

In the opinion of Bond Counsel, under existing law, assuming continuous compliance by the District with certain covenants described more fully under "TAX MATTERS" herein, (i) the interest on the Series 2012 Bonds is excludable from gross income for Federal income tax purposes, and (ii) the interest on the Series 2012 Bonds is not an enumerated item of tax preference or adjustment for purposes of the Federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the Federal alternative minimum tax imposed on certain corporations. As described herein under "TAX MATTERS," other Federal income tax consequences may arise from ownership of the Series 2012 Bonds. In the further opinion of Bond Counsel, under the existing law of the District, the Series 2012 Bonds and interest on the Series 2012 Bonds are exempt from taxation by the District, except for estate, inheritance, and gift taxes. See "TAX MATTERS" herein.

\$52,365,000
DISTRICT OF COLUMBIA
(WASHINGTON, D.C.)
Tax Increment Revenue Refunding Bonds
(Gallery Place Project),
Series 2012



Dated: Date of Delivery

Due: June 1, as shown on the inside cover

This cover page contains certain information for quick reference only. It is not a summary of this Official Statement and investors must read the entire Official Statement to obtain the information essential to the making of an informed investment decision.

The District of Columbia Tax Increment Revenue Refunding Bonds (Gallery Place Project), Series 2012 (the "Series 2012 Bonds"), are being issued pursuant to (i) the District of Columbia Home Rule Act, approved December 24, 1973, as amended (P.L. 93-198; 87 Stat. 774; D.C. Official Code, §§ 1-201.01 *et seq.*) (the "Home Rule Act"), (ii) the "Tax Increment Financing Authorization Act of 1998" (D.C. Law 12-143, D.C. Official Code, §§ 2-1217.01 *et seq.*) and the acts amendatory and supplemental thereto (the "TIF Act"), (iii) the Gallery Place Resolutions (as defined herein), and (iv) the Indenture of Trust between the District of Columbia (the "District") and U.S. Bank National Association, as trustee (the "Trustee"), dated as of June 1, 2012 (the "Indenture").

The proceeds of the Series 2012 Bonds will be used to (i) current refund, on July 1, 2012, those District of Columbia Gallery Place Project Tax Increment Revenue Bonds, Series 2002, set forth in APPENDIX F attached hereto (the "Refunded Bonds"), and (ii) pay the costs and expenses of issuing and delivering the Series 2012 Bonds.

The Series 2012 Bonds are special obligations of the District, secured by a lien on and pledge of (i) the Available Tax Increment (Gallery Place Footprint), which means, collectively, 100% of the real property tax increment and 100% of the sales tax increment attributable to the Gallery Place Project TIF Area, and (ii) the moneys and investments on deposit in certain funds and accounts established under the Indenture (except the Rebate Fund). To the extent the Available Tax Increment (Gallery Place Footprint) is insufficient to pay principal and interest when due on the Series 2012 Bonds, the District will allocate the Available Increment (Downtown) to such payment in the manner described herein under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS" and "THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN)."

Following the issuance of the Series 2012 Bonds and the refunding of the Refunded Bonds, only the Mandarin Oriental Bonds (as defined herein) will have first priority to the Available Increment (Downtown) for the payment of debt service on such bonds if revenues from the Footprint Increment for the Mandarin Oriental Hotel Project (as defined herein) are insufficient to pay such debt service. The pledge of Available Increment (Downtown) to secure the Series 2012 Bonds will be subordinate to the pledge to secure the Mandarin Oriental Bonds, and on parity with the pledge to secure bonds issued to finance other projects, both within and outside the Downtown TIF Area, all as described herein.

Interest on the Series 2012 Bonds is payable on June 1 and December 1 of each year, commencing on December 1, 2012. The Series 2012 Bonds will be issued as fully registered bonds under a book-entry-only system, initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of the Series 2012 Bonds will be made in book-entry form, in denominations of \$5,000 and integral multiples thereof. See APPENDIX D - "Book-Entry-Only System."

The Series 2012 Bonds are subject to optional redemption as described herein.

THE SERIES 2012 BONDS ARE SPECIAL OBLIGATIONS OF THE DISTRICT, ARE NON-RECOURSE TO THE DISTRICT, ARE NOT A PLEDGE OF, AND DO NOT INVOLVE, THE FAITH AND CREDIT OR THE TAXING POWER OF THE DISTRICT (OTHER THAN THE AVAILABLE TAX INCREMENT (GALLERY PLACE FOOTPRINT) AND THE AVAILABLE INCREMENT (DOWNTOWN)), DO NOT CONSTITUTE A DEBT OF THE DISTRICT, AND DO NOT CONSTITUTE LENDING OF THE PUBLIC CREDIT FOR PRIVATE UNDERTAKINGS AS PROHIBITED BY THE HOME RULE ACT. THE SERIES 2012 BONDS ARE PAYABLE SOLELY FROM THE AVAILABLE TAX INCREMENT (GALLERY PLACE FOOTPRINT) AND THE AVAILABLE INCREMENT (DOWNTOWN) AND ARE SECURED BY A PLEDGE OF THE TRUST ESTATE, ALL OF WHICH WILL, EXCEPT AS IS OTHERWISE EXPRESSLY AUTHORIZED BY THE INDENTURE, BE USED FOR NO OTHER PURPOSE THAN TO PAY PRINCIPAL OF AND INTEREST ON THE SERIES 2012 BONDS. THE DISTRICT WILL HAVE NO OBLIGATION TO MAKE ANY PAYMENTS ON THE SERIES 2012 BONDS, OTHER THAN THROUGH THE REMITTANCE OF THE AVAILABLE TAX INCREMENT (GALLERY PLACE FOOTPRINT) AND, IF REQUIRED, THE AVAILABLE INCREMENT (DOWNTOWN).

The Series 2012 Bonds are offered for delivery when, as and if issued, subject to the opinion of Venable LLP, Washington, D.C., Bond Counsel to the District. The Office of the Attorney General of the District of Columbia will deliver an opinion as to certain legal matters pertaining to the District. Hawkins Delafield & Wood LLP, Washington, D.C., Disclosure Counsel to the District, will deliver an opinion regarding certain matters to the District and the Underwriters. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Orrick Herrington & Sutcliffe LLP, Washington, D.C., and Lewis & Munday, A Professional Corporation, Washington, D.C. It is anticipated that the Series 2012 Bonds will be available for delivery in book-entry form through the facilities of DTC in New York, New York on or about June 21, 2012.

TD Securities (USA) LLC
Fidelity Capital Markets

Goldman, Sachs & Co.
M.R. Beal & Company

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, AND PRICES

\$52,365,000

Tax Increment Revenue Refunding Bonds (Gallery Place Project), Series 2012

<u>Maturity (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP**</u>
2013	\$1,910,000	3.00%	0.75%	102.113%	254840DB4
2014	\$1,825,000	4.00%	1.05%	105.662%	254840DC2
2015	\$1,900,000	4.00%	1.36%	107.593%	254840DD0
2016	\$1,975,000	5.00%	1.55%	113.150%	254840DE8
2017	\$2,075,000	5.00%	1.84%	114.868%	254840DF5
2018	\$2,180,000	5.00%	2.05%	116.429%	254840DG3
2019	\$2,290,000	5.00%	2.29%	117.306%	254840DH1
2020	\$2,400,000	5.00%	2.61%	117.046%	254840DJ7
2021	\$2,520,000	5.00%	2.83%	117.040%	254840DK4
2022	\$2,645,000	5.00%	3.03%*	115.331%*	254840DL2
2023	\$2,780,000	5.00%	3.23%*	113.653%*	254840DM0
2024	\$2,920,000	5.00%	3.43%*	112.003%*	254840DN8
2025	\$3,065,000	5.00%	3.55%*	111.026%*	254840DP3
2026	\$3,215,000	5.00%	3.62%*	110.462%*	254840DQ1
2027	\$3,380,000	5.00%	3.70%*	109.820%*	254840DR9
2028	\$3,545,000	5.00%	3.75%*	109.422%*	254840DS7
2029	\$3,725,000	5.00%	3.82%*	108.867%*	254840DT5
2030	\$3,910,000	5.00%	3.89%*	108.315%*	254840DU2
2031	\$4,105,000	5.00%	3.96%*	107.766%*	254840DV0

* Yield and price to the first par call date of June 1, 2021.

** Copyright 2003, American Bankers Association. CUSIP data is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw Hill Companies Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2012 Bonds and neither the District nor the Underwriters make any representation with respect to such CUSIP number nor undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Series 2012 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2012 Bonds.

DISTRICT OF COLUMBIA

Vincent C. Gray
Mayor

EXECUTIVE OFFICERS

Allen Y. Lew	City Administrator
De’Shawn Wright	Deputy Mayor for Education
Victor L. Hoskins	Deputy Mayor for Planning and Economic Development
Beatriz Otero	Deputy Mayor for Health and Human Services
Paul Quander	Deputy Mayor for Public Safety and Justice
Irvin B. Nathan	Attorney General
Natwar M. Gandhi	Chief Financial Officer
Lasana K. Mack	Deputy Chief Financial Officer and Treasurer
Fitzroy A. Lee	Deputy Chief Financial Officer for Revenue Analysis
Stephen M. Cordi	Deputy Chief Financial Officer for Tax and Revenue
Anthony Pompa	Deputy Chief Financial Officer for Financial Operations and Systems
Gordon McDonald	Deputy Chief Financial Officer for Budget and Planning

COUNCIL OF THE DISTRICT OF COLUMBIA

David A. Catania	At Large	Mary M. Cheh (Chair Pro Tempore)	Ward 3
Phil Mendelson	At Large	Muriel Bowser	Ward 4
Michael A. Brown	At Large	Kenyan R. McDuffie	Ward 5
Vincent Orange	At Large	Tommy Wells	Ward 6
Jim Graham	Ward 1	Yvette M. Alexander	Ward 7
Jack Evans	Ward 2	Marion Barry, Jr.	Ward 8

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Washington, D.C.

DISCLOSURE COUNSEL

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Dallas, Texas

Public Financial Management, Inc.
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No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2012 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been furnished by the District and includes information obtained from other sources, all of which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2012 Bonds is made only by means of this entire Official Statement.

The statements contained in this Official Statement and appendices hereto and in any other information provided by the District and other parties to the transactions described herein that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “illustrate,” “example,” and “continue,” or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date hereof, and the District assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material, which could affect the ability to fulfill some or all of the obligations under the Series 2012 Bonds.

The Underwriters (as defined herein) have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In connection with the offering of the Series 2012 Bonds, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of such Bonds at levels above those which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

No assurances can be given that a secondary market for the Series 2012 Bonds will exist. If such a secondary market does exist, there can be no guarantee that the Series 2012 Bonds can be sold for any particular price.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM (“ORIGINAL BOUND FORMAT”) OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: [HTTP://WWW.MUNIOS.COM](http://www.munios.com). THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

Summary

The following summary is subject in all respects to more complete information contained elsewhere in this Official Statement. Capitalized terms used herein and not otherwise defined have the meanings given such terms in APPENDIX B.

Issuer:	District of Columbia
Issue:	\$52,365,000 Tax Increment Revenue Refunding Bonds (Gallery Place Project), Series 2012 (the “Series 2012 Bonds”)
Dated Date:	Date of Delivery
Denominations:	\$5,000 and integral multiples thereof
Interest:	The Series 2012 Bonds will bear interest at the rates set forth on the inside cover page hereof, payable semiannually each June 1 and December 1, commencing December 1, 2012.
Redemption:	The Series 2012 Bonds are subject to optional redemption as described under “THE SERIES 2012 BONDS - Redemption” herein.
Certain Key Definitions:	<p><i>“Available Increment (Downtown)”</i> means, for any fiscal year, (i) the sum of (A) the Available Real Property Tax Increment, plus (B) the Available Sales Tax Increment, less (ii) any allocation of the Footprint Increment for any Downtown Project.</p> <p><i>“Available Real Property Tax Increment”</i> means, for any fiscal year of the District, 100% of the real property tax increment in respect of the Downtown TIF Area, being that portion of the real property tax levied pursuant to Chapter 8 of Title 47 of the D.C. Official Code and payments in lieu of real property taxes, exclusive of the Special Real Property Tax, attributable to the difference, if any, between the aggregate assessed value for such fiscal year of all lots of Commercial Real Property within the Downtown TIF Area and the assessed value of such lots in effect on January 1, 1999.</p> <p><i>“Available Sales Tax Increment”</i> means, for any fiscal year of the District, 100% of the sales tax increment in respect of the Downtown TIF Area, being the revenues resulting from the imposition of tax on sales imposed pursuant to Chapter 20 of Title 47 of the D.C. Official Code, including penalties and interest charges, exclusive of the portion thereof required to be deposited on behalf of the Washington Convention and Sports Authority in the Washington Convention Center Fund established pursuant to D.C. Official Code § 10-1202.08, from sales at locations within the Downtown TIF Area in each fiscal year of the District, less the amount of sales tax revenues for such sales at such locations in fiscal year 1999.</p> <p><i>“Available Tax Increment (Gallery Place Footprint)”</i> means, collectively, 100% of the real property tax increment and 100% of the sales tax increment attributable to the Gallery Place Project TIF Area, as allocated by the Gallery Place Resolutions to the Gallery Place Project.</p> <p><i>“Code”</i> means the Internal Revenue Code of 1986, the Treasury Regulations (whether proposed, temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the</p>

foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable to the Series 2012 Bonds. Unless otherwise indicated, reference to a Section means that Section of the Code, including such applicable Treasury Regulations, announcements, notices, procedures, rulings and determinations pertinent to that Section.

“*Collection Agent*” means Wells Fargo Bank, N. A., as collection agent under the Collection Contract.

“*Collection Contract*” means the Comprehensive Banking Services Contract dated December 16, 2010, between the District and the Collection Agent.

“*Commercial Real Property*” means any parcel of taxable property other than owner-occupied residential property. For residential property in the Downtown TIF Area, the Commercial Real Property definition includes only (i) residential rental properties that consist entirely of rental units and (ii) condominiums that are not owner-occupied. For condominiums in the Downtown TIF Area, the District uses its Real Property Tax Homestead Exemption (as defined herein) designation to distinguish between residential properties that are owner-occupied and those used as rental properties. The District permits an owner of residential property that is owner-occupied to claim the Real Property Tax Homestead Exemption. In the Downtown TIF Area, the real property taxes collected from those residential properties that are not eligible for or do not claim the Real Property Tax Homestead Exemption are included in the calculation of Available Real Property Tax Increment. For more information on the District’s Real Property Tax Homestead Exemption, see “REAL PROPERTY TAXES AND SALES TAXES OF THE DISTRICT - Real Property Taxes - *Assessment*.”

“*Downtown Project*” means a project in the Downtown TIF Area, including any Future Downtown Project, to which a Footprint Increment is allocated pursuant to the TIF Act.

“*Downtown TIF Area*” means the area designated by the District pursuant to the TIF Act and the Gallery Place Resolutions that includes over 2,500 acres of the District of Columbia’s downtown and surrounding areas. The Downtown TIF Area is located substantially in the northwest quadrant of the District of Columbia and covers a substantial portion of the downtown area of the District of Columbia. The Downtown TIF Area includes the National Mall and the White House and is located very near the District of Columbia’s geographical center.

“*Footprint Increment*” means for any fiscal year of the District, the sum of (i) up to 100% (as set forth in the resolution of the Council approving the applicable Downtown Project) of that portion of the real property tax levied pursuant to Chapter 8 of Title 47 of the D.C. Official Code and payments in lieu of real property taxes, exclusive of the Special Real Property Tax, attributable to the difference, if any, between the aggregate assessed value during such fiscal year of all lots of Commercial Real Property included in the site of such Downtown Project and the aggregate assessed value of all lots of Commercial Real Property included in such site in effect on the effective date of the allocation to the Downtown Project as stated in the applicable Council resolution, plus (ii) up to 100% (as set forth in the resolution of the Council approving the applicable Downtown Project) of the tax revenues resulting from the imposition of the taxes imposed pursuant to Chapter 20 of Title 47 of the D.C. Official Code on sales at locations included in the site of such Downtown Project, including all penalties

and interest charges, exclusive of the portion thereof required to be deposited on behalf of the Washington Convention and Sports Authority in the Washington Convention Center Fund established pursuant to D.C. Official Code § 10-1202.08, less the amount of the sales tax revenues from such sales at such locations for the fiscal year prior to the year in which the Council approves such Downtown Project.

“Future Downtown Project” means a project eligible for financing under the TIF Act located in the Downtown TIF Area.

“Gallery Place Fund” means the Gallery Place TIF Project Fund created under the Collection Instructions (as defined herein).

“Gallery Place Project” means the approximately one million square foot mixed-use urban retail, entertainment, residential and office complex, located adjacent to the Gallery Place-Chinatown Metro station and the Verizon Center and located on a lot of approximately 2.43 acres at the southeast corner of 7th and H Streets, N.W. in the District of Columbia. The Gallery Place Project was completed in March 2005 and includes (i) approximately 200,000 square feet of retail space; (ii) approximately 190 market-rate condominium units located at 777 7th Street, N.W.; (iii) over 200,000 square feet of office space located at 616 H Street, N.W.; and (iv) a below-grade parking garage with almost 700 parking spaces. Major retail establishments are a 14-screen Regal cinema complex with approximately 2,900 seats; Clyde’s, Bar Louie, Thai Chili and Zengo restaurants; Lucky Strike Bowling, Washington Sports Club, Bed, Bath & Beyond, Ann Taylor, City Sports and Urban Outfitters stores. In 2009, an additional 300,000-square foot building at 700 6th Street, N.W. was completed in the Gallery Place Project TIF Area, which consists primarily of office space with retail space located on the ground floor.

“Gallery Place Project TIF Area” means, principally, the area located between 6th and 7th Streets, N.W., and between H Street, N.W., and the Verizon Center in Washington, D.C.

“Gallery Place Resolutions” means, collectively, the (i) the District of Columbia Tax Increment Revenue Bond Gallery Place Project Emergency Approval Resolution of 1999, Resolution No. 13-405, dated December 7, 1999, (ii) the Gallery Place Project Modification Emergency Approval Resolution of 2000, Resolution No. 13-713, dated November 8, 2000, (iii) the Gallery Place Project Bond Maturity Modification Emergency Approval Resolution of 2000, Resolution No. 13-786, dated December 19, 2000, (iv) the Tax Increment Revenue Bond Downtown TIF Area Emergency Approval Resolution of 2001, Resolution No. 14-257, dated November 6, 2001, and (v) the District of Columbia Tax Increment Revenue Bond Downtown TIF Area Base Year Emergency Approval Resolution of 2002, Resolution No. 14-364, dated February 5, 2002.

“Home Rule Act” means the District of Columbia Home Rule Act, approved December 24, 1973, as amended (P.L. 93-198; 87 Stat. 774; D.C. Official Code §§ 1-201.01 et seq.).

“Mandarin Oriental Bonds” means the approximately \$46 million of current interest and capital appreciation tax increment bonds issued by the District to assist with the financing of the Mandarin Oriental Hotel Project in 2002, of which approximately \$24.4 million aggregate principal amount and accreted value remains outstanding. The Mandarin Oriental Bonds consist of non-callable

bonds, which will mature on July 1, 2021, and a term bond, which will mature on July 1, 2022.

“*Series 2002 Bonds*” means the District’s Gallery Place Project Tax Increment Revenue Bonds, Series 2002, issued on April 30, 2002, in the initial aggregate principal amount of \$73,650,000, of which \$61,245,000 aggregate principal amount remains outstanding (exclusive of those Series 2002 Bonds stated to mature on July 1, 2012).

“*Special Real Property Tax*” means the portion of real property tax revenues applied to the payment of debt service on the District’s general obligation bonds, as provided for in Section 481 of the Home Rule Act.

“*Tax-Exemption for the Bonds*,” “*Tax-Exempt*,” or “*Tax Exemption*” means (i) the exclusion from gross income, for federal income tax purposes, of the interest payable on the Series 2012 Bonds, under Section 103 of the Code, or its successor provision, (ii) qualification of the interest payable on the Series 2012 Bonds as not an item of tax preference under the Code for purposes of the alternative minimum tax imposed on individuals and corporations and (iii) the exemption of the Series 2012 Bonds and the interest on the Series 2012 Bonds from District taxation, except estate, inheritance and gift taxes, as provided in Section 485 of the Home Rule Act, or its successor provision.

“*TIF Act*” means, collectively, the “Tax Increment Financing Authorization Act of 1998” (D.C. Law 12-143, D.C. Official Code, §§ 2-1217.01 et seq.) and the acts amendatory and supplemental thereto.

Purpose of the Issuance:

The proceeds of the Series 2012 Bonds will be used to (i) current refund, on July 1, 2012, those District of Columbia Gallery Place Project Tax Increment Revenue Bonds, Series 2002, set forth in APPENDIX F, and (ii) pay the costs and expenses of issuing and delivering the Series 2012 Bonds.

Security:

The Indenture pledges (i) the Available Tax Increment (Gallery Place Footprint) and (ii) the moneys and investments on deposit in certain funds and accounts established under the Indenture (except the Rebate Fund) as security for the payment of the Series 2012 Bonds. To the extent the Available Tax Increment (Gallery Place Footprint) is insufficient to pay principal and interest when due on the Series 2012 Bonds, the District also pledges to allocate the Available Increment (Downtown) to the payment of principal and interest when due on the Series 2012 Bonds. The allocation of the Available Increment (Downtown) is subordinate to certain claims and on parity with certain other claims as more fully described under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS - Pledge of the Available Tax Increment (Gallery Place Footprint)” and “THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN).”

Collection Procedures:

All District real property taxes and sales taxes are collected by the Collection Agent pursuant to the Collection Contract. The District will take reasonable measures to collect the real property and sales taxes that constitute the source of the Available Tax Increment (Gallery Place Footprint). Pursuant to the Collection Contract, the Home Rule Act, the TIF Act, and the Gallery Place Resolutions, the District will issue collection instructions to the Collection Agent, which direct the Collection Agent to (i) establish the Gallery Place Fund as a nonlapsing fund for the deposit of the Available Tax Increment (Gallery Place Footprint) and hold such funds separate and apart from the General Fund of the District, (ii) immediately deposit all of the Available Tax Increment (Gallery

Place Footprint) into the Gallery Place Fund, and (iii) on the last Business Day of each month, transfer all amounts in the Gallery Place Fund to the Trustee for payment of the Series 2012 Bonds.

The funds in the Gallery Place Fund may be used to (i) pay debt service on and secure repayment of the Series 2012 Bonds without the necessity of District appropriation and (ii) pay administrative expenses incurred in connection with the Series 2012 Bonds.

The Indenture grants the Trustee, on behalf of the holders of the Series 2012 Bonds, a first priority security interest in any amounts in the Gallery Place Fund to secure the payment of the principal of (including prepayments), interest on, and other amounts payable on, the Series 2012 Bonds.

Collection of real property and sales taxes that constitute the source of the Available Tax Increment (Gallery Place Footprint) are discussed herein under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS” and “REAL PROPERTY TAXES AND SALES TAXES OF THE DISTRICT.”

