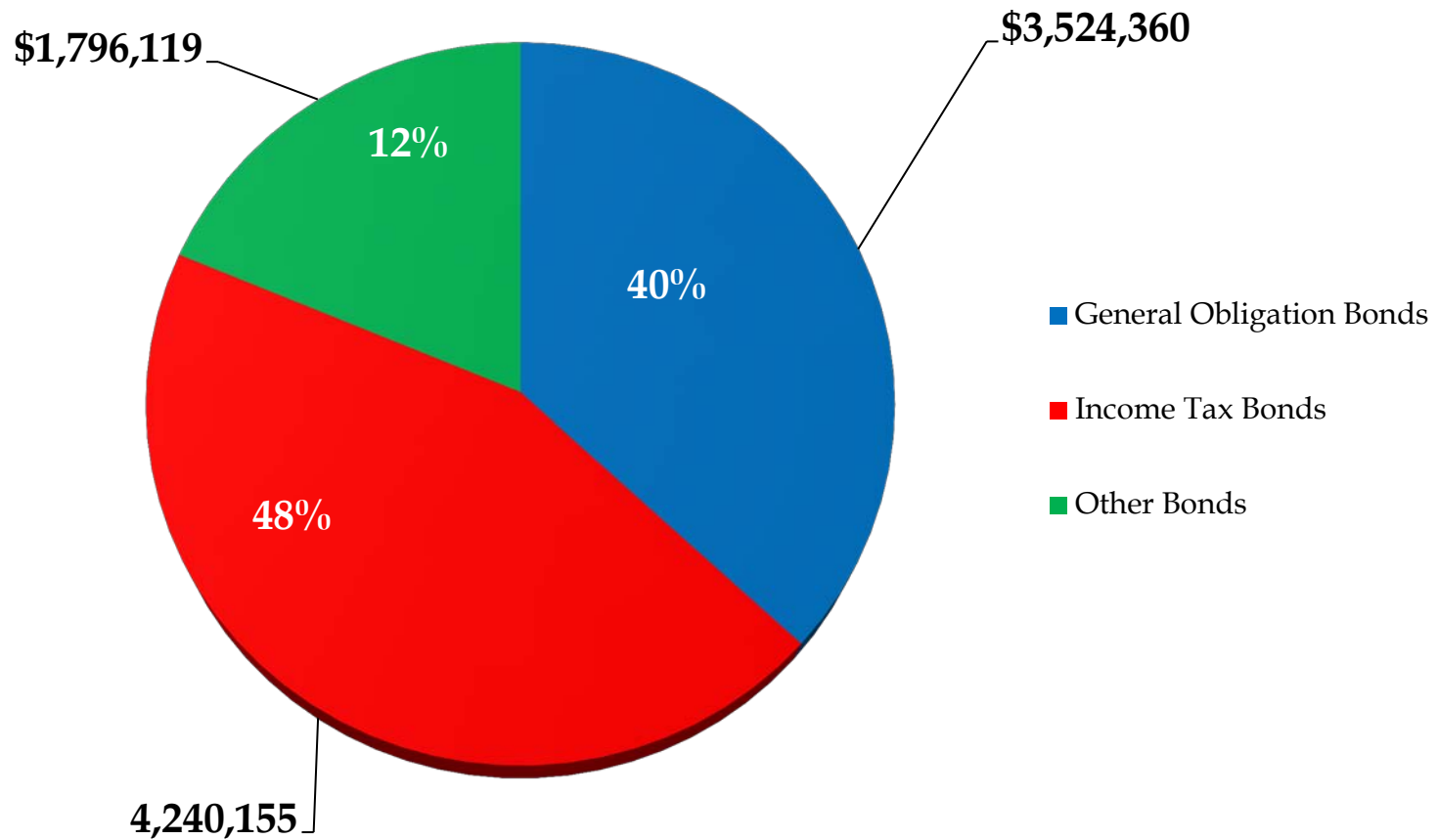


Source: Office of Finance & Treasury, OCFO



Distribution of Outstanding Bonded Debt

(\$ in Thousands)

