

**PUBLIC HEARING**  
**ON**  
**FISCAL YEAR 2009 INCOME TAX SECURED**  
**REVENUE REFUNDING BOND ISSUANCE**  
**APPROVAL RESOLUTION OF 2009**

Before the  
**Committee on Finance and Revenue**  
**Council of the District of Columbia**

**The Honorable Jack Evans, Chairman**

**June 23, 2009, 10:00 a.m.**  
**John A. Wilson Building, Room 412**



**Testimony of**  
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**Natwar M. Gandhi**  
**Chief Financial Officer**  
**Government of the District of Columbia**

Good morning, Chairman Evans and members of the Committee on Finance and Revenue. I am Ritta McLaughlin, Associate Treasurer for Debt and Grants, in the Office of the Chief Financial Officer, Office of Finance and Treasury. Thank you for the opportunity to present testimony regarding the Fiscal Year 2009 Income Tax Secured Revenue Refunding Bond Issuance Approval Resolution of 2009. At the conclusion of my testimony, I would be pleased to address any questions the Committee may have about the proposed refunding bond issuance.

The proposed resolution would authorize the District to refund (refinance) up to \$310 million of outstanding general obligation bonds and to pay for all related costs of issuance. This borrowing is expected to be accomplished through the issuance of Income Tax Secured Revenue Refunding Bonds, the District's new borrowing mechanism, rated "AAA/Aa2/AA" by Standard & Poor's, Moody's and Fitch, respectively, which are higher ratings than the District's general obligation bonds. Savings could be obtained by refunding the bonds in question with general obligation bonds, but given that the issuance of income tax revenue bonds will garner lower interest rates than general obligation bonds, they will produce greater debt service savings. Based on current market conditions, refunding the targeted general obligation bonds would generate debt service savings on a present value basis in excess of \$15 million. However, this figure is subject to change between

now and the date of issuance, based on changes in market conditions.

Savings from refunding bonds are often realized over the life of the bonds (e.g., 15 years) in level increments, although such savings may be taken in other increments, including having savings front-loaded to the near-term years. Moreover, there are limitations on how such savings may be realized, based on the structure of the bonds being refunded. We are currently evaluating the options available to the District for this particular transaction, and will determine the most prudent approach as we get closer to the sale. The proposed issuance of the Income Tax Secured Revenue Refunding Bonds is slated for early September.

In closing, we request the Council adoption of the proposed resolution.

Chairman Evans, member of the committee, this concludes my testimony. I am prepared to address any questions that you may have.