District Covenants:

Special Obligations. Pursuant to the Indenture, the District has covenanted that the Series 2012 Bonds are special obligations of the District, will be nonrecourse to the District, will not be a pledge of, and will not involve, the full faith and credit or the taxing power of the District (other than the Available Tax Increment (Gallery Place Footprint) and the Available Increment (Downtown)), will not constitute a debt of the District, and will not constitute lending of the public credit for private undertakings for purposes of Section 602(a) of the Home Rule Act.

Maintenance of Pledge. Pursuant to the Indenture, the District has pledged to and covenanted and agreed with the holders of the Series 2012 Bonds that, subject to the provisions of the Indenture, the District will not limit or alter the Gallery Place Fund pledged to secure the Series 2012 Bonds, will not in any way impair the rights or remedies of the holders of the Series 2012 Bonds, and will not modify in any way the Tax Exemption, until the Series 2012 Bonds, together with interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any suit, action or proceeding by or on behalf of the holders, are fully met and discharged. Except as set forth in the preceding sentence, the District will not make any pledge or assignment of or create or suffer any lien or encumbrance upon the Debt Service Fund or the Gallery Place Fund prior to or on parity with the pledge under the Indenture.

Collection of Available Tax Increment (Gallery Place Footprint). The District has covenanted to enforce its right to collect the Available Tax Increment (Gallery Place Footprint) by promptly pursuing or causing to be pursued remedies available to it in accordance with Chapter 13A of Title 47 of the D.C. Official Code.

Collection of Available Increment (Downtown). The District has agreed that it will take reasonable measures to collect the real property and sales taxes that constitute the source of the Available Increment (Downtown).

Additional Obligations:

Pursuant to the Indenture, the District has covenanted that, after the issuance of the Series 2012 Bonds, (i) the District will not issue any debt or other obligations (“Additional Debt”) to be paid, in whole or in part, from the Available Increment (Downtown) on parity with the Series 2012 Bonds unless the Available Increment (Downtown) for the fiscal year immediately preceding the issuance of such

Additional Debt is not less than three times (3x) the maximum annual debt service on (A) the Series 2012 Bonds, (B) any then-outstanding debt or other obligations, and (C) such Additional Debt, all of which are to be paid, in whole or in part, from the Available Increment (Downtown) on parity with the Series 2012 Bonds, and (ii) the District will not issue any Additional Debt that is, with respect to any payments from or security interest in the Available Increment (Downtown), senior to the Series 2012 Bonds.

The District may issue Additional Debt to be paid, in whole or in part, from the Available Increment (Downtown) on parity with the Series 2012 Bonds for projects that may be located within or outside of the Downtown TIF Area. Of the parity lien projects described herein, Verizon Center, City Market at O Street, Shakespeare Theatre, and Howard Theatre are located within the Downtown TIF Area, while Capper/Carrollsborg, Southwest Waterfront, Arena Stage, and Rhode Island Metro Plaza are located outside the Downtown TIF Area.

The District's debt ceiling (the "Debt Ceiling") restricts the issuance of any tax-supported debt if such issuance would result in total debt service in the fiscal year of issuance, or any of the five succeeding fiscal years, on all outstanding tax supported debt exceeding 12% of annual District General Fund expenditures and transfers in any applicable fiscal year. The District's 12% Debt Ceiling limit (which includes TIF Bonds) is expected to constrain the issuance of additional District debt, including economic development debt in the near to foreseeable future, thus providing a limitation on the potential dilution of Available Increment (Downtown) set aside to pay debt service on the Series 2012 Bonds.

**Additional Projects in the
Downtown TIF Area:**

Pursuant to the Indenture, the District may allocate to any Future Downtown Project up to 100% of the Footprint Increment from such Future Downtown Project, and following the effective date of such allocation, such Footprint Increment for the Future Downtown Project will not be included in the Available Increment (Downtown), but only if, on the date of issuance of any bonds to be secured or paid from such Footprint Increment, there has been no failure to pay any principal of or interest on the Series 2012 Bonds and the District provides to the Trustee the report of an independent consultant, reasonably experienced in such matters, demonstrating that, as of the effective date of the allocation to the Future Downtown Project, the amount of the Available Increment (Downtown), less the Footprint Increment for such project, would be equal to at least one times combined maximum annual debt service on the Series 2012 Bonds and any other obligations of the District that also are to be paid, in whole or in part, from the Available Increment (Downtown) (without giving effect to any provisions for payment of principal or interest on different terms following any payment with respect to any of such obligations by any credit support provider for any such obligations) after giving effect to both (i) a 15% decline in total sales tax collections from the Downtown TIF Area and (ii) a simultaneous 30% decline in the total assessed value of Commercial Real Property (which means any parcel of taxable property other than owner-occupied residential property) within the Downtown TIF Area.

Ratings:

S&P, Moody's, and Fitch have assigned ratings of "A-," "A1," and "A+," respectively, to the Series 2012 Bonds. The outlook for each such rating is "stable," "negative," and "stable," respectively. See "RATINGS" herein.

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OFFICIAL STATEMENT
relating to

\$52,365,000
DISTRICT OF COLUMBIA
(Washington, D.C.)
Tax Increment Revenue Refunding Bonds
(Gallery Place Project),
Series 2012

INTRODUCTION

The District of Columbia (the “District”) has prepared this Official Statement in connection with the issuance and sale of \$52,365,000 aggregate principal amount of its Tax Increment Revenue Refunding Bonds (Gallery Place Project), Series 2012 (the “Series 2012 Bonds”).

This Official Statement consists of the cover page, inside cover page, the Table of Contents and each of the Appendices attached hereto. This Official Statement is dated as of the date set forth on the cover page. The Series 2012 Bonds may not be suitable for all investors. Prospective purchasers of the Series 2012 Bonds should read this Official Statement in its entirety. The descriptions and summaries of the various documents referred to herein do not purport to be comprehensive or definitive, and all such descriptions or summaries are qualified in their entirety by reference to the complete documents, copies of which are available for inspection in the designated office of the Trustee.

References herein to the “District” refer to the District of Columbia as a municipal corporation and references to the “District of Columbia” refer to the District of Columbia as a geographical location.

Certain financial and demographic information relating to the District is set forth in APPENDIX A. For a summary of certain definitions and provisions of the Indenture, see APPENDIX B.

Investor Relations. Investor information, including the District’s Comprehensive Annual Financial Reports (“CAFRs”), may be requested in writing from the Treasurer, Office of Finance and Treasury, 1101 Fourth Street, S.W., Suite 850, Washington, D.C. 20024, by phone at (202) 727-6055, by e-mail at dcinvestorrelations@dc.gov, or by fax at (202) 727-6963. Digital Assurance Certification, L.L.C. (“DAC”) is the disclosure dissemination agent for the District. DAC has agreed to promptly file with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system, upon receipt from the District, the District’s annual financial information and notices of events that are required by the Continuing Disclosure Agreement. See “CONTINUING DISCLOSURE.” Certain financial information with respect to the District may be obtained through DAC’s website at www.dacbond.com. Any such information speaks strictly as of its date and the District has undertaken no obligation to update such information.

GENERAL DESCRIPTION OF THE BONDS

Authorization

The Series 2012 Bonds are being issued pursuant to (i) the District of Columbia Home Rule Act, approved December 24, 1973, as amended (P.L. 93-198; 87 Stat. 774; D.C. Official Code §§ 1-201.01 et seq.) (the “Home Rule Act”), (ii) the “Tax Increment Financing Authorization Act of 1998” (D.C. Law 12-143, D.C. Official Code, §§ 2-1217.01 et seq.) and the acts amendatory and supplemental thereto (the “TIF Act”), (iii) the District of Columbia Tax Increment Revenue Bond Gallery Place Project Emergency Approval Resolution of 1999, Resolution No. 13-405, dated December 7, 1999 (“Resolution No. 13-405”), (iv) the Gallery Place Project Modification Emergency Approval Resolution of 2000, Resolution No. 13-713, dated November 8, 2000 (“Resolution No. 13-713”), (v) the Gallery Place Project Bond Maturity Modification Emergency Approval Resolution of 2000, Resolution No. 13-786, dated December 19, 2000 (“Resolution No. 13-786”), (vi) the Tax Increment Revenue Bond Downtown TIF Area Emergency Approval Resolution of 2001, Resolution No. 14-257, dated November 6, 2001 (“Resolution No. 14-257”), (vii) the District of Columbia Tax Increment Revenue Bond Downtown TIF Area Base Year Emergency Approval Resolution of 2002, Resolution No. 14-364, dated February 5, 2002 (“Resolution No. 14-364” and, together with Resolution No. 13-405, Resolution No. 13-713, Resolution No. 13-786 and Resolution No. 14-257, the “Gallery Place Resolutions”), and (viii) the Indenture of Trust between the District and U.S. Bank National Association, as trustee (the “Trustee”), dated as of June 1, 2012 (the “Indenture”).

Pursuant to the authority of the Home Rule Act, the TIF Act and the Gallery Place Resolutions, and in accordance with the provisions of the Master Trust Indenture dated as of April 1, 2002, by and between the District and Wells Fargo Bank Minnesota, N. A., as supplemented by the First Supplemental Trust Indenture between the District and Wells Fargo Bank Minnesota, N. A. (as supplemented, the “2002 Indenture”), on April 30, 2002, the District issued its Gallery Place Project Tax Increment Revenue Bonds, Series 2002 (the “Series 2002 Bonds”) in the initial aggregate principal amount of \$73,650,000. As of the date hereof, the Series 2002 Bonds (exclusive of those Series 2002 Bonds stated to mature on July 1, 2012) are outstanding in the aggregate principal amount of \$61,245,000. The Series 2002 Bonds are subject to redemption at the sole option of the District in whole or in part on or after July 1, 2012, at a redemption price of 100% of the principal amount thereof plus interest accrued to the redemption date.

The Home Rule Act, the TIF Act, and the Gallery Place Resolutions authorize the District to issue the Series 2012 Bonds. Upon the issuance of the Series 2012 Bonds and the funding of the Escrow Deposit Agreement, the Series 2002 Bonds will no longer be outstanding under the 2002 Indenture.

Purpose of the Issue

The District will issue the Series 2012 Bonds to (i) current refund, on July 1, 2012, those Series 2002 Bonds set forth in APPENDIX F (the “Refunded Bonds”), and (ii) pay the costs and expenses of issuing and delivering the Series 2012 Bonds.

THE SERIES 2012 BONDS

Description of the Series 2012 Bonds

The Series 2012 Bonds will be dated their date of delivery and will mature on the dates and in the amounts set forth on the inside front cover page of this Official Statement. Interest on the Series 2012 Bonds will be calculated based on a year of 360 days, consisting of twelve 30-day months, will accrue from their date of delivery, and will be payable semiannually on each June 1 and December 1 (each, an “Interest Payment Date”), commencing on December 1, 2012, to and including the date of maturity or prior redemption. Purchases of the Series 2012 Bonds will be made in book-entry form, in denominations of \$5,000 and integral multiples thereof (“Authorized Denominations”).

THE SERIES 2012 BONDS ARE SPECIAL OBLIGATIONS OF THE DISTRICT, ARE NON-RECOURSE TO THE DISTRICT, ARE NOT A PLEDGE OF, AND DO NOT INVOLVE, THE FAITH AND CREDIT OR THE TAXING POWER OF THE DISTRICT (OTHER THAN THE AVAILABLE TAX INCREMENT (GALLERY PLACE FOOTPRINT) AND THE AVAILABLE INCREMENT (DOWNTOWN)), DO NOT CONSTITUTE A DEBT OF THE DISTRICT, AND DO NOT CONSTITUTE LENDING OF THE PUBLIC CREDIT FOR PRIVATE UNDERTAKINGS AS PROHIBITED BY THE HOME RULE ACT. THE SERIES 2012 BONDS ARE PAYABLE SOLELY FROM THE AVAILABLE TAX INCREMENT (GALLERY PLACE FOOTPRINT) AND THE AVAILABLE INCREMENT (DOWNTOWN) AND ARE SECURED BY A PLEDGE OF THE TRUST ESTATE, ALL OF WHICH WILL, EXCEPT AS IS OTHERWISE EXPRESSLY AUTHORIZED BY THE INDENTURE, BE USED FOR NO OTHER PURPOSE THAN TO PAY PRINCIPAL OF, AND INTEREST ON, THE SERIES 2012 BONDS. THE DISTRICT WILL HAVE NO OBLIGATION TO MAKE ANY PAYMENTS ON THE SERIES 2012 BONDS, OTHER THAN THROUGH THE REMITTANCE OF THE AVAILABLE TAX INCREMENT (GALLERY PLACE FOOTPRINT) AND, IF REQUIRED, THE AVAILABLE INCREMENT (DOWNTOWN).

Redemption

The Series 2012 Bonds maturing on and after June 1, 2022, are subject to redemption prior to maturity on and after June 1, 2021, at the sole option and direction of the District, as a whole or in part at any time, at a Redemption Price (defined below) equal to 100% of the principal amount of the Series 2012 Bonds to be redeemed, plus accrued interest thereon to the date set for redemption.

“Redemption Price” means, when used with respect to any Series 2012 Bond or portion thereof to be redeemed, the principal amount of such Series 2012 Bond or such portion thereof payable upon redemption, premium, if any, on such Series 2012 Bonds, and accrued and unpaid interest on such Series 2012 Bonds to the applicable Redemption Date. “Redemption Date” means the date fixed for the redemption of Series 2012 Bonds subject to redemption as set forth in any notice of redemption given in accordance with the terms of the Indenture.

Selection of Series 2012 Bonds to Be Redeemed

If fewer than all of the Series 2012 Bonds are called for redemption, the Trustee will select or cause to be selected the particular Series 2012 Bonds or portions of Series 2012 Bonds to be redeemed by lot or in such other manner as the Trustee in its discretion may deem proper, provided that the portion of any Series 2012 Bond that will remain outstanding upon such redemption will be in a principal amount equal to an Authorized Denomination for such Series 2012 Bond and, in selecting Series 2012 Bonds for redemption, each Series 2012 Bond will be treated as representing that number of Series 2012 Bonds that is obtained by dividing the principal amount of such Series 2012 Bond by the smallest Authorized Denomination for such Series 2012 Bond.

Book-Entry-Only System

The Series 2012 Bonds will be issued as fully registered bonds, registered in the name of Cede & Co., as Registered Bondholder and nominee for The Depository Trust Company (“DTC”), New York, New York. Beneficial ownership interests in the Series 2012 Bonds will be available in book-entry-only form. Purchasers of beneficial ownership interests in the Series 2012 Bonds will not receive certificates representing their interests in the Series 2012 Bonds purchased. For more information on DTC and the Book-Entry-Only System, see “APPENDIX D – Book-Entry-Only System.”

Principal of, premium, if any, and interest on the Series 2012 Bonds are payable, so long as the Series 2012 Bonds are in book-entry form, through a securities depository as described in APPENDIX D.

None of the District, the Underwriters, or the Trustee has any responsibility or obligation to any Beneficial Owner (as defined in APPENDIX D) with respect to (i) the accuracy of any records maintained by DTC or any DTC participant, (ii) the distribution by DTC or any DTC participant of any notice that is permitted or required to be given to the owners of the Series 2012 Bonds, (iii) the payment by DTC or any DTC participant of any amount received with respect to the Series 2012 Bonds, (iv) any consent given or other action taken by DTC or its nominee as the owner of the Series 2012 Bonds or (v) any other related matter.

SOURCES AND USES OF BOND PROCEEDS

The sources and uses of the proceeds of the Series 2012 Bonds, and other funds, are set forth below:

Sources:

Principal Amount of Series 2012 Bonds	\$52,365,000.00
Original Issue Premium	5,899,130.50
Series 2002 Bonds Reserve Fund	5,206,171.97
Series 2002 Administrative Fund	<u>194,691.48</u>
Total Sources:	<u>\$63,664,993.95</u>

Uses:

Deposit to Escrow Deposit Agent pursuant to the Escrow Deposit Agreement ⁽¹⁾	\$62,880,810.00
Underwriters' Discount	396,605.00
Deposit to Costs of Issuance Fund ⁽²⁾	<u>387,578.95</u>
Total Uses:	<u>\$63,664,993.95</u>

-
1. The funds deposited with the Escrow Deposit Agent will be applied to the payment of the principal and interest of the Refunded Bonds being paid on July 1, 2012, pursuant to the Escrow Deposit Agreement.
 2. Includes, among other items, Trustee fees, legal fees (including Bond Counsel and Disclosure Counsel fees), Financial Advisory fees, rating agency fees, verification agent fees, and printing costs.

THE GALLERY PLACE PROJECT

The Gallery Place Project TIF Area

The Gallery Place Project TIF Area is located, principally, between 6th and 7th Streets, N.W., and between H Street, N.W. and the Verizon Center in Washington, D.C. The Gallery Place Project TIF Area is adjacent to the Gallery Place-Chinatown subway station, a major transfer station in the metrorail system of the Washington Metropolitan Area Transit Authority ("WMATA"). The Gallery Place-Chinatown subway station is a high passenger volume station with three lines passing through the station. In addition, 7th and H Streets, N.W., which form the western and northern boundaries of the Gallery Place Project TIF Area, are major transportation corridors through which a significant volume of vehicular traffic and a number of WMATA metrobus routes run.

In addition, the Gallery Place Project TIF Area is adjacent to the Verizon Center and four blocks from the Walter E. Washington Convention Center (the "Convention Center"). The Gallery Place Project TIF Area is close to various cultural attractions and museums, including the Smithsonian National Portrait Gallery and Smithsonian American Art Museum (one block away), the National Building Museum (two blocks away), the Federal Bureau of Investigation Museum (five blocks away), the National Law Enforcement Officer Memorial (three blocks away), the United States Navy Memorial (five blocks away), and is within walking distance of the Smithsonian Institution, which is located on the National Mall (six blocks away).

The Gallery Place Project TIF Area is located in the Downtown D.C. Business Improvement District, which (i) contains a mix of entertainment venues, retail establishments, restaurants, tourist destinations, and federal and District government offices, and (ii) is a high-density center for commuters, workers, residents and tourists within the District.

A map of the Gallery Place Project TIF Area is set forth as Figure 1 below on page 7.

Sources of Available Tax Increment (Gallery Place Footprint)

Available Tax Increment (Gallery Place Footprint) is paid by businesses and residences located within the Gallery Place Project TIF Area. The Gallery Place Project, completed in March 2005, is an approximately one million square foot mixed-use urban retail, entertainment, residential and office complex, which includes (i) approximately 200,000 square feet of retail space; (ii) approximately 190 market-rate condominium units located at 777 7th Street, N.W.; (iii) over 200,000 square feet of office space located at 616 H Street, N.W.; and (iv) a below-grade parking garage with almost 700 parking spaces (the “Gallery Place Project”). Major retail establishments are a 14-screen Regal cinema complex with almost 2,900 seats; Clyde’s, Bar Louie, Thai Chili and Zengo restaurants; Lucky Strike Bowling, Washington Sports Club, Bed, Bath & Beyond, Ann Taylor, City Sports and Urban Outfitters stores.

In 2009, an additional 300,000-square foot building at 700 6th Street, N.W. was completed in the Gallery Place Project TIF Area. The building’s primary use is office space, with retail space located on the ground floor.

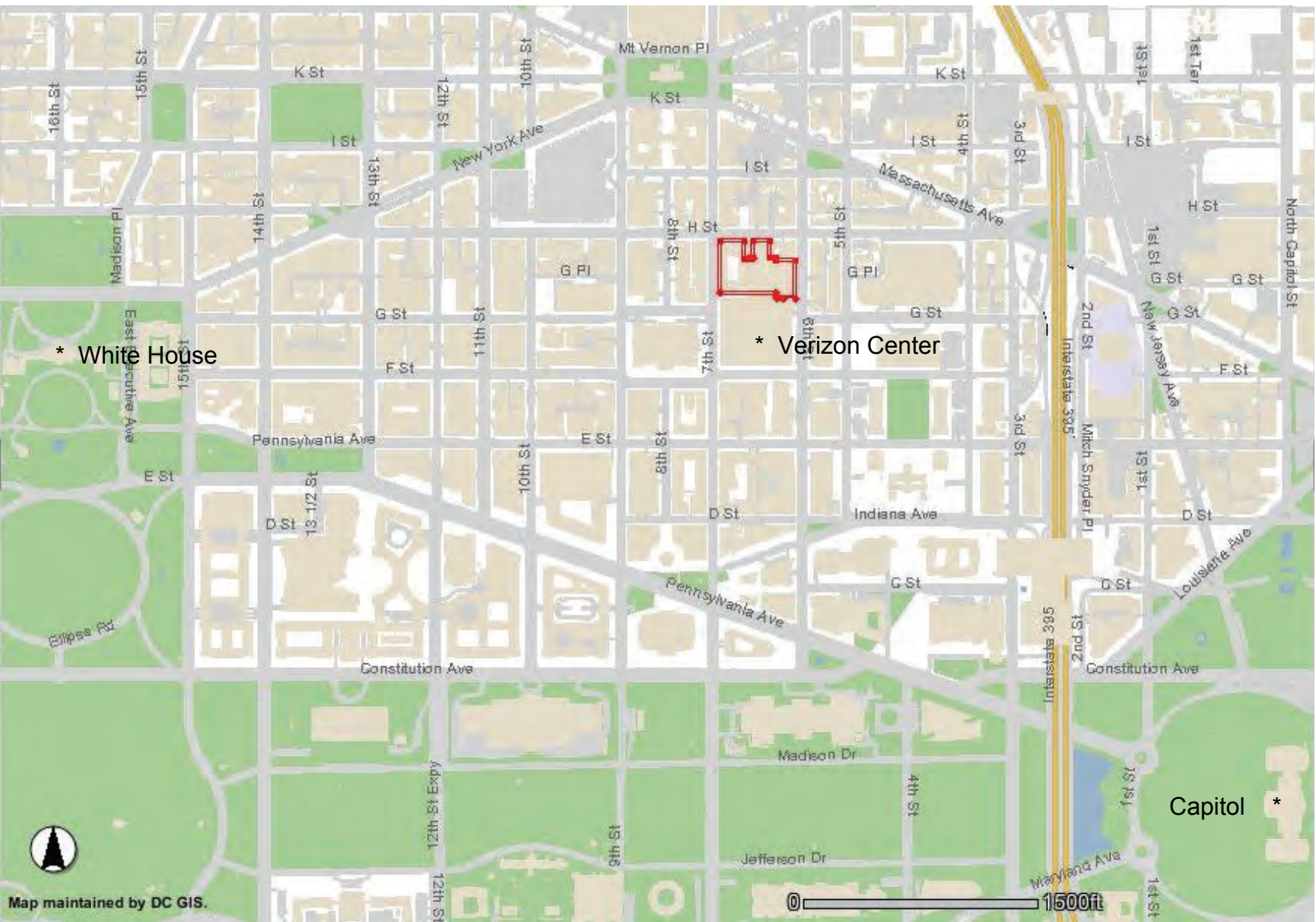
During fiscal year 2011, collections of sales tax increment from the retail establishments in the Gallery Place Project TIF Area totaled just over \$6.0 million and collections of real property tax increment from the Gallery Place Project TIF Area totaled approximately \$4.6 million.