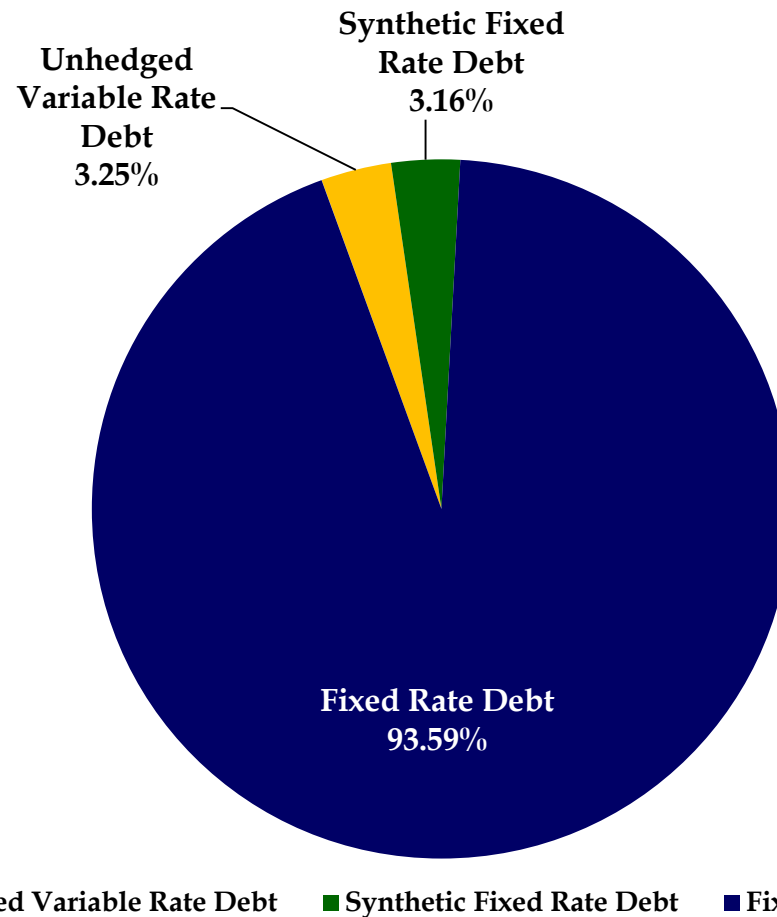


Source: Office of Finance & Treasury, OCFO



The District Has Limited Variable Rate and Swap Exposure (Outstanding G.O. and I.T. debt)

2016 Debt Mix* (as of January 2016)



* The debt mix pie chart in 2016 reflects each debt category as a percentage of total G.O. and I.T. debt outstanding and does not include a \$177.79 million floating-to-floating interest rate swap entered into in 2003 between the District and Bear Stearns Financial Products. The swap was assigned to JP Morgan in 2008.

