

PUBLIC ROUNDTABLE ON
PR 15-1016, “GENERAL OBLIGATION BOND
ISSUANCE APPROVAL RESOLUTION OF 2004”

Before the
Committee of the Whole
Council of the District of Columbia

The Honorable Linda W. Cropp, Chairman

September 28, 2004, 2:00 p.m.
Council Chamber, John A. Wilson Building



Testimony of
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Treasurer and Deputy Chief Financial Officer
Office of Finance and Treasury

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

Good afternoon, Chairman Cropp and members of the Committee of the Whole. I am Anthony Calhoun, deputy chief financial officer and treasurer of the District. Thank you for the opportunity to appear before you today to present testimony on the proposed “General Obligation Bond Issuance Approval Resolution of 2004” (the “Bond Resolution”). Appearing with me is Lasana Mack, associate treasurer, who is here to assist with answering any questions you might have at the conclusion of my testimony. In my testimony today, I will briefly address the amount and timing of the proposed bond issuance and the impact of this proposed borrowing on the District’s budget.

Borrowing Amount and Timing

As the Bond Resolution indicates, the proposed borrowing amount is \$395.9 million, which would be borrowed through the issuance of District of Columbia general obligation bonds. This amount is higher than the amount of District borrowings in recent years, but was approved by the District’s Capital Review Team during the FY 2005 budget formulation process in consideration of the District’s infrastructure needs and priorities, as well as its long-term debt capacity constraints. As was done last year, this borrowing is scheduled to occur in the first quarter of the fiscal year of 2005 to provide funding for FY 2005 capital project spending. As was noted in my testimony for last year’s Bond Resolution, District agencies have improved the timing of their spending of approved capital dollars in recent years. Waiting until later in the fiscal year to borrow for approved capital spending would mean utilizing significant amounts of operating dollars to cover capital expenditures, pending reimbursement from bond proceeds. Given the substantial amount of the District’s cash that is in reserves, and other factors, the

District cannot afford to use large amounts of operating dollars on capital spending pending reimbursement. This principle is consistent with prudent financial management practices.

Impact on the District's Budget

The projects to be financed through this bond issuance are included in the FY 2005 Capital Improvements Plan, which is a part of the District's FY 2005 Budget and Financial Plan. The debt service on the proposed bond issuance associated with this Bond Resolution is accommodated by the District's FY 2005 Budget and Financial Plan. I hereby certify that there are sufficient funds in the FY 2005 budget to cover the debt service expense associated with this proposed bond issuance.

Madame Chairman, this concludes my testimony. We are prepared to address any questions that you may have.

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