For tax year 2012, the properties located within the Gallery Place Project TIF Area have an assessed value of approximately \$434.4 million, which is expected to produce real property tax increment collections of approximately \$6.0 million.

In February 2012, the Office of Tax and Revenue issued its proposed assessments for tax year 2013. Based on these proposed assessments, total assessments for all properties in the Gallery Place Project TIF Area were approximately \$513.0 million. The final assessments for tax year 2013 may be reduced during the appeals process. The owners of both 616 H Street, N.W. and 700 6th Street, N.W. (these two properties provided approximately 92% of the real property tax revenues for the Gallery Place Project TIF Area in tax year 2012) have filed first-level appeals of their proposed 2013 assessments. Currently, the Office of the Chief Financial Officer estimates that available real property tax increment collections from the Gallery Place Project TIF Area will be approximately \$6.5 million at the conclusion of the appeals process. The actual outcome of any assessment appeals and the magnitude of any assessment increases or reductions are unknown at this time. For more information on the real property tax assessment appeals process, see “REAL PROPERTY TAXES AND SALES TAXES OF THE DISTRICT - Real Property Taxes - *Appeals*.”

See Table 1 on page 11 for information on historical and projected collections of Available Tax Increment (Gallery Place Footprint) and the debt service coverage provided by such collections. Historical debt service coverage is shown for the Series 2002 Bonds and projected debt service coverage is shown for the Series 2012 Bonds.

Figure 1. Map of the Gallery Place Project TIF Area (outlined in red)



SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS

Sources of Payment

The Series 2012 Bonds are secured by a lien on and pledge of moneys pledged therefor pursuant to the Indenture, including (i) the Available Tax Increment (Gallery Place Footprint) (as defined below) and (ii) the moneys and investments on deposit in certain funds and accounts established under the Indenture (except the Rebate Fund). To the extent the Available Tax Increment (Gallery Place Footprint) is insufficient to pay principal and interest when due on the Series 2012 Bonds, the District will allocate the Available Increment (Downtown) (as defined below) to the payment of principal and interest when due on the Series 2012 Bonds. The allocation of the Available Increment (Downtown) is subordinate to certain claims and on parity with certain other claims as more fully described herein under “- Pledge of the Available Tax Increment (Gallery Place Footprint)” and “THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN).”

The Series 2012 Bonds are special obligations of the District, are nonrecourse to the District, do not constitute a pledge of or involve the full faith and credit or the taxing power of the District (other than the Available Tax Increment (Gallery Place Footprint) and Available Increment (Downtown)), and do not constitute debt of the District within the meaning of any debt or other limit prescribed by law, and will not constitute lending of the public credit for private undertakings as prohibited by the Home Rule Act.

The right of Bondholders to payment of principal of and interest on the Series 2012 Bonds is limited to payment from the Available Tax Increment (Gallery Place Footprint) and Available Increment (Downtown) to the extent described herein. Payment of the principal of and interest on the Series 2012 Bonds is not subject to annual appropriation by the Council of the District of Columbia (the “Council”) or the United States Congress (“Congress”).

Pledge of the Available Tax Increment (Gallery Place Footprint)

Pursuant to the Home Rule Act, the TIF Act, and the Gallery Place Resolutions, the District (i) established the Downtown TIF Area (as defined below), (ii) designated the Gallery Place Project site (the “Gallery Place Project TIF Area”) within the Downtown TIF Area, and (iii) allocated the Available Tax Increment (Gallery Place Footprint) to the Gallery Place Project. Pursuant to the Indenture, the District has pledged the Available Tax Increment (Gallery Place Footprint) to the payment of principal of, redemption premium, if any, and interest on the Series 2012 Bonds.

“Available Tax Increment (Gallery Place Footprint)” means, collectively, 100% of the real property tax increment and 100% of the sales tax increment attributable to the Gallery Place Project TIF Area, as allocated by the Gallery Place Resolutions to the Gallery Place Project.

Gallery Place Fund and Collection of Available Tax Increment (Gallery Place Footprint)

The District will take reasonable measures to collect the real property and sales taxes that constitute the source of the Available Tax Increment (Gallery Place Footprint). Pursuant to a Comprehensive Banking Services Contract (the “Collection Contract”) between the District and Wells Fargo Bank, N.A., as collection agent (the “Collection Agent”), dated December 16, 2010, the Home Rule Act, the TIF Act, and the Gallery Place Resolutions, the District will issue collection instructions to the Collection Agent (the “Collection Instructions”). The Collection Instructions will direct the Collection Agent to (i) establish the Gallery Place Fund as a nonlapsing fund for the deposit of the Available Tax Increment (Gallery Place Footprint) and hold such funds separate and apart from the General Fund of the District, (ii) immediately deposit all of the Available Tax Increment (Gallery Place Footprint) into the Gallery Place Fund, and (iii) on the last Business Day of each month, transfer all amounts in the Gallery Place Fund to the Trustee for payment of the Series 2012 Bonds.

The funds in the Gallery Place Fund may be used to (i) pay debt service on and secure repayment of the Series 2012 Bonds, including principal thereof and interest thereon, without the necessity of District appropriation and (ii) pay administrative expenses incurred in connection with the Series 2012 Bonds.

The Indenture grants the Trustee, on behalf of the holders of the Series 2012 Bonds, a first priority security interest in any amounts in the Gallery Place Fund to secure the payment of the principal of (including prepayments), interest on, and other amounts payable on, the Series 2012 Bonds.

Pursuant to the Indenture, while the Series 2012 Bonds are outstanding, any amount of the Available Tax Increment (Gallery Place Footprint) on deposit with the Trustee as of each June 15 (or if June 15 is not a Business Day, the next Business Day), after payment in full of all amounts due on the immediately preceding June 1 with respect to the principal or Redemption Price of and interest on the Series 2012 Bonds, will be transferred by the Trustee to the General Fund of the District. Such amounts transferred to the District will be net of any annual administrative expenses to be paid in connection with the Series 2012 Bonds.

For further discussion of the collection of real property and sales taxes that constitute the source of the Available Tax Increment (Gallery Place Footprint), see “REAL PROPERTY TAXES AND SALES TAXES OF THE DISTRICT – Collections.”

Table 1 on page 11 shows historical levels of the Available Tax Increment (Gallery Place Footprint) as collected in fiscal years 2007-2011. Table 1 also shows the Available Tax Increment (Gallery Place Footprint) projected to be collected in fiscal years 2012-2016 and expected to be available for the payment of principal of, redemption premium, if any, and interest on the Series 2012 Bonds. The historical and projected sales tax and real property tax components of the Available Tax Increment (Gallery Place Footprint) are provided for fiscal years 2009-2016 (comparable components for fiscal years 2007-2008 are not available).

Debt Service on the Series 2012 Bonds

The following table sets forth, for each year ending June 1, the amounts payable for principal of and interest on the Series 2012 Bonds.

<u>Maturity (June 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$1,910,000.00	\$2,401,533.33	\$4,311,533.33
2014	\$1,825,000.00	\$2,485,500.00	\$4,310,500.00
2015	\$1,900,000.00	\$2,412,500.00	\$4,312,500.00
2016	\$1,975,000.00	\$2,336,500.00	\$4,311,500.00
2017	\$2,075,000.00	\$2,237,750.00	\$4,312,750.00
2018	\$2,180,000.00	\$2,134,000.00	\$4,314,000.00
2019	\$2,290,000.00	\$2,025,000.00	\$4,315,000.00
2020	\$2,400,000.00	\$1,910,500.00	\$4,310,500.00
2021	\$2,520,000.00	\$1,790,500.00	\$4,310,500.00
2022	\$2,645,000.00	\$1,664,500.00	\$4,309,500.00
2023	\$2,780,000.00	\$1,532,250.00	\$4,312,250.00
2024	\$2,920,000.00	\$1,393,250.00	\$4,313,250.00
2025	\$3,065,000.00	\$1,247,250.00	\$4,312,250.00
2026	\$3,215,000.00	\$1,094,000.00	\$4,309,000.00
2027	\$3,380,000.00	\$933,250.00	\$4,313,250.00
2028	\$3,545,000.00	\$764,250.00	\$4,309,250.00
2029	\$3,725,000.00	\$587,000.00	\$4,312,000.00
2030	\$3,910,000.00	\$400,750.00	\$4,310,750.00
2031	\$4,105,000.00	\$205,250.00	\$4,310,250.00

Table 1. Available Tax Increment (Gallery Place Footprint) - Debt Service and Debt Service Coverage⁽¹⁾
(\$000s)

	Historical					FISCAL YEAR ENDING SEPTEMBER 30,					Projected				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sales Tax Component of Available Tax Increment (Gallery Place Footprint)	N/A	N/A	\$4,455 ⁽²⁾	\$3,895 ⁽²⁾	\$5,998 ⁽²⁾	\$5,960 ⁽³⁾	\$6,073 ⁽⁴⁾	\$6,298 ⁽⁴⁾	\$6,544 ⁽⁴⁾	\$6,838 ⁽⁴⁾					
Real Property Tax Component of Available Tax Increment (Gallery Place Footprint)	N/A	N/A	\$3,003 ⁽²⁾	\$4,042 ⁽²⁾	\$4,629 ⁽²⁾	\$6,028 ⁽⁵⁾	\$6,462 ⁽⁴⁾	\$6,656 ⁽⁴⁾	\$6,829 ⁽⁴⁾	\$7,007 ⁽⁴⁾					
Total Available Tax Increment (Gallery Place Footprint)	\$6,003 ⁽⁶⁾	\$7,064 ⁽⁶⁾	\$7,458 ⁽⁷⁾	\$7,936 ⁽⁷⁾	\$10,627 ⁽⁷⁾	\$11,988	\$12,535	\$12,954	\$13,373	\$13,845					
Debt Service on the Series 2002 Bonds	\$5,204	\$5,203	\$5,203	\$5,206	\$5,204	\$5,205	-	-	-	-					
Debt Service Coverage on the Series 2002 Bonds from the Available Tax Increment (Gallery Place Footprint)	1.15x	1.36x	1.43x	1.52x	2.04x	2.30x	-	-	-	-					
Debt Service on the Series 2012 Bonds ⁽⁸⁾	-	-	-	-	-	-	\$4,312	\$4,311	\$4,313	\$4,312					
Debt Service Coverage on the Series 2012 Bonds from the Available Tax Increment (Gallery Place Footprint)	-	-	-	-	-	-	2.91x	3.01x	3.10x	3.21x					

1. Amounts may not total due to rounding.
2. The figures for fiscal years 2009-2011 were obtained from District records.
3. The figure for fiscal year 2012 is based on projections of the Office of the Chief Financial Officer as incorporated in the revenue estimate of the District's Chief Financial Officer (the "CFO") dated February 29, 2012 (the "February Revenue Estimate").
4. The fiscal year 2013-2016 projections are based on the District-wide revenue estimate growth rates provided in the February Revenue Estimate.
5. The projected real property tax increment for fiscal year 2012 reflects an approximately \$62 million increase in Gallery Place Project TIF Area assessed value for tax year 2012 versus tax year 2011, which relates primarily to increased assessment at the Gallery Place Project TIF Area's most recently completed commercial building.
6. The figures for fiscal years 2007-2008 were obtained from District records, as filed pursuant to the District's continuing disclosure obligations for the Series 2002 Bonds, and were accounted for on a cash basis.
7. The figures for fiscal years 2009-2011 are accounted for on an accrual basis. These figures differ from those included in the District's annual continuing disclosure filings for those years, which were accounted for on a cash basis.
8. Debt service for the Series 2012 Bonds is calculated using the principal amount of \$52,365,000 and the maturity schedule and interest rates included on the inside cover of this Official Statement.

Available Increment (Downtown)

Downtown TIF Area. As more fully described herein under “THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN) – Background and General Description,” the Downtown TIF Area covers (i) approximately 2,500 acres primarily in the northwest quadrant of the District of Columbia, (ii) includes a substantial portion of the downtown area of the District of Columbia, (iii) includes the National Mall and the White House, and (iv) is located very near the District of Columbia’s geographical center. A map of the Downtown TIF Area is set forth as Figure 2 below on page 29.

Pursuant to the Indenture and to the extent the Available Tax Increment (Gallery Place Footprint) is insufficient to pay principal and interest when due on the Series 2012 Bonds, the District will allocate the Available Increment (Downtown) to the payment of principal and interest when due on the Series 2012 Bonds. The allocation of the Available Increment (Downtown) is subordinate to certain claims and on parity with certain other claims as more fully described herein under “THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN).”

Available Increment (Downtown). The Available Increment (Downtown) consists generally of (i) certain real property taxes and payments in lieu of real property taxes on commercial properties located within the Downtown TIF Area, exclusive of amounts pledged to general obligation debt of the District, in excess of the amounts generated by assessed values as of January 1, 1999, plus (ii) certain sales tax revenues generated in the Downtown TIF Area.

More specifically, “Available Increment (Downtown)” means, for any fiscal year, (i) the sum of (A) the Available Real Property Tax Increment, plus (B) the Available Sales Tax Increment, less (ii) any allocation of the Footprint Increment for any Downtown Project.

“Available Real Property Tax Increment” means, for any fiscal year of the District, 100% of the real property tax increment in respect of the Downtown TIF Area, being that portion of the real property tax levied pursuant to Chapter 8 of Title 47 of the D.C. Official Code and payments in lieu of real property taxes, exclusive of the Special Real Property Tax, attributable to the difference, if any, between the aggregate assessed value for such fiscal year of all lots of Commercial Real Property within the Downtown TIF Area and the assessed value of such lots in effect on January 1, 1999.

“Special Real Property Tax” means the portion of real property tax revenues applied to the payment of debt service on the District’s general obligation bonds, based upon the percentage of real property tax revenues needed from across the District to pay debt service on its general obligation bonds each year, as provided for in Section 481 of the Home Rule Act.

“Commercial Real Property” means any parcel of taxable property other than owner-occupied residential property. For residential property in the Downtown TIF Area, the Commercial Real Property definition includes only (i) residential rental properties that consist entirely of rental units and (ii) condominiums that are not owner-occupied. For condominiums in the Downtown TIF Area, the District uses its Real Property Tax Homestead Exemption (as defined below) designation to distinguish between residential properties that are owner-occupied and those used as rental properties. The District permits an owner of residential property that is owner-occupied to claim the Real Property Tax Homestead Exemption. In the Downtown TIF Area, the real property taxes collected from those residential properties that are not eligible for or do not claim the Real Property Tax Homestead Exemption are included in the calculation of Available Real Property Tax Increment. For more information on the District’s Real Property Tax Homestead Exemption, see “REAL PROPERTY TAXES AND SALES TAXES OF THE DISTRICT - Real Property Taxes - *Assessment*.”

“Available Sales Tax Increment” means, for any fiscal year of the District, 100% of the sales tax increment with respect to the Downtown TIF Area, being the revenues resulting from the imposition of tax on sales imposed pursuant to Chapter 20 of Title 47 of the D.C. Official Code, including penalties and interest charges, exclusive of the portion thereof required to be deposited on behalf of the Washington Convention and Sports Authority in the Washington Convention Center Fund established pursuant to D.C. Official Code § 10-1202.08 from sales at locations within the Downtown TIF Area in each fiscal year of the District, less the amount of sales tax revenues for such sales at such locations in fiscal year 1999.

“Downtown Project” means a project in the Downtown TIF Area, including any Future Downtown Project, to which a Footprint Increment is allocated pursuant to the TIF Act.

For a more detailed description of the District’s real property taxes and sales taxes, see “REAL PROPERTY TAXES AND SALES TAXES OF THE DISTRICT” herein.

Available Increment (Downtown) Not Subject to Appropriation. The use of the Available Increment (Downtown), if required to pay debt service on the Series 2012 Bonds, is not subject to appropriation by the Council or Congress.

Allocation of Available Increment (Downtown). To the extent necessary and to the extent authorized in the Home Rule Act and the TIF Act, the District will allocate the Available Increment (Downtown) to the payment of principal of and interest on the Series 2012 Bonds and other amounts owed with respect to the Series 2012 Bonds, and to cause such amounts of Available Increment (Downtown) to be transferred to the Trustee for deposit into the Debt Service Fund as described below. Notwithstanding anything in the Indenture to the contrary, no amount of the Budgeted Reserve (as described below) will be available for transfer, or will be transferred, to the Trustee as part of the Available Increment (Downtown). The District has agreed to take reasonable measures to collect the real property and sales taxes that constitute the source of the Available Increment (Downtown).

The Budgeted Reserve refers to an amount of funds that the District is required to set aside each year as a reserve, which is to be made available to support debt service on the Mandarin Oriental Bonds (as defined below). Prior to the issuance of the Series 2012 Bonds and the refunding of the Refunded Bonds, the Budgeted Reserve applied to both the Mandarin Oriental Bonds and the Series 2002 Bonds. The Series 2012 Bonds will not be secured by the Budgeted Reserve.

If the amounts transferred to the Trustee from the Gallery Place Fund (the “Transferred Amounts”) on the last Business Day of any April or October are insufficient, together with any other amounts in the Debt Service Fund, to pay the amounts due on the next Interest Payment Date, the Trustee will notify the District in writing within five days of the receipt of the Transferred Amounts stating the amount (the “Shortfall”) needed to make the required payment on such next Interest Payment Date. By not less than fifteen days prior to such next Interest Payment Date, the District will transfer to the Trustee from the Available Increment (Downtown) the amount of the Shortfall; provided that the District will have no obligation to make any such transfer from any source other than the Available Increment (Downtown).

For a more detailed explanation of the prior claim on real property taxes, payments in lieu of real property taxes and sales taxes in the Downtown TIF Area in favor of the holders of the Mandarin Oriental Bonds, see “THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN) – Senior Lien Project.”

Allocation on Parity with Certain Other Projects. The allocation of Available Increment (Downtown) (after satisfying the requirements of the Mandarin Oriental Hotel Project) to holders of the Series 2012 Bonds is on parity with the allocations of the Available Increment (Downtown) previously made in connection with the financing of other projects, and will be on parity with any such allocation to any future project. The District has issued debt, or approved the issuance of debt, payable from the Available Increment (Downtown) for the Shakespeare Theatre (such debt having been fully repaid), Verizon Center, Arena Stage, Capper/Carrollsborg, Rhode Island Metro Plaza, Howard Theatre, Southwest Waterfront, and City Market at O Street projects described herein.

Parity lien projects may be located within or outside of the Downtown TIF Area. Parity lien projects located in the Downtown TIF Area include Verizon Center, City Market at O Street, Shakespeare Theatre, and Howard Theatre. Parity lien projects located outside the Downtown TIF Area include Capper/Carrollsborg, Southwest Waterfront, Arena Stage, and Rhode Island Metro Plaza. See “THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN) – Parity Lien Projects.”

Footprint Increment and Additional Projects in the Downtown TIF Area. Pursuant to the Indenture, the District may allocate to any Future Downtown Project (as defined below) up to 100% of the Footprint Increment (as defined below) from such Future Downtown Project. Following the effective date of such allocation, such Footprint Increment for the Future Downtown Project will not be included in the Available Increment (Downtown). Such allocation of Footprint Increment for a Future Downtown Project may only occur if, on the date of issuance of any bonds to be secured or paid from such Footprint Increment, there has been no failure to pay any principal of or interest on the Series 2012 Bonds.

Furthermore, the District must provide to the Trustee the report of an independent consultant, reasonably experienced in such matters, demonstrating that, as of the effective date of the allocation to the Future Downtown Project, as stated in the applicable Council resolution, the amount of the Available Increment (Downtown), less the Footprint Increment for such project, would be equal to at least one times combined maximum annual debt service on the Series 2012 Bonds and any other obligations of the District (regardless of whether a project financed by any such obligation is within the Downtown TIF Area) that also are to be paid, in whole or in part, from the Available Increment (Downtown) after giving effect to both (i) a 15% decline in total sales tax collections from the Downtown TIF Area and (ii) a simultaneous 30% decline in the total assessed value of Commercial Real Property within the Downtown TIF Area. The foregoing analysis of the independent consultant shall not give effect to any provisions for payment of principal or interest on different terms following any payment with respect to any of such obligations by any credit support provider for any such obligations.

Once the obligations secured by the Footprint Increment are paid in full, the Footprint Increment will become Available Increment (Downtown) again. To date, the projects that have received the benefit of their own Footprint Increment are the Gallery Place Project, Mandarin Oriental Hotel Project, Verizon Center (as to a portion of sales tax increment only), the Convention Center Hotel Project, and the City Market at O Street Project. For a discussion of the Mandarin Oriental Hotel Project, Verizon Center, and the City Market at O Street Project, see “THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN) – Senior Lien Project” and “– Parity Lien Projects.” For a discussion of the Gallery Place Project, see “THE GALLERY PLACE PROJECT”.

“Future Downtown Project” means a project eligible for financing under the TIF Act located in the Downtown TIF Area.

“Footprint Increment” means for any fiscal year of the District, the sum of (i) up to 100% (as set forth in the resolution of the Council approving the applicable Downtown Project) of that portion of the

real property tax levied pursuant to Chapter 8 of Title 47 of the D.C. Official Code and payments in lieu of real property taxes, exclusive of the Special Real Property Tax, attributable to the difference, if any, between the aggregate assessed value during such fiscal year of all lots of Commercial Real Property included in the site of such Downtown Project and the aggregate assessed value of all lots of Commercial Real Property included in such site in effect on the effective date of the allocation to the Downtown Project as stated in the applicable Council resolution, plus (ii) up to 100% (as set forth in the resolution of the Council approving the applicable Downtown Project) of the tax revenues resulting from the imposition of the taxes imposed pursuant to Chapter 20 of Title 47 of the D.C. Official Code on sales at locations included in the site of such Downtown Project, including all penalties and interest charges, exclusive of the portion thereof required to be deposited on behalf of the Washington Convention and Sports Authority in the Washington Convention Center Fund established pursuant to D.C. Official Code § 10-1202.08, less the amount of the sales tax revenues from such sales at such locations for the fiscal year prior to the year in which the Council approves such Downtown Project.

Table 2 below shows historical levels of the Available Increment (Downtown) as collected in fiscal years 2007-2011. Table 2 also shows the Available Increment (Downtown) projected to be collected in fiscal years 2012-2016 and available to be allocated to the payment of principal and interest when due on the Series 2012 Bonds, to the extent the Available Tax Increment (Gallery Place Footprint) is insufficient for such payment. As noted above, the allocation of the Available Increment (Downtown) is subordinate to certain claims and is on parity with certain other claims as more fully described herein. The table also shows the debt service coverage for all parity lien projects, assuming that such projects generate no revenue from their respective Footprint Increments and must rely solely on the Available Increment (Downtown) to support their respective debt service payments.