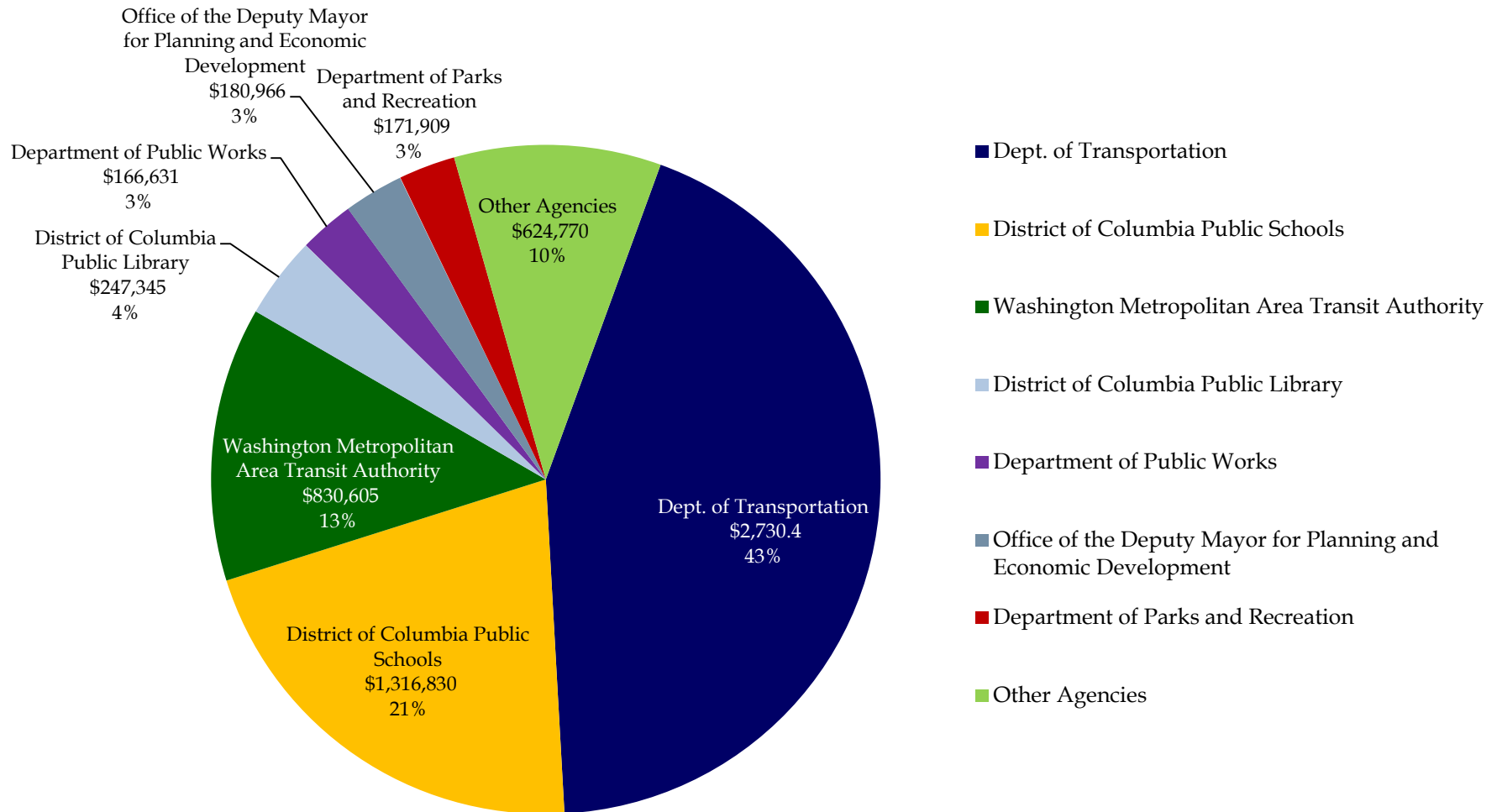
Source: Office of Finance & Treasury, OCFO



FY 2017 – FY 2022: Capital Budget Funding

CIP Projected Expenditures Total \$6.3 Billion

(\$ in millions)