Table 2. Available Increment (Downtown) - Debt Service and Debt Service Coverage⁽¹⁾
(\$000s)

	FISCAL YEAR ENDING SEPTEMBER 30,										
	Historical					Projected					
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	MADS - 2021 ⁽⁵⁾
Total Available Real Property Tax Increment ⁽²⁾	\$241,515	\$419,025	\$455,563	\$453,071	\$398,478	\$472,505	\$531,837	\$559,746	\$572,889	\$579,434	\$579,434
Total Available Sales Tax Increment ⁽²⁾	\$175,082	\$129,498	\$126,816	\$127,751	\$120,413	\$131,211	\$138,034	\$151,572	\$166,371	\$184,112	\$184,112
Total Available Increment (Downtown) ⁽²⁾	\$416,598	\$548,522	\$582,379	\$580,822	\$518,891	\$603,716	\$669,871	\$711,318	\$739,260	\$763,546	\$763,546
Debt Service on Mandarin Oriental Bonds	(\$4,504)	(\$4,509)	(\$4,509)	(\$4,504)	(\$4,504)	(\$4,504)	(\$4,509)	(\$4,504)	(\$4,509)	(\$4,504)	(\$4,509)
Debt Service on the Series 2002 Bonds	(\$5,204)	(\$5,203)	(\$5,203)	(\$5,206)	(\$5,204)	(\$5,205)	-	-	-	-	-
Total Available Increment (Downtown) available for Parity Lien Projects	\$406,890	\$538,810	\$572,667	\$571,113	\$509,184	\$594,007	\$665,362	\$706,814	\$734,751	\$759,042	\$759,037
Debt Service on all Parity Lien Projects ⁽³⁾	\$0	\$2,192	\$3,357	\$3,357	\$17,992 ⁽⁶⁾	\$5,414	\$10,394	\$23,282	\$14,552	\$24,602	\$30,368
Debt Service Coverage on all Parity Lien Projects, from the Available Increment (Downtown) only ⁽⁴⁾	N/A	245.9x	170.6x	170.1x	28.3x	109.7x	64.0x	30.4x	50.5x	30.9x	25.0x

1. Amounts may not total due to rounding.

2. Figures for fiscal years 2007-2011 were obtained from the annual certifications made by the Office of Revenue Analysis. Figures for fiscal years 2012-2016 are based on the February Revenue Estimate. No additional growth is assumed thereafter.

3. The projected debt service includes debt service for (i) the Series 2012 Bonds, (ii) the \$140 million outstanding principal amount of bonds and notes issued to finance parity lien projects, and (iii) the \$224 million of bonds and notes for parity lien projects that are authorized but not yet issued, such as the Southwest Waterfront Bonds (as defined below in "The Downtown TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN) - Parity Lien Projects").

4. The debt service coverage figures assume that all parity lien projects generate no revenues and must rely solely on the Available Increment (Downtown) to support their respective debt service payments.

5. MADS means maximum annual debt service. For the MADS column, (i) Total Available Increment (Downtown) is based on an assumption of 0% growth after 2016 and (ii) the debt service coverage figure assumes that all parity lien projects generate no revenues and must rely solely on the Available Increment (Downtown) to support all debt service payments.

6. There is a notable debt service increase for fiscal year 2011 due to the one-time balloon repayment of the TIF Note issued for the Shakespeare Theatre project.

Covenants and Agreements of the District

Additional Obligations. Pursuant to the Indenture, the District has covenanted that, after the issuance of the Series 2012 Bonds, (i) it will not issue any debt or other obligations (“Additional Debt”) to be paid, in whole or in part, from the Available Increment (Downtown) on parity with the Series 2012 Bonds unless the Available Increment (Downtown) for the fiscal year immediately preceding the issuance of such Additional Debt is not less than three times (3x) the maximum annual debt service on (A) the Series 2012 Bonds, (B) any then-outstanding debt or other obligations, and (C) such Additional Debt, all of which are to be paid, in whole or in part, from the Available Increment (Downtown) on parity with the Series 2012 Bonds, and (ii) it will not issue any Additional Debt that is, with respect to any payments from or security interest in the Available Increment (Downtown), senior to the Series 2012 Bonds.

Special Obligations. Pursuant to the Indenture, the District has covenanted that the Series 2012 Bonds are special obligations of the District, will be nonrecourse to the District, will not be a pledge of, and will not involve, the full faith and credit or the taxing power of the District (other than the Available Tax Increment (Gallery Place Footprint) and the Available Increment (Downtown)), will not constitute a debt of the District, and will not constitute lending of the public credit for private undertakings for purposes of Section 602(a) of the Home Rule Act.

Maintenance of Pledge. Pursuant to the Indenture, the District has pledged to and covenanted and agreed with the holders of any Series 2012 Bonds that, subject to the provisions of the Indenture, the District will not limit or alter the Gallery Place Fund pledged to secure the Series 2012 Bonds, will not in any way impair the rights or remedies of the holders of the Series 2012 Bonds, and will not modify in any way the Tax Exemption, until the Series 2012 Bonds, together with interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any suit, action or proceeding by or on behalf of the holders, are fully met and discharged. Except as set forth in the preceding sentence, the District will not make any pledge or assignment of or create or suffer any lien or encumbrance upon the Debt Service Fund or the Gallery Place Fund prior to or on parity with the pledge hereunder.

Collection of Available Tax Increment (Gallery Place Footprint). The District has covenanted to enforce its right to collect the Available Tax Increment (Gallery Place Footprint) by promptly pursuing or causing to be pursued remedies available to it in accordance with Chapter 13A of Title 47 of the D.C. Official Code.

Collection of Available Increment (Downtown). The District has agreed that it will take reasonable measures to collect the real property and sales taxes that constitute the source of the Available Increment (Downtown).

THE TIF PROGRAM AND CERTIFICATION PROCESS

The tax increment financing program (the “TIF Program”), which is administered jointly by the Office of the Chief Financial Officer and the Office of the Deputy Mayor for Planning and Economic Development, is among the District’s economic initiatives designed to help stimulate the expansion of commercial development, affordable housing, employment and other economic opportunities in various areas of the District of Columbia. Pursuant to the Home Rule Act, TIF Act and certain other acts, the District is authorized to issue and sell tax-exempt revenue bonds to finance development and redevelopment within a given TIF Area (as defined in the TIF Act). All or a portion of the Incremental Real Property Taxes (defined below) and Incremental Sales Taxes (defined below) within a TIF Area may be applied to the repayment of bonds issued by the District used to finance projects within each respective TIF Area (“TIF Bonds”).

For additional information on the TIF Program, see APPENDIX A – “THE DISTRICT OF COLUMBIA – Economic Development Initiatives of the District – Tax Increment Financings and PILOT Financings.”

Pursuant to the TIF Act, the District is authorized to dedicate Incremental Real Property Taxes and Incremental Sales Taxes (each as defined below) to the payment of debt service on TIF Bonds issued to finance certain eligible projects. The District also is authorized and directed to determine and certify, (i) the initial assessed value of each lot of taxable property within such TIF Area (collectively, the “Initial Assessed Property Value”) at the time specified in the legislation relating to the TIF Area and (ii) the amount of initial sales tax revenues generated by such TIF Area for the fiscal year preceding the year in which the TIF Area is established (the “Initial Sales Tax Revenue Amount”). From the date of approval of a TIF Area, (a) the difference in real property taxes assessed as a result of the difference between the Initial Assessed Property Value and the then current assessed property value of such TIF Area for a given year exclusive of amounts pledged to general obligation debt of the District (the “Incremental Real Property Taxes”), and (b) the difference between the Initial Sales Tax Revenue Amount and the sales tax revenues generated within a TIF Area for a given year (the “Incremental Sales Taxes”) are to be used for the payment of principal of, premium, if any, and interest on TIF Bonds used to finance projects within such TIF Area. The Incremental Sales Taxes are exclusive of an allocation for the benefit of WCSA, as successor to the Washington Convention Center Authority* (the “WCSA Allocation”). The amounts, if any, with respect to each TIF Area remaining at the end of each tax year, after provision for the payment of principal of, premium, if any, and interest due on bonds issued to finance improvements to a TIF Area, and after all reasonably required reserves and administrative fees have been paid, are to be paid into the General Fund of the District, unless otherwise directed by the District.

* On October 1, 2009, the Washington Convention Center Authority (“WCCA”) merged with the District of Columbia Sports and Entertainment Commission to form the Washington Convention and Sports Authority (“WCSA”), the successor to WCCA in right and time.

THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN)

Background and General Description

Pursuant to the TIF Act and the Gallery Place Resolutions, the District designated over 2,500 acres of its downtown and surrounding area as the Downtown TIF Area (the “Downtown TIF Area”). The Downtown TIF Area is located primarily in the northwest quadrant of the District of Columbia and covers a substantial portion of the downtown area of the District of Columbia. It includes the National Mall and the White House and is located very near the District of Columbia’s geographical center. The Available Increment (Downtown) is currently generated by over 13,000 taxable properties included in the Available Increment (Downtown) calculation, including, but not limited to: (i) 420 large commercial office buildings, which accounted for 66.2% of the assessed value of the Downtown TIF Area properties in fiscal year 2011; (ii) 84 hotels and/or motels, which accounted for 7.1% of the assessed value of the Downtown TIF Area properties in fiscal year 2011; (iii) 450 retail and restaurant properties, which accounted for 2.4% of the assessed value of the Downtown TIF Area properties in fiscal year 2011; (iv) 1,249 other commercial properties, which accounted for 11.3% of the assessed value of the Downtown TIF Area properties in fiscal year 2011; and (v) 11,452 residential rental properties that are included in the Available Increment (Downtown), which accounted for 13.0% of the assessed value of the Downtown TIF Area properties in fiscal year 2011. The assessed value of the Downtown TIF Area properties represents 33% of the 2011 total assessed valuation of all taxable properties within the District of Columbia. A map of the Downtown TIF Area is set forth below as Figure 2 on page 29.

A large amount of the Downtown TIF Area is devoted to public use – notably the National Mall, which extends from the Capitol to the Lincoln Memorial, and numerous governmental buildings. Such public use of real property yields no property taxes due to exemptions of various kinds, including exemption of property of the federal government. The remainder of the Downtown TIF Area has a predominance of office use, although most other general categories of urban use, with the exception of industrial, are represented.

The following table lists the top ten property owners in the Downtown TIF Area.

Table 3. Downtown TIF Area – Top Ten Property Owners

Name	Address	Fiscal Year 2011 Assessed Value	% of Downtown TIF Assessed Value
Manufacturers Life Insurance	555 12th St N.W.	\$ 440,137,000	1.0%
Carr CRHP Properties LLC	1835 I St N.W.	367,825,430	0.8%
Warner Investments LP	501 13th St N.W.	352,100,000	0.8%
David Nassif Associates	400 7th St S.W.	338,000,000	0.7%
Washington Square LP	1050 Connecticut Ave N.W.	318,484,490	0.7%
BP/CRF 901 New York Avenue LLC	901 New York Ave N.W.	296,746,980	0.6%
1301 K Street LP	1301 K St N.W.	296,687,690	0.6%
Parcel 49C Limited Partnership	445 12 St S.W.	275,505,550	0.6%
Ocean View Development Company LP	600 Maryland Ave S.W.	262,782,540	0.6%
Wells REIT/Independence Square LLC	300 E St S.W.	250,545,560	0.5%
Total		\$ 3,198,815,240	7.0%
Fiscal Year 2011 Assessed Value of Downtown TIF Area		\$45,835,547,919	

Order of Priority of Downtown TIF Area Revenues

Property and sales tax revenues generated from commercial properties in the Downtown TIF Area, including all base year, incremental, and Footprint Increment revenues, but excluding a fixed percentage of restaurant, alcoholic beverage, rental car, and hotel sales tax revenues, which is applied to debt service on the WCSA Bonds (as defined below), are allocated in the following order of priority:

First, that portion of base year and incremental real property tax revenues that are equal to the Special Real Property Tax for the payment of the Downtown TIF Area's share of debt service on the District's general obligation bonds;

Second, remaining base year revenues are allocated to general District purposes;

Third, that portion that constitutes Footprint Increment for each Downtown Project, to the account established for such project;

Fourth, to the payment of debt service on bonds issued to finance the Mandarin Oriental Hotel Project (to the extent that debt service is not covered by revenues from the Footprint Increment of the Mandarin Oriental Hotel Project) (no Future Downtown Projects will have this level of priority, which will be extinguished upon the final maturity of the Mandarin Oriental Bonds on July 1, 2022); and

Fifth, to the payment of debt service on bonds issued to finance other projects (both inside and outside the Downtown TIF Area) for which the District has pledged Available Increment (Downtown). The payment of debt service on the Series 2012 Bonds (to the extent that debt service is not covered by revenues from the Available Tax Increment (Gallery Place Footprint)) would fall into this fifth level of priority, on parity with all other bonds at this priority level.

Following the allocation of the "First" through "Third" priorities above, the remaining tax revenues generated from commercial properties in the Downtown TIF Area constitute the Available Increment (Downtown).

Following the issuance of the Series 2012 Bonds and the refunding of the Refunded Bonds, the real property and sales tax increments in the Downtown TIF Area will be pledged first only to the payment of debt service on bonds issued to finance the Mandarin Oriental Hotel Project (to the extent that debt service is not covered by revenues from the Footprint Increment of the Mandarin Oriental Hotel Project) prior to the allocation of the Available Increment (Downtown) to the payment of the Series 2012 Bonds and the other parity lien obligations referenced below under "- Parity Lien Projects."

Calculation of Available Increment (Downtown)

Tax Revenues from the Downtown TIF Area. Property tax revenues generated from the Downtown TIF Area include taxes on all commercial property in the area, including rental residential property but excluding allocation of the Footprint Increment with respect to certain Downtown Projects described herein. As seen in Table 5 below on page 23, assessed values on commercial properties in the Downtown TIF Area, net of Footprint Increment allocations, grew from \$27.5 billion in fiscal year 2003 to \$52.7 billion in fiscal year 2010, but declined to \$45.8 billion in fiscal year 2011.

Based upon District-wide estimates of real property tax revenues, the District's projections of Downtown TIF assessed values are expected to rise to \$49.0 billion in fiscal year 2012. The tax rate on commercial properties valued at \$3 million or more has remained at \$1.85 per \$100 over that time period;

the tax rate on commercial properties valued at less than \$3 million declined from \$1.85 to \$1.65 beginning in fiscal year 2009; the tax rate on rental residential property declined from \$0.96 in 2003 to \$0.88 in fiscal year 2007 and to \$0.85 in subsequent years.

Sales tax revenues include taxes on the sale of most tangible items, as well as taxes on parking, hotel rooms or other transient lodging, food for immediate consumption, and vehicle rentals. A fixed percentage of restaurant, alcoholic beverage, rental car and hotel sales tax revenues is applied to the WCSA Allocation. Sales tax collections, net of the WCSA Allocation, increased from \$265.5 million in fiscal year 2003 to \$403.0 million in fiscal year 2007 and then declined to \$355.6 million in fiscal year 2010 and \$348.3 million in fiscal year 2011. For more discussion regarding the WCSA Allocation, see “REAL PROPERTY TAXES AND SALES TAXES OF THE DISTRICT – Collections – WCSA Allocation.”

Base Year Revenues. A base level of \$13,809,663,000 of assessed value of commercial real property in the Downtown TIF Area was established as of January 1, 1999, and a base level of \$227,876,000 of sales taxes was established for the Downtown TIF Area during the District’s fiscal year 1999. The District retains the base level revenues annually for its general use. These amounts do not constitute Available Increment (Downtown) and are not available for the payment of principal of, premium, if any, or interest on the Series 2012 Bonds.

Special Real Property Tax. The District is required to dedicate a portion of real property tax collections (i.e., the Special Real Property Tax) in amounts sufficient to pay the principal of and interest on its general obligation bonds. The District’s Special Real Property Tax rate is set each September for the following real property tax year, which coincides with the District’s fiscal year. The District is obligated to establish a Special Real Property Tax rate calculated to yield sufficient funds to make required deposits to a debt service fund for the general obligation bonds (the “Special Real Property Tax Fund”). The percentage of real property tax collections that were dedicated to the payment of principal and interest on the District’s general obligation bonds declined from 70% in fiscal year 2001 to 20% in fiscal year 2011 and to 14% in fiscal year 2012. The decline in the Special Real Property Tax rate is due to both (i) increases in the District’s real property tax collections and (ii) the refinancing of a large portion of the District’s general obligation debt with income tax secured bonds. The Special Real Property Taxes do not constitute Available Increment (Downtown) and are not available for the payment of principal of, premium, if any, or interest on the Series 2012 Bonds.

The following table details the actual (2010 through 2012) and estimated (2013 through 2016) portion of the District’s real property tax collections for calculating the Special Real Property Tax for 2010 through 2016.

**Table 4. Special Real Property Tax Percentage
(\$000s)**

	2010 <small>(final rate)</small>	2011 <small>(final rate)</small>	2012 <small>(final rate)</small>	2013 <small>(estimated)</small>	2014 <small>(estimated)</small>	2015 <small>(estimated)</small>	2016 <small>(estimated)</small>
Expected District G.O. Debt Service	\$425,919	\$263,057	\$209,796	\$174,505	\$166,210	\$189,408	\$217,432
Estimated District Net Real Property Tax Revenue	\$1,738,471 ⁽¹⁾	\$1,571,051 ⁽¹⁾	\$1,832,888 ⁽¹⁾	\$1,916,607 ⁽²⁾	\$1,970,264 ⁽²⁾	\$2,015,132 ⁽²⁾	\$2,069,467 ⁽²⁾
Special Real Property Tax Percentage ⁽³⁾	28%	20%	14%	11%	10%	11%	13%

1. Based on revenue estimates as published at the end of the prior fiscal year.

2. Estimated net real property tax revenue based on the February Revenue Estimate.

3. The percentage is the portion of real property tax revenues necessary to pay general obligation debt service, after providing for, as a matter of current District policy, a minimum 1.15 coverage ratio. Such percentage is used to determine the Special Real Property Tax Rate.

The following table shows the historical and projected Available Increment (Downtown).

**Table 5. Total Available Increment (Downtown)
(\$000s)**

Historical⁽¹⁾	Assessed Value	Incremental Assessed Value	Allocation to General Obligation Debt	Commercial Rate per \$100⁽⁴⁾	Rental Residential Rate per \$100⁽⁴⁾	Available Real Property Tax Increment	Sales Tax Collections	Available Sales Tax Increment	Total Available Increment (Downtown)	% Change over Prior Year
		(A)	(B)			(C)				
(Base)	\$13,809,663						\$227,876			
2003	\$27,527,727	\$13,718,064	45%	\$1.85	\$0.96	\$128,011	\$265,474	\$37,598	\$165,609	
2004	\$28,585,731	\$14,776,068	45%	\$1.85	\$0.96	\$140,043	\$283,396	\$55,520	\$195,563	18%
2005	\$28,383,806	\$14,574,143	45%	\$1.85	\$0.96	\$171,977	\$323,146	\$95,270	\$267,247	37%
2006	\$32,479,306	\$18,669,643	45%	\$1.85	\$0.96	\$176,439	\$348,499	\$120,623	\$297,061	11%
2007	\$39,659,894	\$25,850,231	45%	\$1.85	\$0.88	\$241,515	\$402,959	\$175,082	\$416,598	40%
2008	\$49,659,045	\$35,849,382	32%	\$1.85	\$0.85	\$419,025	\$357,374	\$129,497	\$548,522	32%
2009	\$52,376,486	\$38,566,823	28%	\$1.85 ⁽²⁾	\$0.85	\$455,563	\$354,692	\$126,816	\$582,379	6%
2010	\$52,656,312	\$38,846,649	28%	\$1.85 ⁽²⁾	\$0.85	\$453,071	\$355,627	\$127,751	\$580,822	0%
2011	\$45,835,548	\$32,025,885	20%	\$1.85 ⁽²⁾	\$0.85	\$398,478	\$348,290	\$120,413	\$518,891	(11%)
Projected⁽³⁾										
2012	\$49,135,707	\$35,326,044	14%	\$1.85 ⁽²⁾	\$0.85	\$472,505 ⁽⁵⁾	\$359,087	\$131,211	\$603,716	16%
2013	\$52,231,257	\$38,421,594	11%	\$1.85 ⁽²⁾	\$0.85	\$531,837 ⁽⁵⁾	\$365,910	\$138,034	\$669,871	11%
2014	\$53,798,195	\$39,988,532	10%	\$1.85 ⁽²⁾	\$0.85	\$559,746 ⁽⁵⁾	\$379,448	\$151,572	\$711,318	6%
2015	\$55,196,948	\$41,387,285	11%	\$1.85 ⁽²⁾	\$0.85	\$572,889 ⁽⁵⁾	\$394,247	\$166,371	\$739,260	4%
2016	\$56,632,068	\$42,822,405	13%	\$1.85 ⁽²⁾	\$0.85	\$579,434 ⁽⁵⁾	\$411,988	\$184,112	\$763,546	3%

1. The 2003-2011 values are based on annual certifications by the CFO.
2. For properties over \$3 million. The rate for properties under \$3 million declined to \$1.65.
3. The 2012-2016 projections of Assessed Value and Sales Tax Collections are based on the February Revenue Estimate.
4. The rates set forth in these columns are the tax rates on Commercial Real Property (which is any parcel of taxable property other than owner-occupied residential property). The columns are separated in this table to show the different rates (i) for commercial property and (ii) for residential property that is not owner-occupied.
5. The Available Real Property Tax Increment figures for fiscal years 2012-2016 are estimated by assuming that the 2011 ratio of incremental real property tax revenue to incremental assessed value, which was 1.555297%, remains unchanged. In 2011, incremental real property tax revenues were approximately \$498,098, or 1.555297% of incremental assessed value of \$32,025,885. Of the \$498,098, 20% was allocated to general obligation debt and the remaining 80%, \$398,478, was allocated to Available Real Property Tax Increment. Available Real Property Tax Increment estimates for fiscal years 2012-2016 are likewise derived by applying the following formula [see column headings above]: $C = A (1-B) \times 1.555297\%$.

At the end of fiscal year 2011, the aggregate assessed value of taxable commercial property in the Downtown TIF Area was approximately \$45.8 billion, compared to a base value of approximately \$13.8 billion established as of January 1, 1999 for use in fiscal year 2000, representing an increase in incremental value of approximately \$32.0 billion. After applying the average applicable tax rate (1.56% for fiscal year 2011) and subtracting the amount of Available Increment (Downtown) necessary to pay debt service on the District's general obligation bonds, the amount of Available Real Property Tax Increment (other than Available Real Property Tax Increment derived from the Footprint Increments of the Gallery Place Project TIF Area or the Mandarin Oriental Hotel Project Area as discussed below) for fiscal year 2011 was approximately \$398.5 million. Additional projects that have been designated as Downtown Projects are the Convention Center Hotel Project and the City Market at O Street Project. Through fiscal year 2011, the Convention Center Hotel Project and the City Market at O Street Project have not generated any real property tax increment revenues. In future fiscal years, when these projects generate Footprint Increment, such projects' real property tax increment revenues will be excluded from Available Real Property Tax Increment.

At the end of fiscal year 2011, the sales tax collections in the Downtown TIF Area were approximately \$348.3 million (after accounting for \$62.6 million for the WCSA Allocation), compared to a base value of approximately \$227.9 million established in fiscal year 1999 for use in fiscal year 2000, which produced an amount of Available Sales Tax Increment (other than Available Sales Tax Increment derived from the Gallery Place Project TIF Area, the Mandarin Oriental Hotel Project Area and the Footprint Increment of the Downtown Projects as previously discussed herein) of approximately \$120.4 million. For fiscal year 2011, the Downtown Project exclusions included sales tax revenues pledged for the repayment of the Verizon Center Bonds (as defined below). Additional projects that have been designated as Downtown Projects are the Convention Center Hotel Project and the City Market at O Street Project. Through fiscal year 2011, the Convention Center Hotel Project and the City Market at O Street Project have not generated any sales tax increment revenues. In future fiscal years, when these projects generate Footprint Increment, such projects' sales tax increment revenues will be excluded from Available Sales Tax Increment.

The total amount of the Available Increment (Downtown) at the end of fiscal year 2011 was approximately \$518.9 million.

Senior Lien Project

In 2002, the District issued approximately \$46 million of current interest and capital appreciation tax increment bonds (the “Mandarin Oriental Bonds”) to assist with the financing of the Mandarin Oriental Hotel Project, which is a full service luxury hotel with certain ancillary uses and amenities located at 1330 Maryland Avenue, S.W. in the District of Columbia. The principal components of the hotel complex include: (i) a 400-guest room luxury hotel with associated convention, meeting and banquet space, (ii) two restaurants, (iii) a Mandarin Oriental Spa and Health Club with indoor pool, and (iv) an approximately 90,000 square foot parking garage.

The Mandarin Oriental Bonds consist of non-callable bonds, which will mature on July 1, 2021, and a term bond, which will mature on July 1, 2022. Approximately \$24.4 million of the Mandarin Oriental Bonds remain outstanding. Maximum annual debt service on the Mandarin Oriental Bonds is \$4,509,125. The Incremental Real Property Taxes and the Incremental Sales Taxes being generated at the Mandarin Oriental Hotel Project to date have been sufficient to fully cover debt service on, and other obligations relating to, the Mandarin Oriental Bonds.

Pursuant to the Gallery Place Resolutions, the District provided that the initial claim on the Available Increment (Downtown) each year is that amount, if any, needed to pay debt service on the Series 2002 Bonds and the Mandarin Oriental Bonds, in the event the revenues generated by the respective Footprint Increments in such year are not sufficient.

Parity Lien Projects

General. The District has previously financed projects in the Downtown TIF Area and has pledged their respective Footprint Increments to secure the bonds and notes issued for such projects. Thus, such Footprint Increments are excluded from Available Increment (Downtown). In addition, the District has previously financed projects outside the Downtown TIF Area and has pledged the Available Increment (Downtown) to such financings. The various projects, both within and outside the Downtown TIF Area, that are secured by Available Increment (Downtown) are described below.

In addition, the District may in the future finance additional projects in the Downtown TIF Area. The District could determine to pledge to such financings the Footprint Increments of such projects, with the result that such Footprint Increments would be excluded from Available Increment (Downtown). Furthermore, the District could finance additional projects outside the Downtown TIF Area for which it may pledge Available Increment (Downtown). The contractual limitations on the issuance of Additional Debt secured by the Available Increment (Downtown) are set forth above under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS - Covenants and Agreements of the District - *Additional Obligations.*” In addition, the Debt Ceiling, described below, could limit the issuance of Additional Debt.

Parity lien projects may be located within or outside of the Downtown TIF Area. Of the parity lien projects described below, Verizon Center, City Market at O Street, Shakespeare Theatre, and Howard Theatre are located within the Downtown TIF Area, while Capper/Carrollburg, Southwest Waterfront, Arena Stage, and Rhode Island Metro Plaza are located outside the Downtown TIF Area.

Shakespeare Theatre. In September 2006, the District issued a \$10 million TIF Note to the Shakespeare Theatre Company for construction of its Sidney Harman Hall project. The TIF Note principal and accrued interest was fully repaid in a lump sum payment on July 1, 2011, from the Available Increment (Downtown).

Verizon Center. The District and DC Arena L.P., a District limited partnership (“DC Arena”), entered into a Development Agreement, dated as of December 1, 2007, relating to the improvement, renovation and refurbishment of the approximately 20,000 seat Verizon Center (the “Verizon Center”) in the District of Columbia. In order to finance a portion of the costs and related expenses of improvements to the Verizon Center, the District issued two series of bonds in the aggregate principal amount of \$50 million (the “Verizon Center Bonds”), all of which are currently outstanding. The Verizon Center Bonds are to be repaid from a 4.25% sales tax added to ticket and merchandise sales at the Verizon Center. The Available Increment (Downtown) is a secondary payment source of debt service on the Verizon Center Bonds. Maximum annual debt service on the Verizon Center Bonds is \$4,688,417. The notes securing the Verizon Center Bonds mature in 2027 and 2047, respectively.

Arena Stage. The District and the Washington Drama Society, a District non-profit corporation doing business as Arena Stage (“Arena Stage”), entered into a Development Agreement, dated as of May 8, 2009, relating to the construction of a theater complex (the “Mead Center for American Theater”) in the District of Columbia. In order to finance a portion of the cost of construction of the Mead Center for American Theater and related costs, the District issued \$10 million in TIF Bonds (the “Waterfront Arts Project Bonds”), all of which are currently outstanding, and authorized the dedication of the Available Increment (Downtown) to the payment of debt service on the Waterfront Arts Project Bonds. The principal amount of the Waterfront Arts Project Bonds, together with interest accrued thereon, in the aggregate amount of \$12,590,000 matures during fiscal year 2014.

Capper/Carrollsborg. The District and the District of Columbia Housing Authority (“DCHA”), a District public benefit corporation, entered into a Development Agreement, dated as of March 1, 2010, relating to infrastructure improvements associated with DCHA’s Hope VI redevelopment project in the District of Columbia’s Southeast quadrant (the “Capper/Carrollsborg Project”). In order to (i) refinance certain outstanding indebtedness incurred by DCHA, (ii) reimburse DCHA for amounts expended to construct certain Hope VI redevelopment improvements, and (iii) provide funding for the construction of additional Hope VI redevelopment improvements, the District authorized \$55 million in PILOT revenue bonds and issued \$29 million of such authorized PILOT revenue bonds in the form of bond anticipation notes (the “Capper/Carrollsborg PILOT Notes”), all of which are currently outstanding. The District also authorized the dedication of the Available Increment (Downtown) to the payment of debt service on the Capper/Carrollsborg PILOT Notes. The \$29,580,000 Capper/Carrollsborg PILOT Notes, together with interest accrued thereon, mature on December 1, 2012. The District expects to refinance the Capper/Carrollsborg PILOT Notes prior to maturity.

Rhode Island Metro Plaza. The District and RI Station LLC, a District limited liability company, entered into a Development Agreement, dated as of March 1, 2010, relating to the construction of a mixed-use complex of 274 residential apartments, 70,000 square feet of retail space and a transit authority parking garage (the “Rhode Island Metro Plaza”) at the Rhode Island Metro station in the Northeast quadrant of the District of Columbia. In order to finance a portion of the cost of construction of the Rhode Island Metro Plaza and related costs, the District issued its PILOT Revenue Note (Rhode Island Metro Plaza Project) Series 2010 (the “Rhode Island Station PILOT Note”) in the principal amount of \$7.2 million, which is currently outstanding. On August 8, 2011, the District amended the Development Agreement and the Rhode Island Station PILOT Note to authorize the dedication of the Available Increment (Downtown) as a secondary source of payment of debt service on the Rhode Island Station PILOT Note. Annual debt service on the Rhode Island Station PILOT Note is \$611,949. The District’s pledge of the Available Increment (Downtown) to the payment of debt service on the Rhode Island Station PILOT Note expires on September 30, 2013.

Howard Theatre. The District and Howard Theatre Restoration, Inc., a District non-profit corporation, entered into a Development Agreement, dated as of May 1, 2011, relating to the renovation of a historic, District-owned theater (the “Howard Theatre”) in the District of Columbia’s U Street corridor and Shaw neighborhood. In order to finance a portion of the cost of renovation of the Howard Theatre and related costs, the District issued a \$4 million note (the “Howard Theatre Project Note”), which is currently outstanding, and authorized the dedication of the Available Increment (Downtown) to the payment of debt service on the Howard Theatre Project Note. Maximum annual debt service on the Howard Theatre Project Note is \$971,450, and the Howard Theatre Project Note matures in 2021.

Southwest Waterfront. The District has authorized the use of the Available Increment (Downtown) to support \$198 million of TIF/PILOT bonds to be issued to finance the redevelopment of the waterfront area in the Southwest quadrant of the District of Columbia (the “Southwest Waterfront Bonds”), including over 2 million square feet of mixed-use office, hotel, residential and commercial property. If issued, the Southwest Waterfront Bonds would be supported by the dedication of the Available Increment (Downtown) to the payment of debt service on the Southwest Waterfront Bonds.

The Southwest Waterfront Bonds are expected to be issued in phases upon completion of portions of the development, and the bond issuance amount is expected to be sized according to the projected revenues to be generated by the completed portion of the development. As further assurance that revenues from the development will be adequate to meet debt service on Southwest Waterfront Bonds, the authorizing legislation provides for a special assessment to be levied on all property in the development at a level sufficient to pay any shortfall in debt service on the Southwest Waterfront Bonds.

City Market at O Street. The District and City Market, LLC entered into a Development Agreement, dated as of September 23, 2010, relating to the City Market at O Street project, a 1 million square-foot urban infill project that will include 80,000 square feet of retail, 400 units of market rate rental housing, a 182-room limited service hotel, an 84-unit affordable senior housing building, a 145-unit condominium building, 489 underground parking spaces and common areas (the “City Market at O Street Project”). The City Market at O Street Project will be constructed and financed in two phases. In order to finance a portion of the first phase of construction (which will include the garage, retail, rental apartments, and hotel), the District issued \$38,650,000 in TIF Bonds (the “City Market at O Street Bonds”) in November 2011. All of the City Market at O Street Bonds are currently outstanding. The District has authorized the dedication of the Footprint Increment from the City Market at O Street TIF Area to the payment of debt service on the City Market at O Street Bonds and, as a secondary payment source, the Available Increment (Downtown). Maximum annual debt service on the City Market at O Street Bonds is \$2,978,156, and they mature each year from 2016 until 2041. Through fiscal year 2011, the City Market at O Street Project has not generated any real property tax increment revenues or sales tax increment revenues. In future fiscal years, when this project generates Footprint Increment, the project’s real property tax increment revenues and sales tax increment revenues will be excluded from Available Increment (Downtown).

District Debt Ceiling

The District's debt ceiling (the "Debt Ceiling") restricts the issuance of any tax-supported debt if such issuance would result in total debt service in the fiscal year of issuance, or any of the five succeeding fiscal years, on all outstanding tax supported debt exceeding 12% of annual District General Fund expenditures and transfers in any applicable fiscal year. The District's 12% Debt Ceiling limit (which includes TIF Bonds) is expected to constrain the issuance of additional District debt, including economic development debt in the near to foreseeable future, thus providing a limitation on the potential dilution of Available Increment (Downtown) set aside to pay debt service on the Series 2012 Bonds. For a more detailed description of the District's Debt Ceiling, please see "APPENDIX A" attached hereto.

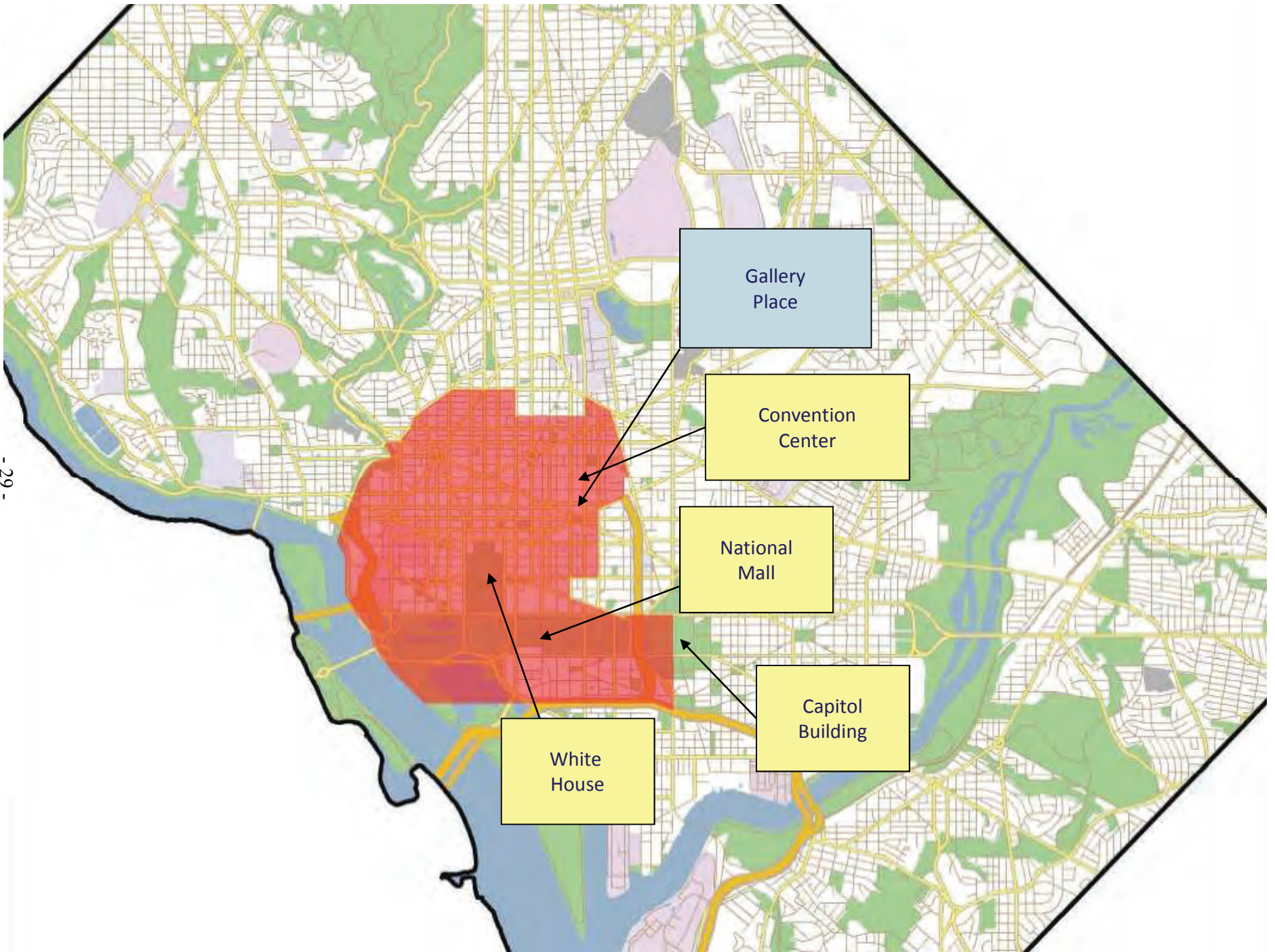


Figure 2. Map of the Downtown TIF Area (highlighted in red)

REAL PROPERTY TAXES AND SALES TAXES OF THE DISTRICT

Real Property Taxes

General. The District levies its real property tax pursuant to D.C. Official Code § 47-811. The Special Real Property Tax pledged to the payment of its general obligation debt is authorized by the Home Rule Act. There is no limitation in the Home Rule Act on the amount or rate of property tax levies. Since 1993, the District's real property tax year has been the 12-month period beginning October 1 and ending September 30, the same as the District's fiscal year. Real property taxes are due in semi-annual equal installments on March 31 and September 15 of each year.

Pursuant to D.C. Official Code § 47-812, the Council sets real property tax rates annually. The Council receives from the Mayor a recommendation regarding real property tax rates on or before September 15 of each year and is required to act by October 15 to establish the real property tax rate. The Home Rule Act also requires the Council to provide in each annual budget sufficient funds to pay principal of and interest on general obligation bonds and notes issued by the District under the Home Rule Act. If the Council does not enact the rates within the time limit provided by law or adopt a resolution extending such time limit, (i) real property tax rates in effect for the immediately preceding year remain in effect, and (ii) the Special Real Property Tax rates go into effect as calculated by the Mayor to yield (net of loss in collection) the principal and interest requirements of general obligation bonds. The Special Real Property Tax is collected at the same time as the real property tax.

Real Property Tax Rates. The District has established four classes of real property: (i) Class 1, which includes residential real property that is improved and whose legal use (or in the absence of use, its highest and best permitted legal use) is for nontransient residential dwelling purposes; (ii) Class 2, which consists of all real property not in Class 1, Class 3 or Class 4 property (being principally commercial real property); (iii) Class 3, which consists of all improved real property that appears on the list of registered vacant properties submitted semiannually by the Mayor to the Office of Tax and Revenue; and (iv) Class 4, which consists of all improved real property that appears on the list of blighted vacant properties submitted semiannually by the Mayor to the Office of Tax and Revenue. The effective rate for Class 1 property may be reduced in individual cases by exemptions and deductions. For example, Class 1 property owners over 65 whose annual adjusted gross income is less than \$100,000 are eligible for a 50% reduction in their real property taxes.

Historical and Current Real Property Tax Rates. The real property tax rates per \$100 of assessed value for the different classes of property for the tax years shown below are as follows:

Table 6. Real Property Tax Rates⁽¹⁾

<u>Tax Year</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Class 1	\$0.85	\$0.85	\$0.85	\$0.85
Class 2	\$1.65/\$1.85 ⁽²⁾	\$1.65/\$1.85 ⁽²⁾	\$1.65/\$1.85 ⁽²⁾	\$1.65/\$1.85 ⁽²⁾
Class 3	\$10.00	\$10.00	\$5.00	\$5.00
Class 4	N/A	N/A	\$10.00	\$10.00

1. The Special Real Property Tax is a component of these real property tax rates.

2. There is a split rate for Class 2 property of \$1.65 for each \$100 of assessed value for the first \$3 million of assessed value and \$1.85 for the portion of assessed value exceeding \$3 million.

Exemptions. The District is unique in that a relatively large proportion of real property is exempt from real property tax. The District is able to levy a real estate tax on approximately 63% of the total assessed value of real property within the District of Columbia. The remaining 37% of the real property tax base is exempt from real estate taxes because it is used by the U.S. government, District government, foreign governments, nonprofits, or other tax-exempt organizations.

Assessment. The assessed value of all real property is the estimated full market value of the property as of the January 1 preceding the fiscal year during which the property will be taxed. The District currently assesses real property on an annual basis.

For property owners entitled to claim an owner-occupancy residential tax credit, the first \$67,500 in value of real property that qualifies as a homestead is exempt from the real property tax (the “Real Property Tax Homestead Exemption”). In addition, the resultant “taxable assessment” of qualifying residential real property cannot, by law, increase by more than 10% from year to year, even though real property assessments will continue to be based upon the estimated market value, as required under District law. The amount of the Real Property Tax Homestead Exemption (\$67,500) will be adjusted upward by the annual increase in the Washington area consumer price index beginning in fiscal year 2013.

Appeals. Property owners may appeal the proposed assessed value of property by petitioning for an administrative review. The first-level administrative review provides an opportunity for considering information that may enhance the accuracy of the property assessment. A property owner may appeal the first-level administrative review determination to the Board of Real Property Assessments and Appeals (the “Board”). The petition for a first-level administrative review is a prerequisite for filing an appeal with the Board. The Board must hear and decide each appeal and present any revised assessment to the Office of Tax and Revenue.

If dissatisfied with the Board’s final determination, a property owner may then file suit for refund in the Superior Court of the District of Columbia (the “Superior Court”). To file suit for refund in the Superior Court, however, the property owner must first exhaust the administrative remedies, pay the tax and any interest and penalty thereon, and file a suit on or before September 30 of the year following the initial first-level administrative review.

The full appeal process can last approximately three to four years before a final decision is reached, depending on the circumstances of the appeal.

Delinquent Real Property Taxes. Taxes become delinquent upon the failure to timely pay any installment thereof. Delinquent real property taxes are subject to a penalty of 10% on the unpaid amount if payment is not received on or before the due date, and interest accrues at the rate of 1.5% per month on the amount due for each month or part thereof that the tax is delinquent. Real property taxes are due semi-annually on March 31 and September 15. Delinquent real property taxes subject the related property to an automatic lien, which is perfected whenever full payment, including penalty and interest, is not made on or before the due date of the applicable semiannual bill. The District's Office of Tax and Revenue, pursuant to D.C. Official Code § 47-1330 *et seq.*, holds an annual public auction of liens on delinquent commercial and residential real properties (including penalties and interest, if applicable) for the prior tax year(s).

Collections

General. All District real property taxes and sales taxes currently are collected by the Collection Agent. The portion of the real property tax constituting the Special Real Property Tax is pledged to the repayment of the District's general obligation bonds. Pursuant to the Collection Contract, the Collection Agent collects the real property tax and allocates the Special Real Property Tax to an account pledged to the holders of the District's general obligation bonds. The balance of the real property tax (the "General Real Property Tax") is transferred to the District and is part of the District's General Fund revenues. Instructions on the procedures to be followed in collecting and allocating the real property taxes are issued by the District to the Collection Agent in accordance with the Collection Contract.

WCSA Allocation. A portion of the District's sales and use tax on the gross receipts from hotel room sales and charges (4.45% of a total imposition of 14.50%), and a portion of the District's tax on gross receipts from restaurant, alcoholic beverages and rental car sales and charges (1.0% of a total imposition of 10.0%) (such portions, collectively, constituting the WCSA Allocation) are pledged to the repayment of the WCSA Bonds. Pursuant to the Collection Contract, the WCSA Allocation is allocated to the WCSA Dedicated Taxes Pledged Account on behalf of WCSA.

The "WCSA Bonds" include approximately \$492 million of bonds issued by the WCSA in 2007 and approximately \$250 million of bonds issued by the WCSA in October 2010.

The balance of these taxes, and the receipts from all other District sales taxes, are allocated to the District and are a part of the District's General Fund revenues. Detailed instructions on the procedures to be followed in collecting and allocating the sales taxes are issued by the District to the Collection Agent in accordance with the Collection Contract. For more information on the sales and use taxes, see "-- Sales Taxes." Pursuant to the Collection Contract, sales taxes remitted with returns which contain discrepancies (historically, approximately 10% of sales tax returns District-wide) are to be deposited in an Exceptions Account pending reconciliation, and are thereafter to be transferred to the appropriate accounts on a monthly basis.