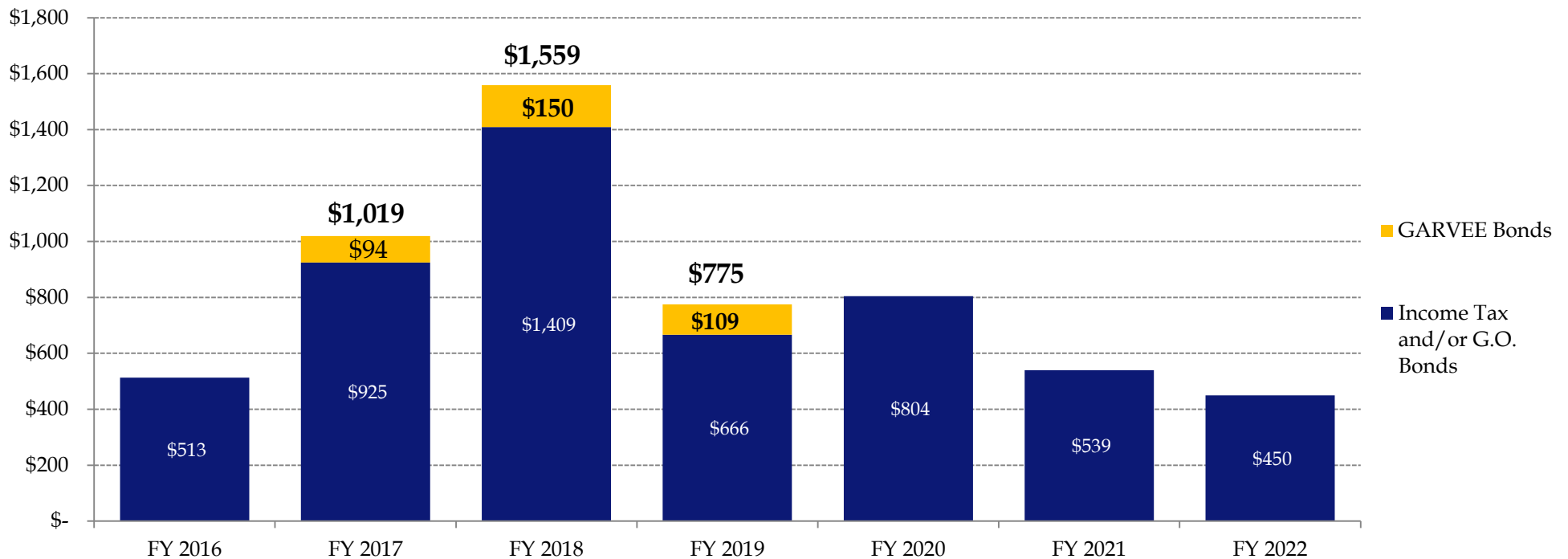
Note: Numbers may not add due to rounding
Source: FY 2017 Mayor's Budget and Financial Plan



Majority funding source for the CIP is debt related

- School modernization program accounts for a large portion of the CIP
- The size and the proposed funding of the multi-year CIP ensure that the District remains under 12% debt cap through the 6-year plan period

Projected G.O./I.T. Debt Issuance Totals \$5.7 Billion
(*\$ in millions*)



Note: Numbers may not add due to rounding
Source: FY 2017 Mayor's Budget and Financial Plan



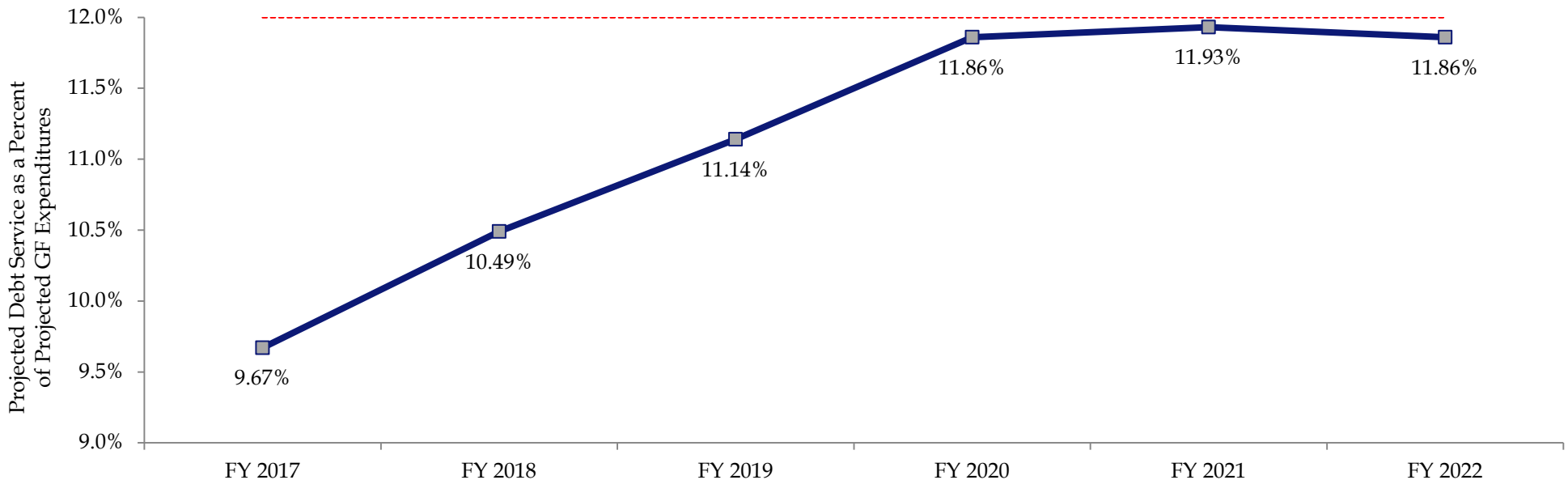
The District Maintains A Prudent Debt Policy