Collection of TIF & Dedicated PILOT Revenues. The Collection Contract also provides for the collection and allocation of incremental real property tax revenues from designated TIF Areas and payments in lieu of taxes that are pledged to pay debt service on PILOT notes. Currently, there are 15 TIF Areas located in the District of Columbia and four areas subject to PILOT collections pledged for debt service (a "PILOT Area"). When the District certifies a new project in a TIF or PILOT Area, the District notifies the Collection Agent and supplies it with a new schedule reflecting the new TIF or PILOT Area, as applicable. The schedule provides the calculation of the initial real property assessed value and initial sales taxes with respect to the new project in the TIF or PILOT Area, as applicable.

Sales Taxes

Tax Rates. There is no limitation in the Home Rule Act on the amount or rate of sales tax that may be levied by the District. The District imposes its sales tax on the sale of most tangible items and on a wide array of services pursuant to D.C. Official Code § 47-2002. The District levies a general sales tax of 6.00% on the sale of tangible property, selected services and food sold in vending machines. Other sales and use tax rates range from 9.0% to 14.5%. A portion of these taxes, the WCSA Allocation, is dedicated to paying debt service on the WCSA Bonds. The sale or charge for parking and storing vehicles (other than at certain parking lots operated by the local transit authority) is taxed at a rate of 18%. The sales tax revenue from parking and storing vehicles is not included in the Available Increment (Downtown). The sale or charge for hotel rooms or other transient lodgings is taxed at a rate of 14.45%, including 4.45% for the WCSA Allocation. The sale or charge for food or drink prepared for immediate consumption, alcoholic beverages, and renting or leasing a vehicle is subject to a sales tax rate of 10%, including 1% for the WCSA Allocation.

Collection of Sales Tax. The District's sales tax is imposed on the vendors of items being taxed, is self-assessed by vendors, and paid by vendors on a monthly basis. Such taxes are remitted to the Collection Agent pursuant to the terms of the Collection Contract. See "-- Collections" above regarding discrepancies in sales tax returns.

Exemptions from Sales Tax. Most exemptions from the District's sales tax are based upon the identity of the purchaser. For example, sales to semipublic institutions* located in the District of Columbia that provide substantial benefits to the District of Columbia's citizens, the United States government, certain organizations that are exempt from federal taxation and sales of personal property to toll telecommunications companies are exempt from taxation. In addition, sales of certain categories of items are exempt from taxation, including prescription and non-prescription medications, medical devices used by individuals, food and drink provided to persons confined to their homes or to the residents and employees of a senior citizens' facility, residential cable television services, and printing services and materials used by publishers to produce newspapers distributed free of charge in the District of Columbia.

Remedies/Penalties for Failure to Pay Sales Tax. If it appears that a vendor has failed to pay all the sales taxes due and owing to the District, the District may determine the amount of sales tax due. The vendor may contest the District's determination and request a hearing to resolve the matter. After the hearing, the District must give notice of its final determination. If the vendor is found to owe additional sales taxes, penalties and interest are added to the amount of sales tax owed. Conversely, vendors may request a refund of sales taxes paid and if the District determines that sales taxes were overpaid by the vendor, the District will refund the overpaid sales taxes, with interest. Taxpayers may, within six months after a final determination of the amount of sales taxes owed, or a request for refund, file an appeal in the Superior Court contesting the amount of sales tax owed.

* "Semipublic institution" means any corporation, and any community chest, fund, or foundation, organized exclusively for religious, scientific, charitable, or educational purposes, including hospitals, no part of the net earnings of which inures to the benefit of any private shareholder or individual. D.C. Official Code § 47-2001(r).

Electronic Tax Collection Process

The District allows electronic filing of certain taxes (including sales, franchise and income tax) on a voluntary basis. The District mandates an electronic filing procedure for all Tax Increment Financings from a Project Area. The information that will be encoded with the filing includes taxpayer and address, place of business (for those taxpayers having multiple locations), account number, tax period, date of filing, amount owed and authorization for bank debit. The debit amount will be electronically remitted directly to the Collection Agent.

LITIGATION

There is no litigation pending against the District in any court or, to the knowledge of the Office of the Attorney General of the District of Columbia, threatened, which may have the effect of restraining or enjoining the issuance, delivery or payment of the Series 2012 Bonds or the performance of the obligations of the District or the Mayor under the Indenture, the Series 2012 Bonds, the Gallery Place Resolutions, or the TIF Act, which would have a material adverse impact on the obligations of the District or the Mayor under the Series 2012 Bonds, which contests the District's right to enter into any agreement in connection with the authorization, issuance or sale of the Series 2012 Bonds, or which in any way contests or may call into question the District's authority to impose and collect the Available Tax Increment (Gallery Place Footprint) or the Available Increment (Downtown) or the validity or enforceability of (i) the Series 2012 Bonds, (ii) the Gallery Place Resolutions, or (iii) the TIF Act or the obligations of the District or the Mayor thereunder.

There is no litigation pending in any court, or to the knowledge of the Office of the Attorney General of the District of Columbia, threatened, which would have a material adverse impact on the District's ability to repay the Series 2012 Bonds or the District's long term financial condition.

TAX MATTERS

Federal Income Taxation

In the opinion of Venable LLP, Bond Counsel to the District, under existing law, assuming continuous compliance by the District with its covenants to comply with the provisions of the Code as more fully described below, interest on the Series 2012 Bonds (a) is excludable from gross income for Federal income tax purposes, and (b) is not an enumerated item of tax preference or adjustment for purposes of the Federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the Federal alternative minimum tax imposed on corporations.

The provisions of the Code include several restrictions that must be met simultaneously with or subsequent to the delivery or issuance of the Series 2012 Bonds, some of which must be complied with throughout the term of the Series 2012 Bonds, in order for the interest on the Series 2012 Bonds to be and remain excludable from gross income for Federal income tax purposes. Such restrictions include, among other things, limitations on the yield of investments acquired with gross proceeds of the Series 2012 Bonds and the periodic payment to the United States of specified portions of arbitrage profit derived from such investments.

In order to comply with the requirements of the Code, the District has adopted resolutions and will execute and deliver a Tax Certificate and Compliance Agreement (“Tax Agreement”) on the date of delivery of the Series 2012 Bonds. The covenants and agreements in the Tax Agreement are designed to satisfy the requirements of Section 103 and Sections 141 through 150, inclusive, of the Code, and the income tax regulations issued thereunder. In the opinion of Bond Counsel, the covenants and agreements in the Tax Agreement are sufficient to meet the requirements of Section 103 and Sections 141 through 150 of the Code (to the extent applicable to the Series 2012 Bonds). However, Bond Counsel assumes no responsibility for, and will not monitor, compliance with the covenants and agreements in the Tax Agreement. In the event of noncompliance with such covenants and agreements, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2012 Bonds from becoming includable in gross income for Federal income tax purposes retroactively to the date of issue.

Interest on the Series 2012 Bonds may also be included with the “dividend equivalent amount” for purposes of determining the branch profits tax imposed by the Code on certain foreign corporations conducting a trade or business in the United States. Other Federal income tax consequences may arise from ownership of the Series 2012 Bonds, and in connection therewith, attention is directed to the following provisions of the Code: (a) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2012 Bonds or, in the case of a financial institution, that portion of a holder’s interest expense allocated to interest on the Series 2012 Bonds, (b) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Series 2012 Bonds, (c) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on obligations such as the Series 2012 Bonds, and (d) for S corporations having subchapter C earnings and profits, the receipt of certain amounts of passive investment income, which includes interest on the Series 2012 Bonds, may result in the imposition of income tax on such passive investment income and, in some cases, loss of S corporation status. The foregoing is only a general summary of certain provisions of the Code and does not purport to be complete; prospective purchasers and holders of the Series 2012 Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

The initial public offering price of some of the Series 2012 Bonds may be less than the amount payable on those Series 2012 Bonds at maturity. The excess, if any, of the amount payable at maturity of a Series 2012 Bond over the initial public offering price at which a substantial amount of the same maturity of the Series 2012 Bonds was sold constitutes original issue discount for Federal income tax purposes (“OID”). The full amount of OID will accrue over the term of the Series 2012 Bond in accordance with a constant yield method (using semi-annual compounding) which allocates smaller portions of OID to earlier semi-annual compounding periods and larger portions of OID to later semi-annual compounding periods. In the case of an original or a subsequent holder of a Series 2012 Bond, the amount of OID which is treated as having accrued with respect to the Series 2012 Bond during the period that the holder has held it (a) is not included in the gross income of the holder for Federal income tax purposes, and (b) is included in the cost basis of the holder in determining, for Federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). Holders of Series 2012 Bonds should consult their tax advisors with respect to the determination, for Federal income tax purposes, of OID accrued upon the sale, redemption or payment at maturity of the Series 2012 Bonds.

A Series 2012 Bond will be considered to have been issued at a premium if, and to the extent that, the holder's tax basis in the Series 2012 Bond exceeds the amount payable at maturity. The holder will be required to reduce his tax basis in the Series 2012 Bond for purposes of determining gain or loss upon disposition of the Series 2012 Bond by the amount of amortizable bond premium that accrues (determined on a constant yield method) during the period of ownership. No deduction (or other tax benefit) is allowable in respect of any amount of amortizable bond premium on the Series 2012 Bonds. Holders of Series 2012 Bonds should consult their tax advisors with respect to the determination and treatment of premiums for Federal income tax purposes.

Prospective purchasers of the Series 2012 Bonds should consider possible state and local, excise, or franchise tax consequences arising from OID on such Bonds. In addition, prospective corporate purchasers of the Series 2012 Bonds should consider possible Federal income tax consequences arising from OID on such Bonds under the alternative minimum tax and the branch profits tax described above.

The Internal Revenue Service (the "Service") has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for Federal income tax purposes. If the Service does audit the Series 2012 Bonds, under current Service procedures, the Service will treat the District as the taxpayer and the beneficial owners of the Series 2012 Bonds will have only limited rights, if any, to participate in the audit process.

Interest paid on Series 2012 Bonds is subject to information reporting for Federal income tax purposes in a manner similar to interest paid on taxable obligations. This reporting requirement does not in and of itself affect or alter the excludability of such interest from gross income for Federal tax purposes or any other Federal tax consequences of purchasing, holding or selling tax-exempt obligations.

Legislative proposals presently before Congress or that are introduced after issuance and delivery of the Series 2012 Bonds, if enacted, could alter or amend one or more of the federal tax matters referred to above and/or adversely affect the market value of the Series 2012 Bonds. For example, during September of 2011 the American Jobs Act of 2011 (the "Proposed Act") was introduced in Congress. The Proposed Act includes a provision that, if enacted as introduced, would limit the amount of exclusions (including tax-exempt interest, such as interest on the Series 2012 Bonds) and deductions that certain high income taxpayers could use to reduce their income tax liability for taxable years beginning on or after January 1, 2013, and accordingly, the Proposed Act could affect the market price or marketability of the Series 2012 Bonds. It cannot be predicted whether or in what form any such proposal may be enacted, and there can be no assurance that any such proposal would not apply to Series 2012 Bonds issued prior to the enactment of such proposal. Accordingly, prospective purchasers of the Series 2012 Bonds should consult with their tax advisors as to the status and potential effect of such proposals.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete; holders of the Series 2012 Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

State and Local Taxation

In the opinion of Bond Counsel, under existing law of the District, the Series 2012 Bonds and interest on the Series 2012 Bonds are exempt from taxation by the District, except for estate, inheritance and gift taxes. Interest on the Series 2012 Bonds may be subject to state or local income taxes in jurisdictions other than the District under applicable state or local tax laws. Prospective purchasers of the Series 2012 Bonds should consult their own tax advisors with respect to the state and local tax consequences of ownership of the Series 2012 Bonds, including the taxable status of the Series 2012 Bonds and the interest payable on such obligations, in a particular state or local jurisdiction other than the District.

FINANCIAL ADVISORS

First Southwest Company, Dallas, Texas (“First Southwest”), and Public Financial Management, Inc., Philadelphia, Pennsylvania (“PFM”), serve as financial advisors to the District with respect to the issuance of the Series 2012 Bonds (collectively, the “Financial Advisors”). In connection with the issuance of the Series 2012 Bonds, the Financial Advisors have provided certain services to the District and have assisted in the preparation of this Official Statement. The Financial Advisors have not undertaken to make an independent verification of, or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in the Official Statement. PFM is an advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

The Financial Advisors have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisors do not guarantee the accuracy or completeness of such information.

The Financial Advisors do not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Series 2012 Bonds, or the possible impact of any present, pending, or future actions taken by the legislature or judicial bodies.

The Financial Advisors’ fees for services rendered with respect to the sale of the Series 2012 Bonds are contingent upon the issuance and delivery of the Series 2012 Bonds.

LEGAL INVESTMENT IN DISTRICT OBLIGATIONS

Section 486 of the Home Rule Act (D.C. Official Code § 1-204.86) provides that, notwithstanding any restriction on the investment of funds by fiduciaries contained in any other District law, domestic insurance associations, executors, administrators, guardians, trustees and other fiduciaries within the District of Columbia may legally invest any sinking funds, moneys, trust funds or other funds belonging to them or under or within their control in any bond issued in accordance with the Home Rule Act. Section 486 of the Home Rule Act also provides that all federal building and loan associations and federal savings and loan associations and banks, trust companies, building and loan associations and savings and loan associations, domiciled in the District of Columbia, may purchase, sell, underwrite, and deal in, for their own account or for the account of others, all bonds issued in accordance with the Home Rule Act.

LEGAL MATTERS

The validity of the Series 2012 Bonds and certain other legal matters are subject to the approving opinion of Venable LLP, Washington, D.C., Bond Counsel to the District. The proposed form of Bond Counsel opinion is set forth as APPENDIX C hereto.

Certain legal matters will be passed on for the District by the Office of the Attorney General of the District of Columbia. Hawkins Delafield & Wood LLP, Washington, D.C., Disclosure Counsel to the District, will deliver an opinion regarding certain matters to the District and the Underwriters. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Orrick Herrington & Sutcliffe LLP, Washington, D.C., and Lewis & Munday, A Professional Corporation, Washington, D.C.

CONTINUING DISCLOSURE

The District will undertake in a Continuing Disclosure Agreement to assist the Underwriters (as hereinafter defined) in complying with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "SEC") and as in effect on the date hereof, by providing annual financial information, operating data and material event notices required by the Rule. As described in APPENDIX E, such undertaking requires the District to provide only limited information at specified times. DAC is disclosure dissemination agent for the District.

The District is required to provide, by no later than five months after the end of its fiscal year (i.e., by March 1), financial information and operating data on an annual basis pursuant to continuing disclosure agreements entered into in connection with prior issuances of bonds and general obligation bonds. That financial information and operating data is contained in the CAFR, and accordingly the District satisfies its continuing disclosure agreement by filing its annual CAFR. The fiscal year 2007 CAFR was not released until March 31, 2008, and was provided to the national repositories at that time. The District had notified the national repositories prior to March 1 that the annual filing of the fiscal year 2007 CAFR would be delayed.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters (as defined below) on behalf of the District relating to the escrow cash deposit to pay the principal and interest on the Refunded Bonds to their redemption dates was examined by AMTEC. Such computations were based solely upon assumptions and information supplied by the Underwriters.

RATINGS

Standard & Poor's Ratings Services ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings, Inc. ("Fitch") have assigned ratings of "A-," "A1," and "A+," respectively, to the Series 2012 Bonds. The outlook for each such rating is "stable," "negative," and "stable," respectively. A rating, including any related outlook with respect to potential changes in such rating, reflects only the view of the rating agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2012 Bonds. An explanation of the procedure and methodology used by each rating agency and the significance of the ratings may be obtained from Standard & Poor's Ratings Services, 55 Water Street, New York, New York; Moody's Investors Service, Inc., 7 World Trade Center, New York, New York; and Fitch Ratings, Inc., One State Street Plaza, New York, New York. Such ratings may be changed at any time and no assurance can be given that they will not be revised, downgraded or withdrawn entirely by any such rating agencies. Any such downgrade, revision or withdrawal of a rating may have an effect on the market price of or market for the Series 2012 Bonds. The District furnished to the rating agencies identified above the information contained in this Official Statement and certain other materials and information about the District, the Gallery Place Project TIF Area, and the Downtown TIF Area. Generally, a rating agency bases its rating on such materials and information, as well as investigations, studies and assumptions by the rating agency.

UNDERWRITING

The underwriters identified on the cover of this Official Statement (the "Underwriters") have agreed to purchase the Series 2012 Bonds from the District at an aggregate price of \$57,867,525.50, reflecting the aggregate principal amount of the Series 2012 Bonds of \$52,365,000.00 less the Underwriters' discount of \$396,605.00 plus the original issue premium of \$5,899,130.50. The obligations of the Underwriters to purchase the Series 2012 Bonds are subject to certain terms and conditions set forth in the Bond Purchase Agreement relating to the Series 2012 Bonds dated June 7, 2012, between the District and the Underwriters. The Series 2012 Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial public offering price, and such initial offering price may be changed from time to time, by the Underwriters.

TD Securities, one of the Underwriters, has entered into a negotiated dealer agreement (the "Dealer Agreement") with TD Ameritrade for the retail distribution of certain securities offerings, including the Series 2012 Bonds, at the original issue prices. Pursuant to the Dealer Agreement, TD Ameritrade will purchase the Series 2012 Bonds from TD Securities at the original issue prices less a negotiated portion of the selling concession applicable to any of the Series 2012 Bonds that TD Ameritrade sells.

EXECUTION OF OFFICIAL STATEMENT

This Official Statement has been approved by the District for distribution to prospective purchasers of the Series 2012 Bonds.

DISTRICT OF COLUMBIA

By: /s/ Natwar M. Gandhi
Natwar M. Gandhi
Chief Financial Officer

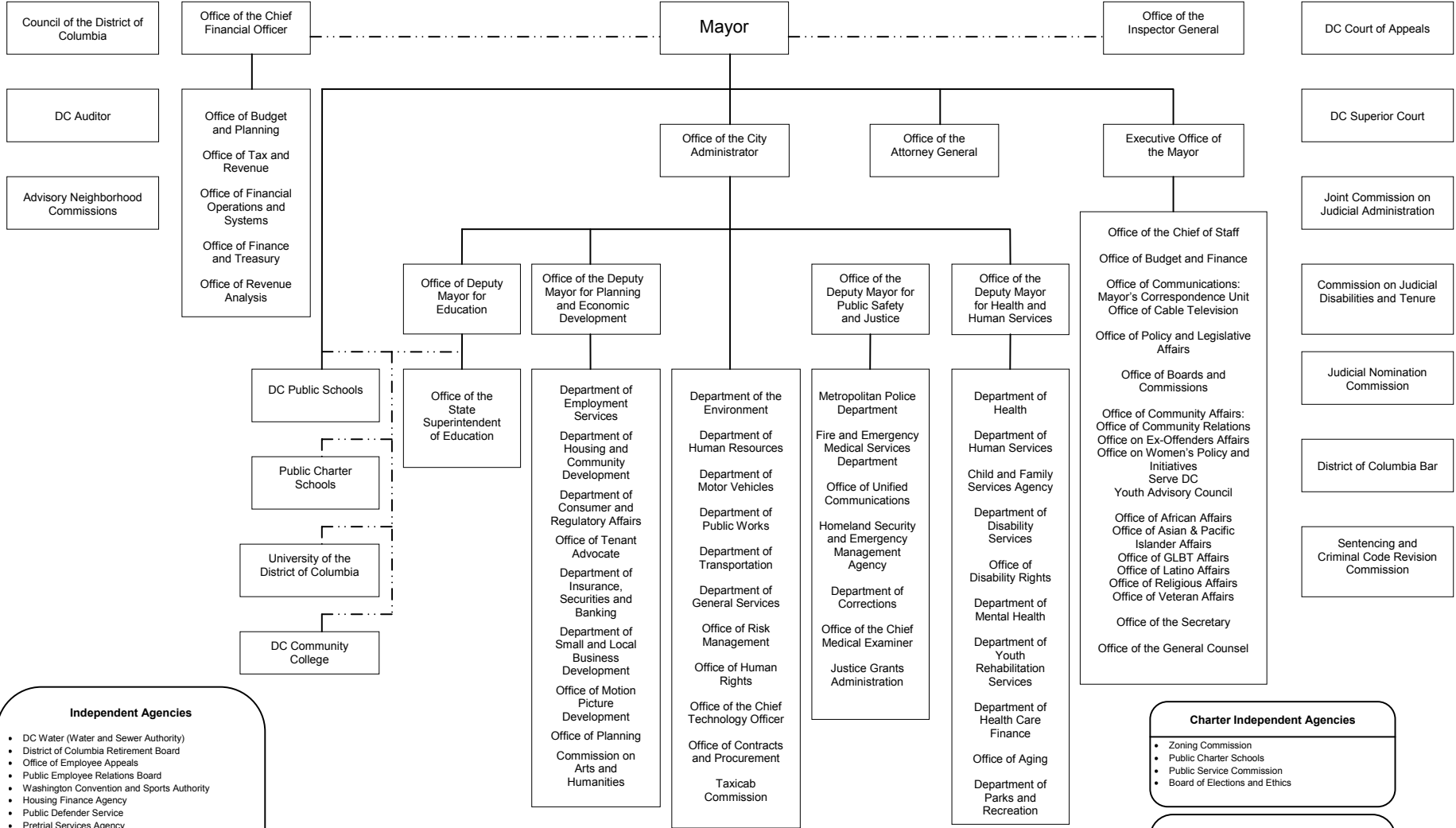
APPENDIX A
THE DISTRICT OF COLUMBIA

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LEGISLATIVE BRANCH

EXECUTIVE BRANCH

JUDICIAL BRANCH



- Independent Agencies**
- DC Water (Water and Sewer Authority)
 - District of Columbia Retirement Board
 - Office of Employee Appeals
 - Public Employee Relations Board
 - Washington Convention and Sports Authority
 - Housing Finance Agency
 - Public Defender Service
 - Pretrial Services Agency
 - DC Lottery and Charitable Games Control Board
 - Board of Library Trustees
 - University of the District of Columbia Board of Trustees
 - Office of the People's Counsel
 - DC Housing Authority
 - Contract Appeals Board
 - Board of Real Property Assessment and Appeals
 - Alcoholic Beverage Regulation Administration
 - Criminal Justice Coordinating Counsel

- Charter Independent Agencies**
- Zoning Commission
 - Public Charter Schools
 - Public Service Commission
 - Board of Elections and Ethics

- Regional Bodies**
- Metropolitan Washington Council of Governments
 - National Capital Planning Commission
 - Washington Metropolitan Area Transit Authority
 - Washington Metropolitan Area Transit Commission
 - Metropolitan Washington Airports Authority

THE DISTRICT OF COLUMBIA

General

Although the District is primarily known as the Nation's Capital, it is also an international city, a cultural center, and the central city of the eighth largest metropolitan area in the United States. The District covers approximately 61 square miles and had a resident population of 617,996 as of July 1, 2011 according to U.S. Census Bureau estimates. The Washington primary metropolitan statistical area (the "PMSA") encompasses 20 jurisdictions in Maryland, Virginia and West Virginia, as well as the District.

As the Nation's Capital, the District is the seat of the three branches of the federal government and headquarters for most federal departments and agencies. In addition, the District is host to 206 foreign embassies and other recognized diplomatic missions. A number of international organizations, such as the International Monetary Fund, the World Bank, the World Health Organization, and the Organization of American States, have their headquarters in the District.

In 2010, approximately 15.54 million domestic visitors and 1.74 million international visitors traveled to the District. The District was the seventh most visited destination in the U.S. for international travelers in 2010. Visitors are attracted not only by the need to do business with the federal government and regional businesses but also by the national monuments, 350 historic sites, more than 50 museums, and other major cultural attractions. The John F. Kennedy Center for the Performing Arts, the National Gallery of Art, the Smithsonian Institution, and the Library of Congress are cultural institutions of international renown.

The convention and tourism industry that services the business traveler, conventioner and tourist is one of the District's core industries and is a major source of jobs and sales tax revenue. The Convention Center opened in 2003 with the goal of increasing the District's desirability as a destination for business meetings and conventions. The Convention Center is approximately three times as large as the former convention center with approximately 2.3 million total square feet divided among exhibit space, meeting space, retail space and a ballroom. The Convention Center has 725,000 square feet of exhibit space, 210,000 square feet for meeting space divisible into 66 rooms, and 44,000 square feet for retail space and street-level restaurants. The meeting space includes a 52,000 square foot ballroom which is one of the largest on the East Coast.

In October 2010, the WCSA issued approximately \$250 million in bonds to assist with the financing of the Washington Convention Center headquarters hotel development, which includes the acquisition, development, construction and equipping of a hotel with approximately 1,170 rooms and suites, together with ancillary facilities customarily found in convention center hotels.

The Washington area has developed into a diverse economic entity with federal government employment providing a base for significant expansions in services, aerospace, high technology, and communications, and as a site for corporate headquarters. The District is served by three airports (Ronald Reagan Washington National Airport, primarily for domestic flights, and Washington Dulles International Airport and Baltimore-Washington Thurgood Marshall International Airport for domestic and international flights), as well as passenger and freight rail networks and passenger buses.

Creation and Charter

The District of Columbia was created in 1791 by act of the United States Congress (the “Congress”) and Presidential proclamation and has served as the capital of the United States of America since 1800. Under Article I, Section 8 of the United States Constitution, Congress has exclusive legislative authority over the District as the Nation’s Capital. Since January 2, 1975, the District has been governed in accordance with the District of Columbia Home Rule Act, Pub. L. 93-198, an Act of Congress signed by the President of the United States (the “President”) on December 24, 1973, as amended (the “Home Rule Act”). Under the Home Rule Act, the District is governed by an elected Mayor and an elected Council. With limited exceptions, including the payment of debt service, the District may not obligate or expend funds absent annual Congressional appropriation.

The District is a unique governmental entity, combining state, county, and municipal characteristics. Functions performed by the District government include public safety, police, fire, corrections, consumer and business regulatory affairs, public works (highways, streets and traffic control, and sanitation), human services (health, welfare, and employment assistance), leisure services (recreation and libraries), economic development (planning, zoning, urban renewal, and housing), public education, and general administration. The District and its instrumentalities also operate a university, a stadium and armory complex, a convention center, a water and sewer system and a lottery.

Organization of the District Government

Legislative Branch. The legislative powers granted to the District by the Home Rule Act are vested in the Council of the District of Columbia (the “Council”), which consists of 13 members elected on a staggered basis for four-year terms. The Chairman of the Council and four members are elected on an “at-large” basis, and each of the eight wards of the District elects one member.

The legislative powers granted to the Council by the Home Rule Act extend to all rightful subjects of legislation within the District consistent with the United States Constitution and the Home Rule Act, and include the authority to pass laws, create and abolish any office (subject to certain protections applicable to the Office of the Chief Financial Officer pursuant to the Home Rule Act), agency, or instrumentality of the District, define the duties of such offices, agencies, and instrumentalities, and conduct investigations into matters relating to the affairs of the District. Acts of the Council are subject to approval by the Mayor. In the event of a Mayoral veto, the Council may override the veto by a two-thirds vote. Except for emergency legislation, acts authorizing general obligation revenue anticipation notes, and acts authorizing the renewal or refunding of bond anticipation notes, all acts of the Council are subject to a period of Congressional review before they take effect.

The power of the Council to enact certain taxes or pass other legislation is subject to certain limitations set forth in the Home Rule Act. For instance, the Council cannot enact legislation that would tax, directly or at the source, the income of any individual who is not a resident of the District, or would permit the building of structures within the District higher than the dome of the United States Capitol.

Judicial Branch. The judicial power of the District is vested in a Superior Court and a Court of Appeals (the “Courts”). The Superior Court has jurisdiction of any civil action or other matter (at law or in equity) brought in the District of Columbia and of any criminal case under any law applicable exclusively to the District. The Superior Court has no jurisdiction over any civil or criminal matter over which a United States court has exclusive jurisdiction pursuant to an Act of Congress. The Court of Appeals has jurisdiction of appeals from the Superior Court and, to the extent provided by law, to review orders and decisions of the Mayor, the Council, or any agency of the District. Generally, the President nominates judges of the Courts from a list of candidates recommended by the District of Columbia

Judicial Nomination Commission, and, with the advice and consent of the United States Senate, the President appoints the judges of the Courts. The federal government funds the operating and capital costs of the Courts; however, the Courts manage themselves.

Executive Branch. The Mayor, as the chief executive officer of the District under the Home Rule Act, is responsible for the proper execution of laws and administration of the District's affairs. Executive functions include supervision and direction of the District's administrative boards, offices, and agencies, administration of the District's financial affairs through appointment of the CFO, administration of personnel matters, central municipal planning, making legislative proposals to the Council, and similar matters. The Mayor also has the authority to veto legislation adopted by the Council. The Mayor is assisted in these duties by a City Administrator, who serves as the chief administrative officer of the District. The City Administrator is appointed by the Mayor and serves at the pleasure of the Mayor.

In addition to the City Administrator, the Mayor is assisted by a Deputy Mayor for Planning and Economic Development, a Deputy Mayor for Education, a Deputy Mayor for Health and Human Services, and a Deputy Mayor for Public Safety and Justice.

The Home Rule Act requires the Mayor to prepare and submit to the Council an annual budget, including, among other things, the budget for the forthcoming fiscal year, a multiyear plan for all agencies and all sources of funding, a multiyear capital improvement plan, a performance report comparing actual performance to goals, an issue analysis statement, and a summary of the budget for public distribution. Once the Council has approved the budget, the Mayor forwards the budget to the President for submission to Congress.

The Mayor is elected to a four-year term. If there is a vacancy in the office of the Mayor, the Chairman of the Council serves as Acting Mayor until a special election for a new Mayor is held.

Office of the Chief Financial Officer. The CFO has primary responsibility for oversight of the District's budgetary and financial records, activities, and transactions, including the supervision and administration of all borrowing programs of the District for the issuance of long-term and short-term indebtedness.

The CFO is responsible for supervising the activities of the District Treasurer, supervising and administering the District's borrowing, administering cash management, administering the District's payroll and retirement systems, governing the District's accounting policies and systems, preparing certain reports on the District's accounting and financial operations, preparing a comprehensive financial management policy for the District, and preparing the financial statements and reports on the District's activities required by the Home Rule Act. The CFO also must prepare annual estimates of all revenues of the District for use in the District's budget and quarterly re-estimates of revenues, supervise and assume responsibility for financial transactions to ensure adequate control of revenues and resources and that appropriations are not exceeded, maintain systems of accounting and internal control, supervise and assume responsibility for levying and collecting all taxes, fees and other revenues, maintain custody of all public funds and all investments and invested funds, and assist the Inspector General of the District of Columbia (the "Inspector General") in developing internal audits of accounts, operations and records of the District. In addition, the CFO is required to prepare and submit to the Mayor, for inclusion in the annual budget of the District, annual estimates of expenditures and appropriations necessary for the operation of the Office of the CFO. The Mayor is required to forward all such estimates to the Council without revision, but the Mayor may attach his or her recommendations. The Council may comment upon or make further recommendations concerning such estimates, but it has no authority to revise those estimates.

The CFO oversees the Office of Finance and Treasury, the Office of Financial Operations and Systems, the Office of Budget and Planning, the Office of Tax and Revenue, the Office of Finance and Resource Management, the Office of Revenue Analysis and the District of Columbia Lottery and Charitable Games Control Board. Moreover, personnel performing financial functions in the District's various agencies that carry out the government's operating and management functions report to the CFO.

The Mayor, with the advice and consent of the Council, appoints the CFO. Upon confirmation by the Council, the appointment is submitted to the Committees on Appropriations of the Senate and the House of Representatives (the "House"), the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform of the House for a 30-day period of review and comment before the appointment takes effect. The CFO may be dismissed from office for cause by the Mayor and approval of that dismissal by a two-thirds vote of the Council. Upon approval of that dismissal by the Council, notice of the dismissal must be submitted to the Committees on Appropriations of the Senate and the House, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform of the House for a 30-day period of review and comment before the dismissal takes effect.

Inspector General. The Inspector General is charged with conducting independent fiscal and management audits of District government operations, among other duties. The Inspector General must contract for an outside audit of the complete financial statements and report on the activities of the District for each fiscal year, and establish an annual plan for audits of District programs during the fiscal year. The Inspector General may issue subpoenas relating to any matter under investigation and has the right to access all necessary District records relating to an investigation. Whenever the Inspector General has reasonable grounds to believe that there has been a violation of federal or District criminal law, he or she is required to report the matter expeditiously to the Attorney General of the United States.

The Mayor appoints the Inspector General with the advice and consent of the Council for a six-year term. The Inspector General is subject to removal only for cause by the Mayor with the advice and consent of the Council. Neither the Mayor nor the Council may revise the proposed budget for the Office of the Inspector General ("OIG"), but they may make recommendations to Congress regarding the proposed budget.

District Auditor. The District of Columbia Auditor (the "District Auditor") is appointed for a term of six years and is responsible for an annual audit of the District's accounts and operations. The District Auditor is appointed by the Chairman of the Council, subject to the approval of a majority of the Council. The District Auditor is required to submit audit reports and recommendations to the Council, the Mayor and the Congress. The District Auditor has access to all books, accounts, records, reports, findings and all other papers, things, or property belonging to or in use by any department, agency, or other instrumentality of the District government and necessary to facilitate the audit. The Mayor is required to state in writing to the Council what action he or she has taken to effectuate the recommendations made in the District Auditor's reports.

Congressional Authority

Notwithstanding the Home Rule Act's delegation to the District of authority for self-government, Congress reserves the right to exercise its Constitutional authority as the legislature for the District by enacting legislation on any subject, whether within or without the scope of legislative power granted to the Council by the Home Rule Act, including legislation to amend or repeal any law in force in the District prior to or after enactment of the Home Rule Act and any act passed by the Council. Such legislative authority is subject to Constitutional limitations on the powers of the United States government.

The Home Rule Act provides, with exceptions for emergency legislation, acts authorizing general obligation revenue anticipation notes, and acts authorizing the renewal or refunding of bond anticipation notes, that no act passed by the Council and approved either by the Mayor or through veto override by the Council shall take effect until the expiration of a period of 30 legislative days (for acts on civil matters) or 60 legislative days (for acts on criminal matters) after transmittal to Congress. During such periods, Congress and the President may disapprove an act of the Council by enacting a joint resolution of Congress approved by the President, in which event the act will not become effective. Congress, from time to time, at the request of the District, has enacted legislation waiving the legislative layover period for certain District legislation.

Disapproval of an act of the Council by Congress has occurred infrequently. Congress has made revisions to the District's budget as adopted by the Council, and generally has conditioned its approval of the District's budget on compliance by the District with a variety of Congressional mandates.

The Authority

Pursuant to the District of Columbia Financial Responsibility and Management Assistance Act of 1995, Pub. L. 104-8, as amended (the "Authority Act"), the District of Columbia Financial Responsibility and Management Assistance Authority (the "Authority") was established. Without repealing the District's Mayor/Council government structure, the Authority Act granted the Authority substantial powers over the financial activities and management operations of the District government during any "Control Period" and "Control Year" as defined in the Authority Act. The Authority Act defined the initial Control Period as commencing in 1995 on the effective date of the Authority Act and terminating only upon specific statutory findings of the Authority regarding the financial condition of the District. The initial Control Period terminated on February 14, 2001, upon certification by the Authority on that date, and the Authority, pursuant to law, suspended its activities on September 30, 2001. Under the provisions of the Authority Act, a new Control Period will be initiated if: (i) the Mayor seeks a U.S. Treasury advance; (ii) the District defaults with respect to any loan, bond, note, or other form of borrowing; (iii) the District fails to meet its payroll for any pay period; (iv) at the end of any quarter of any fiscal year, a cash deficit exists that exceeds the difference between the estimated District revenues and estimated District expenditures during the remainder of that fiscal year or the remainder of that fiscal year together with the first six months of the succeeding fiscal year; (v) the District fails to make required payments relating to pensions and benefits for current and former District government employees; or (vi) the District fails to make payments to any entity under an interstate compact to which the District is a signatory. If a new Control Period were to be initiated under the existing Authority Act, the Authority would be reconstituted and resume its full statutory powers.

Statutory Debt Limitations

The District also may issue long-term debt in the form of general obligation bonds to finance capital projects and to refund indebtedness of the District. General obligation bond issuances are not permitted during any fiscal year if total debt service in any fiscal year will exceed 17% of District revenues (as described in section 603(b) of the Home Rule Act, D.C. Official Code §1-206.03(b)(1)) during the fiscal year in which such issuances are made. For fiscal year 2011, total debt service on the District's outstanding general obligation indebtedness was approximately 5% of such District revenues. General obligation bonds are secured by the full faith and credit of the District and may be secured additionally by a security interest in specified District revenues, including special taxes.

In 2009, the District passed an act (the "Debt Ceiling Act") imposing a further limit on the issuance of any District general obligation bonds, Treasury capital-project loans, tax-supported revenue bonds, notes or other debt instruments secured by revenues derived from taxes, fees, or other general revenues of the District, or its agencies and authorities, pursuant to the District's power to tax and impose fees, including TIF Bonds and PILOT Notes (as hereinafter defined), certificates of participation and lease purchase financing obligations (collectively, with the exceptions noted in the Debt Ceiling Act, "Tax-Supported Debt"), but excluding revenue bonds, notes, or other debt instruments issued for the purpose of funding water and sewer facilities, as described in section 490(a) of the Home Rule Act, and bonds, notes, or other debt instruments paid or secured by revenues from the Master Settlement Agreement with tobacco companies, federal grants, or revenues from the operation of public enterprises, so long as those enterprises are fully self-supporting, if such issuance would result in total debt service in the fiscal year of issuance, or any of the five succeeding fiscal years, on all outstanding Tax-Supported Debt exceeding 12% of annual District General Fund expenditures and transfers in any applicable fiscal year, as contained in the most recently enacted District budget (the "Debt Ceiling").

Debt service on the District's \$8.2 billion of Tax-Supported Debt currently outstanding produces a Debt Ceiling percentage of approximately 9.75% in fiscal year 2012 (in relation to the 12% limit).

Economic Development Initiatives of the District

In addition to the projects described in the body this Official Statement under "THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN) – Senior Lien Project" and "–Parity Lien Projects," the District has financed a portion of the costs of other projects through the issuance of tax increment bonds or notes ("TIF Bonds") and Payment in Lieu of Taxes revenue bonds and notes ("PILOT Notes"). Table A-1 below lists all outstanding TIF Bonds and PILOT Notes of the District as well as those that were issued and subsequently repaid, the initial issuance amount of the TIF Bonds and PILOT Notes associated with such projects, and the amount of such bonds and notes outstanding as of March 31, 2012. The District also has authorized the issuance of approximately \$116 million of additional TIF Bonds and \$110 million of additional PILOT Notes (including those described under "Parity Lien Projects" above), which are not included in this Table A-1.

Table A-1. TIF and PILOT Projects

<u>Project Name</u>	<u>Initial Issuance Amount</u>	<u>Amount Outstanding as of March 30, 2012</u>
<u>Authorized Under the TIF Act</u>		
Shakespeare Theatre Harman Center for the Arts	\$ 10,000,000	\$ 0
DC USA Parking Garage	46,900,000	18,851,032
Embassy Suites Hotel	11,000,000	0
Capitol Hill Towers	10,000,000	2,439,058
Gallery Place	73,650,000	63,080,000
Mandarin Oriental Hotel	45,990,000	24,403,489
International Spy Museum	6,900,000	0
Arena Stage	10,000,000	11,222,668
Subtotal	\$214,440,000	\$119,996,246
<u>Authorized Under the Retail Incentive Act of 2004 (as amended)</u>		
H&M	\$ 2,966,000	\$ 0
Forever 21	4,985,000	4,180,765
National Crime & Punishment Museum	3,000,000	2,980,008
Madame Tussauds	1,300,000	818,244
Zara	1,750,000	913,309
Georgia Avenue Retail Project (CVS)	1,934,731	1,894,541
Clyde's	4,470,000	4,471,960
Howard Theatre	4,000,000	4,000,000
Fort Lincoln Retail Priority Area TIF	10,000,000	10,000,000
Subtotal	\$34,405,731	\$29,258,827
<u>Authorized Under the Payment In Lieu of Taxes Act of 2004 (As Amended)</u>		
US Department of Transportation PILOT	\$111,550,000	\$ 90,660,000
Capper Carrollsburg BAN	29,000,000	29,000,000
Rhode Island Place PILOT	7,200,000	7,200,000
Southeast Federal Center PILOT	5,660,000	5,660,000
Subtotal	\$153,410,000	\$132,520,000
<u>Authorized Under Other Acts</u>		
Verizon Center	\$ 50,000,000	\$ 50,000,000
Convention Center Hotel TIF	218,000,000	218,000,000
O Street Market	38,650,000	38,650,000
Subtotal	\$306,650,000	\$306,650,000
TOTAL	\$793,905,731	\$588,425,073

Ballpark Financing. The Ballpark Omnibus Financing and Revenue Act of 2004 (the “Ballpark Financing Act”) provided public financing for (i) the construction of a baseball stadium in the District (the “Ballpark”), to be owned by the District and leased (the “Stadium Lease”) to the owners of the Washington Nationals, and (ii) the renovation of Robert F. Kennedy Memorial Stadium (“RFK”) (collectively, the “Ballpark Project”). The Ballpark Financing Act provided for the creation of a Ballpark Revenue Fund (the “Ballpark Revenue Fund”) within the General Fund, into which all receipts are deposited from the following (collectively, “Ballpark Revenues”): (i) taxes on ticket sales, parking and concessions of food, beverages and merchandise at the Ballpark and RFK (during baseball games) (the “Ballpark Sales Tax”), (ii) a gross receipts tax on certain businesses within the District in accordance with the schedule described in footnote 14 to Table A-8 (the “Ballpark Fee”), (iii) the Ballpark Utilities Tax (described below), and (iv) rent payments under the Stadium Lease.

The Ballpark Revenue Fund is pledged as the source of payment for the District’s Ballpark Revenue Bonds, which were issued in the amount of \$534.8 million in May 2006, to fund the Ballpark Project. The Ballpark Revenue Bonds were originally issued as Taxable Series 2006A-1, Taxable Series 2006A-2, Series 2006B-1 and Series 2006B-2 (Auction Rate Certificates) (collectively, the “Ballpark Bonds”). In May 2008, the Series 2006B-2 Bonds were converted to variable-rate demand obligations with credit enhancement in the form of a direct-pay letter of credit provided by Bank of America, N.A. In July 2011, a portion of the Series 2006B-2 Bonds, totaling approximately \$22,725,000, was privately placed with PNC Bank, N.A. at a variable rate of interest for a term of three years.

The District collects a tax of 11% of the gross receipts from sales to non-residential customers by companies selling natural gas, landline telephone service, toll telecommunications service, mobile telecommunications service, heating oil and artificial gas. The “Ballpark Utilities Tax” is equal to: (i) one-eleventh of the aforementioned 11% gross receipts tax, and (ii) a tax of \$0.0007 per kilowatt-hour of electricity delivered to non-residential end-users in the District of Columbia.

Business Improvement Districts. The District has created eight business improvement districts (the “Business Improvement Districts”), within the District in partnership with private businesses within such Business Improvement Districts. The current Business Improvement Districts are: the Downtown DC BID, the Adams Morgan Partnership, the Capitol Hill BID, the Capitol Riverfront BID, the Georgetown BID, the Golden Triangle BID, the Mount Vernon Triangle BID, and the NoMa BID. The goal of the Business Improvement Districts is to provide a cleaner, safer and more attractive environment that is conducive to increased economic activity.

Demographic Statistics

Population. The U.S. Census Bureau estimated that the District of Columbia’s population was 604,912 on July 1, 2010. The U.S. Census Bureau estimated that, as of July 1, 2011, the population of the District was 617,996. This represents a 2.2% increase in the population of the District over that one-year period.

Per capita personal income in the District consistently has been higher than all of the 50 States. In 2011, per capita personal income of District residents was \$73,105, compared to \$41,663 for the United States as a whole, based on estimates by the U.S. Bureau of Economic Analysis. Based upon data collected by the U.S. Census Bureau from 2006 through 2010, median household income over that period for District residents was \$58,526, compared to \$51,914 nationwide. The high per capita and household incomes in the District result from a combination of factors, including multiple-earner households, small household size (average of 2.12 persons based upon data collected by the U.S. Census Bureau from 2010), and a large percentage of college graduates employed in highly-skilled occupations. The District has a significant number of lower-income residents, with an average of 18.7% of the population below the

poverty line in 2010. Based upon data collected by the U.S. Census Bureau from 2006 through 2010, an average of 86.5% of District residents age 25 or older are high school graduates, compared to 85.0% nationwide; 49.2% of District residents in the same age group had earned a bachelor's degree (or higher), compared to 27.9% nationwide.

Table A-2. Demographic Statistics

<u>Year</u>	<u>Population</u>	<u>Median Age</u>	<u>Per Capita Personal Income</u>		
	<u>D.C.</u>	<u>D.C.</u>	<u>D.C.</u>	<u>U.S.</u>	<u>% of D.C. to U.S.</u>
2007	574,404	34.6	\$65,329	\$39,506	165%
2008	580,236	34.3	\$70,686	\$40,947	173%
2009	592,228	34.0	\$68,357	\$38,846	176%
2010	604,912	33.8	\$70,710	\$39,937	177%
2011	617,996	N/A ⁽¹⁾	\$73,105	\$41,663	175%

Sources: U.S. Department of Commerce, U.S. Census Bureau; U.S. Department of Commerce, Bureau of Economic Analysis.

1. As of the date hereof, median age information for 2011 has not been released.

Employment and Industry. The following statistics are based on estimates by the U.S. Bureau of Labor Statistics and are not seasonally adjusted. In April 2012, total resident employment in the PMSA was 3,020,522 (preliminary data), and total resident employment in the District was 317,468 (preliminary data), which is approximately 10.5% of the PMSA total.