CIP is monitored and prioritized so that debt service remains under the 12% debt cap

■ Significant focus on debt management

- 17% Federally Mandated Debt Limit (*G.O and I.T. as a percentage of Local District Revenues*)
- 12% Debt Ceiling Act (*All tax and fee supported debt as a percentage of General Fund expenditures*)

Projected Annual Debt Service Percentages (As of March 2016)



Source: FY 2017 Mayor's Budget and Financial Plan



VII. Pension and OPEB



FY 2015 Highlights of Pensions and OPEB

Trust Fund	FY 2015 Net Position	FY 2014 Net Position	Percentage Variance	Percentage Funded in CAFR
Police, Fire, and Teachers Pensions	\$6,132,636	\$6,334,090	(3.2%)	96.8%*
Other Post-Employment Benefits	\$1,076,551	\$1,051,359	2.4%	120.1%**

*Based on most recent Actuarial Report (adjusted for GASB 67) and reported in CAFR.

**OPEB funding ratio has recently changed due to an adjustment to the actuarial participation rate following Experience Study completed post CAFR.



Comparative Data of Pensions and OPEB

Trust Fund	Amortization method	Investment rate of return	Asset Valuation Method
Police, Fire, and Teachers Pensions	20-year closed	6.5%	7-year smoothed market
Other Post-Employment Benefits	20-year closed	6.5%	market



VIII. Conclusion



District Credit Strengths

Wealthy and Stable Economy

- Strong per capita income
- Population growth is driving a robust housing market
- Commercial Real Estate is stable
- Growing and diversifying private sector offset federal fiscal austerity

Excellent Financial Management

- Strong fiscal policies and laws ensure fiscal viability:
 - ✓ Federal and local reserves
 - ✓ Debt cap
- Institutionalized practices such as multi-year financial and capital plans
- Independent Office of the Chief Financial Officer:
 - ✓ Certifies that budgets are balanced
 - ✓ Estimates revenues conservatively
 - ✓ Monitors revenues and spending throughout the year and affirms debt cap compliance
 - ✓ Evaluates fiscal impact of all legislation

Robust Financial Position

- Congressionally and locally mandated reserves increased to \$985 million in FY2015, which is 49 days of operating expenses
- FY2015 General Fund Balance reached highest level ever: \$2.17 billion
- Highly diverse local revenue sources
- Well-balanced debt portfolio

Well-Funded Pension/OPEB

- Pension and OPEB funds are managed using conservative actuarial assumptions
- Full payment of the Pension and OPEB ARC
- Police, fire and teachers pension plan is 96.8% funded
- OPEB is currently 120.1% funded



Proposed Financings

Fiscal Year 2016 – 2017*

\$513 million GO bonds to fund the FY2015 CIP (June 2016)

\$400-\$500 million in long or short term debt (CP) to fund CIP (FY 2016 Q IV)

\$245 million Ballpark Revenue Bonds, Series 2006B-1 refunding (TBD)

\$341 million Washington Convention Center Authority, series 2007A refunding (TBD)

* Preliminary ,subject to change



Contact Information

Brand new “Investor Information” page can be found at
cfo.dc.gov

Email: DCInvestorRelations@DC.gov

Contact Information:

Jeff Barnette, *Treasurer and Deputy CFO*
(202) 727-6055
jeffrey.barnette@dc.gov

Carmen Pigler, *Associate Treasurer*
(202) 727-6055
carmen.pigler@dc.gov

Debra S. Taylor, *Debt Manager*
(202) 727-6055
debras.taylor@dc.gov

Darryl Street, *Sr. Financial Policy Advisor*
(202) 727-2476
darryl.street@dc.gov