The District's large service sector accounted for 724,300 (preliminary data) jobs located in the District as of April 2012. Public sector employment in the District, which stabilized District employment during the U.S. economic recession that began in December 2007, increased to an annual average of 247,700 jobs in fiscal year 2011. As of April 2012, public sector employment in the District had declined to 243,100 (preliminary data) jobs.

Universities. More than a dozen colleges and universities are located in the District of Columbia, including Georgetown University, The George Washington University, Howard University, The Catholic University of America, Gallaudet University, American University and the University of the District of Columbia. Other major universities in the PMSA include George Mason University and the University of Maryland.

Real Estate. In April 2012, there were 309 single family home sales (completed contracts) (1.9% less than the year before) with an average price of \$590,182 (which represents a slight increase in average price from the year before; however, there was no discernible change in percentage) and 262 condo/co-op sales (completed contracts) (19.6% more than the year before) with an average price of \$433,714 (3.1% higher than the year before) in the District of Columbia. For the second quarter of fiscal year 2012 (ending March 31, 2012), the commercial office space vacancy rate in the District of Columbia was 8.9% (including sublet space).

Table A-3. Employment in the District of Columbia By Industry
 (Annual Average Data)^{(1), (2), (3)}
 (000s)

<u>Calendar Year</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Federal Government	190.8	193.8	200.2	210.6	212.6
District Government	36.3	37.2	36.3	32.5	31.3
Public Transportation	3.9	3.8	3.8	3.8	3.8
Trade, Trans. & Utilities	27.7	27.9	26.8	27.3	27.2
Financial Activities	29.2	28.2	26.9	26.7	26.8
Professional & Business Services	152.8	152.4	147.6	147.7	150.1
Other private	253.1	260.5	260.1	263.3	276.1
Total Service-Providing	679.4	689.4	688.7	700.2	714.8
Total Goods-Producing	14.4	14.5	12.9	11.7	13.0
Total Non-Farm	<u>693.8</u>	<u>703.9</u>	<u>701.6</u>	<u>711.9</u>	<u>727.8</u>

1. Not seasonally adjusted. Data may not equal totals due to independent rounding. Industry classification is based on the North American Industry Classification System (NAICS).
2. Data includes all full-time and part-time employees who received pay for any part of the pay period that includes the 12th of the month.
3. Proprietors, self-employed individuals, unpaid family and volunteer workers, military personnel, internationally stationed workers, and private household workers are excluded.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Table A-4. Principal Employers in the District⁽¹⁾
 (2010)

Georgetown University
 The George Washington University
 Washington Hospital Center
 Children's National Medical Center
 Georgetown University Hospital
 American University
 Howard University
 Fannie Mae
 The Catholic University of America
 Providence Hospital

1. Table A-4 does not include the federal and local government as employers. Ranked by size of workforce. With the exception of Fannie Mae, all of the employers listed above are not-for-profit entities.

Source: District's Fiscal Year 2011 CAFR; Statistical Section (unaudited), Exhibit S-4B.

**Table A-5. Employment and Unemployment in the Civilian Labor Force
Washington, D.C., Washington PMSA and the United States**
(Annual Average Data; Not Seasonally Adjusted)

Washington, D.C.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Labor Force	325,714	334,023	333,935	343,379	344,333
Number Employed	307,920	312,117	301,506	308,689	309,060
Number Unemployed	17,794	21,906	32,429	34,690	35,273
Unemployment Rate	5.5%	6.6%	9.7%	10.1%	10.2%

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Washington, PMSA

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Labor Force	2,973,242	3,037,839	3,077,157	3,133,388	3,172,532
Number Employed	2,885,656	2,925,311	2,887,283	2,934,926	2,988,595
Number Unemployed	87,586	112,528	189,874	198,462	183,937
Unemployment Rate	2.9%	3.7%	6.2%	6.3%	5.8%

Source: U.S. Department of Labor, Bureau of Labor Statistics.

United States
(000s)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Labor Force	153,124	154,287	154,142	153,889	153,617
Number Employed	146,047	145,362	139,877	139,064	139,869
Number Unemployed	7,078	8,924	14,265	14,825	13,747
Unemployment Rate	4.6%	5.8%	9.3%	9.6%	8.9%

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Table A-6. Real Property Assessed Value, Construction and Bank Deposits⁽¹⁾
Fiscal Years 2002-2011
(\$000s)

Estimated Actual Value

<u>Fiscal Year</u>	<u>Commercial Property</u>	<u>Residential Property⁽²⁾</u>	<u>Total Taxable</u>	<u>Tax Exempt</u>	<u>Total Value</u>	<u>Total Direct Tax Rate⁽³⁾</u>	<u>Tax Exempt % of Total Value</u>
2002	\$27,619,604	\$24,902,543	\$52,522,147	\$33,812,037	\$86,334,184	1.39	39.2%
2003	\$29,684,430	\$28,379,237	\$58,063,667	\$35,728,289	\$93,791,956	1.38	38.1%
2004	\$33,752,889	\$32,701,220	\$66,454,109	\$43,234,068	\$109,688,177	1.35	39.4%
2005	\$36,905,213	\$49,982,554	\$86,887,767	\$43,219,725	\$130,107,492	1.37	33.2%
2006	\$40,400,447	\$58,090,888	\$98,491,335	\$59,664,865	\$158,156,200	1.34	37.7%
2007	\$51,748,487	\$73,126,786	\$124,875,273	\$57,690,545	\$182,565,818	1.31	31.6%
2008	\$61,557,827	\$81,400,361	\$142,958,188	\$67,869,520	\$210,827,708	1.30	32.2%
2009	\$68,495,502	\$84,544,053	\$153,039,555	\$81,211,121	\$234,250,676	1.29	34.7%
2010	\$68,254,862	\$81,862,427	\$150,117,289	\$82,113,504	\$232,230,793	1.30	35.4%
2011	\$59,224,100	\$80,063,402	\$139,287,502	\$81,527,158	\$220,815,660	1.25	36.9%

1. Assessed value is 100% of estimated actual value.
2. After deduction of Real Property Tax Homestead Exemptions and credits against tax for 1999-2007. Does not reflect the 2002 and 2003 Cap Assessment of 25% for Class 01 with Real Property Tax Homestead Exemptions. Does not reflect the 2004 and 2005 Cap Assessment of 12% for Class 01 with Real Property Tax Homestead Exemptions. Does not reflect the 2006 Cap Assessment of 10% for Class 01 with Real Property Tax Homestead Exemptions. After deduction of Real Property Tax Homestead Exemptions for 2008-2009.
3. The total direct rate is the weighted rate of all taxable real property, obtained by multiplying the weighted rate by the percentage of the total value of real property for each class.

Source: District of Columbia Office of Tax and Revenue

Table A-7. Real Property Tax Accounts Receivable
Fiscal Years 2002-2011

<u>Fiscal Year</u>	<u>Net Receivables⁽¹⁾</u>
2002	\$65,352,884
2003	\$47,001,233
2004	\$45,788,595
2005	\$47,473,373
2006	\$53,625,856
2007	\$52,737,743
2008	\$80,348,542
2009	\$115,095,104
2010	\$113,091,017
2011	\$104,321,974

1. Net of Reserves. The amounts shown in each fiscal year include receivables related to all prior fiscal years.

Source: District of Columbia Office of Tax and Revenue.

**Table A-8. District of Columbia Major Tax Rates
Fiscal Years 2008-2012**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Property⁽¹⁾					
Real					
Class 1	0.85	0.85	0.85	0.85	0.85
Class 2	1.85	1.65/1.85 ⁽²⁾	1.65/1.85 ⁽²⁾	1.65/1.85 ⁽²⁾	1.65/1.85 ⁽²⁾
Class 3	5.00	10.00	10.00	5.00	5.00
Class 4	n/a	n/a	n/a	10.00	10.00
Personal	3.40	3.40	3.40	3.40	3.40
Sales and Use⁽³⁾					
General⁽⁴⁾	0.0575	0.0575	0.06	0.06	0.06
Selective					
Cigarettes⁽⁵⁾	1.00	2.00	2.50	2.50	2.86 ⁽⁶⁾
Motor Fuel⁽⁷⁾	0.20	0.20	0.235	0.235	0.235
Income and Receipts⁽⁸⁾					
Individual	.04-.085	.04-.085	.04-.085	.04-.085	.04-.0895
Business	0.09975	0.09975	0.09975	0.09975	0.09975
Gross Receipts					
Public Utility⁽⁹⁾					
Residential Customers⁽¹⁰⁾	0.10	0.10	0.10	0.10	0.10
Non-Residential Customers⁽¹¹⁾	0.11	0.11	0.11	0.11	0.11
Public Utility (Electrical)⁽¹²⁾					
Residential Customers	0.0070	0.0070	0.0070	0.0070	0.0070
Non-Residential Customers	0.0077 ⁽¹³⁾	0.0077 ⁽¹³⁾	0.0077 ⁽¹³⁾	0.0077 ⁽¹³⁾	0.0077 ⁽¹³⁾
Ballpark Fee⁽¹⁴⁾	\$5,500-16,500	\$5,500-16,500	\$5,500-16,500	\$5,500-16,500	\$5,500-16,500

- Per \$100 of assessed value. Property Tax rates represent the aggregate of the Real Property Tax rate and the Special Real Property Tax rate. For the purpose of levying taxes on real property in the District of Columbia, the Council may establish different classes of real property. For fiscal years 2011 and 2012, Class 1 is comprised of residential real property that is improved and whose legal use (or in the absence of use, its highest and best permitted legal use) is for nontransient residential dwelling purposes; Class 2 is comprised of all real property that is not classified as Class 1, Class 3 or Class 4 property (being principally commercial real property); Class 3 is comprised of all improved real property that appears on the list of registered vacant properties submitted semiannually by the Mayor to the Office of Tax and Revenue; and Class 4 is comprised of all improved real property that appears on the list of blighted vacant properties submitted semiannually by the Mayor to the Office of Tax and Revenue.
- \$1.65 for each \$100 of assessed value for the first \$3 million of assessed value, and \$1.85 for the portion of assessed value exceeding \$3 million.
- A portion of sales and use taxes on restaurant meals and hotel accommodations is dedicated to paying debt service on revenue bonds issued by the Washington Convention and Sports Authority ("WCSA") and its predecessor, the Washington Convention Center Authority, to finance the Walter E. Washington Convention Center and a hotel in connection with the Convention Center, and to paying operating expenses of WCSA.
- Per \$1 of general sales. Does not include the additional 4.25% Ballpark Sales Tax or taxes on lodging, restaurants, parking or tangible personal property or services by legitimate theaters, or by entertainment venues with 10,000 or more seats.
- Per pack.
- Beginning in 2012, a wholesale surcharge of \$0.36 per pack will be added to the retail tax on cigarettes.
- Per gallon.
- Per \$1 of taxable income.
- Per \$1 of gross receipts. Applies to companies selling natural gas, landline telephone service, toll telecommunications service, mobile telecommunications service, heating oil and artificial gas.
- Each gas company that provides distribution services to customers in the District of Columbia is required to pay a tax of \$0.0707 for each therm of natural gas delivered to end-users in the District of Columbia, and each person who delivers heating oil to an end-user in the District of Columbia is required to pay a tax of \$0.17 for each gallon of home heating oil delivered to end-users in the District of Columbia for the preceding billing period.
- One-eleventh of the non-residential tax is deposited into the District's Ballpark Revenue Fund (as defined below) to be used for debt service on bonds issued by the District (the "Ballpark Bonds") to fund the construction of a baseball stadium. In addition, each gas company that provides distribution services to customers in the District of Columbia is required to pay a tax of \$0.0777 for each therm of natural gas delivered to non-residential end-users in the District of Columbia, of which \$0.00707 for each therm is required to be deposited into the District's Ballpark Revenue Fund. Each person who delivers heating oil to an end-user in the District of Columbia is required to pay a tax of \$0.187 for each gallon of home heating oil delivered to nonresidential end-users in the District, of which \$0.017 for each gallon is required to be deposited into the District's Ballpark Revenue Fund.
- Per Kilowatt-hour of electricity delivered.
- \$0.0007 of the tax collected for every kilowatt-hour of electricity delivered to non-residential end-users in the District of Columbia is deposited in the Ballpark Fund to be used for debt service on the Ballpark Bonds.
- The Ballpark Fee is a gross receipts fee that is levied on businesses within the District of Columbia with \$5 million or more in annual District gross receipts and are either subject to filing franchise tax returns (whether corporate or unincorporated) or are employers required to make unemployment insurance contributions, in accordance with the following schedule: for gross receipts totaling \$5,000,000 to \$8,000,000, the required fee is \$5,500; for gross receipts totaling \$8,000,001 to \$12,000,000, the required fee is \$10,800; for gross receipts totaling \$12,000,001 to \$16,000,000, the required fee is \$14,000; and for gross receipts greater than \$16,000,001, the fee is \$16,500.

Table A-9. Tax Revenues by Source, Governmental Funds
 Fiscal Years 2002-2011
 (modified accrual basis of accounting, \$000s)

Fiscal Year	Property Tax			Sales and Use	Income and Franchise	Gross Receipts	Other Taxes	Total
	Real	Personal	Rental					
2002	\$726,014	\$65,208	\$13,172	\$750,060	\$1,160,423	\$231,786	\$283,146	\$3,229,809
2003	\$822,845	\$67,294	\$11,749	\$779,920	\$1,167,452	\$261,643	\$273,191	\$3,384,094
2004	\$947,690	\$63,558	\$16,840	\$828,391	\$1,299,009	\$271,897	\$379,521	\$3,806,906
2005	\$1,058,100	\$72,068	\$18,165	\$957,394	\$1,472,432	\$295,819	\$377,213	\$4,251,191
2006	\$1,163,598	\$55,548	\$22,336	\$970,885	\$1,591,483	\$278,453	\$390,542	\$4,472,845
2007	\$1,452,267	\$67,394	\$32,239	\$1,056,780	\$1,736,361	\$302,768	\$498,198	\$5,146,007
2008	\$1,666,315	\$59,690	\$33,086	\$1,101,859	\$1,755,894	\$302,873	\$413,401	\$5,333,118
2009	\$1,832,748	\$69,163	\$32,612	\$1,052,011	\$1,478,068	\$315,976	\$261,909	\$5,042,487
2010	\$1,790,519	\$56,501 ⁽¹⁾	\$34,264 ⁽²⁾	\$1,081,005	\$1,434,131	\$295,531	\$264,959	\$4,956,910
2011	\$1,715,069	\$52,696	\$32,980	\$1,121,257	\$1,656,283	\$279,002	\$403,199	\$5,260,486

1. Due to the District's policy change on the recognition of personal property tax revenues, fiscal year 2010 information has been adjusted (see note 1Y on page 73 of the FY 2011 Financial Statements).
2. Corrected to reflect proper classification.

Source: District's Fiscal Year 2011 CAFR; Statistical Section (unaudited), Exhibit S-1E.

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APPENDIX B

SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE INDENTURE

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Summary of Certain Definitions

The following terms shall have the following meanings in the Indenture and for all purposes of the Official Statement.

“Administrative Expenses” means (i) the fees and costs of the Trustee (including its legal counsel) in the discharge of the duties required of it in its capacities as Trustee, Paying Agent and Registrar under the Indenture and (ii) administrative costs of the District related to the issuance of the Bonds and the performance by the District of its covenants and agreements under the Indenture.

“Authorized Officer” means the District’s Chief Financial Officer, Deputy Chief Financial Officer and Treasurer, or any officer or employee of the executive office of the Mayor to whom the Mayor has delegated or to whom the foregoing individuals have sub-delegated any of the Mayor’s functions.

“Bond Counsel” means any attorney or firm of attorneys selected by the District and nationally recognized for expertise in rendering opinions as to the legality of securities issued by public entities. The firm of Venable LLP is recognized as constituting Bond Counsel, subject to further action by the District.

“Bond Year” means the annual period relevant to the application of Section 148 of the Code to the Bonds.

“Bonds” means, for purposes of this APPENDIX B, the \$52,365,000 in aggregate principal of District of Columbia Tax Increment Revenue Refunding Bonds (Gallery Place Project) Series 2012 executed, issued and delivered pursuant to the Indenture.

“Budgeted Reserve” has the meaning given that term in the Reserve Agreement.

“Business Day” means a day of the year, other than (i) a Saturday, (ii) a Sunday; (iii) a day on which commercial banks located in the District or in any city in which the principal corporate trust office of the Trustee is located are required or authorized by law to remain closed; or (iv) a day on which the New York Stock Exchange is closed.

“Closing Date” means June 21, 2012, the date of original issuance of the Bonds.

“Computation Date” means:

(A) (1) the last day of each fifth Bond Year applicable to the Bonds while the Bonds are Outstanding, and (2) the date on which the last of the are retired, or

(B) such other date or dates elected by the District as may be permitted under the Code for computation of the Rebate Amount.

“Costs of Issuance” means any costs related to the issuance and delivery of the Bonds, including (without limitation) rating agency fees, underwriting fees and discounts, printing costs and expenses, and fees of legal counsel and financial advisors.

“Debt Service Fund” means the Debt Service Fund created pursuant to Article IV of the Indenture.

“Defeasance Securities” means (1) non-callable direct obligations of the United States of America (“Treasuries”), (2) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (3) pre-refunded municipal obligations rated equal to the full faith and credit rating of the U.S. Government by S&P and by Moody’s, respectively or (4) securities eligible for “AAA” defeasance under then existing criteria of S&P.

“EMMA” means Electronic Municipal Market Access, an online data source of municipal disclosures and market data maintained by the MSRB.

“Escrow Deposit Agent” means Wells Fargo Bank, N A. in its capacity as trustee under the 2002 Indenture.

“Escrow Deposit Agreement” means the 2002 Indenture, as supplemented by the written directions of the District to the Escrow Deposit Agent relating to the defeasance of the Series 2002 Bonds.

“Fiscal Year” means a period of 12 consecutive months commencing on the first day of October of any year and ending on the last day of September of the following year, or, as to be evidenced for purposes of the Indenture by a certificate of an Authorized Officer filed with the Trustee, such other consecutive 12-month period as may hereafter be established as the fiscal year of the District for budgeting, appropriations and accounting purposes.

“Holder,” or **“holder”** or **“Bondholder”** or **“Owner”** means any person who shall be the Registered Owner of any Outstanding Bond.

“Mayor” means the Mayor of the District.

“MSRB” means the Municipal Securities Rulemaking Board.

“Outstanding” or **“outstanding”** means, as of any particular date, all Bonds authenticated and delivered under the Indenture except (a) any Bond canceled by the Trustee (or delivered to the Trustee for cancellation) at or before such date, (b) any Bond for the payment of the principal or Redemption Price of and interest on which provision shall have been made as provided in Section 8.01 of the Indenture and (c) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Article II (regarding discontinuance of the book-entry system) or Section 7.03 (regarding notations of Supplemental Indentures).

“Participants” means entities that are listed as Participants by the Securities Depository.

“Paying Agent” means the Trustee in its capacity as paying agent under the Indenture.

“Permitted Investments” means, subject to any limitation in any applicable Supplemental Indenture,

(1) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely

payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

(2) Federal Housing Administration debentures.

(3) The listed obligations of government-sponsored agencies, which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)
Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
Senior Debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)
Consolidated system-wide bonds and notes -
Federal Home Loan Banks (FHL Banks)
Consolidated debt obligations
- Federal National Mortgage Association (FNMA)
Senior debt obligations
Mortgage-backed securities (excluded are stripped mortgage securities, which are purchased at prices exceeding their principal amounts)
- Student Loan Marketing Association (SLMA)
Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)
- Financing Corporation (FICO)
Debt obligations
- Resolution Funding Corporation (REFCORP)
Debt obligations

(4) Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated "A-1" or higher by S&P and "Prime-1" or higher by Moody's.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks, which have capital and surplus of at least \$50 million.

(6) Commercial paper (having original maturities of not more than 270 days) rated "A-1" by S&P and "Prime-1" by Moody's.

(7) Money market funds rated "AAm" or "AAm-G" or higher by S&P (including any such funds administered by the Trustee or any subsidiary thereof).

(8) "State Obligations", which means:

(i) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated “A3” or higher by Moody’s and “A” or higher by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(ii) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated “A1” by S&P and “MIG-1” by Moody’s.

(iii) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated “AA” or higher by S&P and “Aa” or higher by Moody’s.

(9) Pre-refunded municipal obligations rated equal to the full faith and credit rating of the U.S. Government by S&P and by Moody’s and meeting the following requirements:

(i) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(ii) the municipal obligations are secured by cash or United States Treasury Obligations, which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(iii) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations;

(iv) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(v) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new verification report by an independent certified public accountant; and

(vi) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(10) Repurchase agreements:

(i) With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A” by S&P and Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A” by S&P and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated “A” or higher by S&P and Moody’s and acceptable to the Insurer, provided that:

(A) The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody’s to maintain an “A” rating in an “A” rated structured financing (with a market value approach);

(B) The Trustee or a third party acting solely as agent therefor or for the District (the “Holder of the Collateral”) has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books);

(C) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(D) All other requirements of S&P and Moody’s in respect of repurchase agreements shall be met.

(E) The repurchase agreement shall provide that if during its term the provider’s rating by either Moody’s or S&P is withdrawn or suspended or falls below “A-” by S&P or “A3” by Moody’s, as appropriate, the provider must, at the direction of the District or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the District or the Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (A) above, so long as such collateral levels are 103% or better and the provider is rated at least “A” by S&P and Moody’s, respectively.

(11) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a mono line financial guaranty insurance company, claims paying ability, of the guarantor is rated at least “AA” by S&P and “Aa” by Moody’s; provided that, by the terms of the investment agreement:

(i) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Bonds;

(ii) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the District and the Trustee by the Indenture agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(iii) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(iv) the District or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the District) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the District;

(v) the investment agreement shall provide that if during its term

(1) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and

(2) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the District or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the District or the Trustee, and

(vi) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of Collateral is in possession); and

(vii) the investment agreement must provide that during its term

(1) if the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the District or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or the Trustee, as appropriate, and

(2) if the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or the Trustee, as appropriate.

"Person" means an individual, a corporation, a limited liability company, a partnership, a limited liability partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

"Rebate Amount" means, with respect to any series of the Bonds, an amount equal to the sum of (A) the excess of: (1) the aggregate amount earned from the date of issuance of such Bonds on all nonpurpose investments in which gross proceeds of such Bonds are invested (other than investments attributable to an excess described in this clause), over (2) the amount that would have been earned if such nonpurpose investments were invested at a rate equal to the yield on such Bonds determined in accordance with Section 148(f) of the Code and the applicable Treasury Regulations (final or temporary) thereunder, plus (B) any income attributable to the excess described in (A). In addition, as used herein, the terms "gross proceeds," "nonpurpose investments", "proceeds" and "yield" have the meanings assigned to them for purposes of Section 148 of the Code.

"Rebate Fund" means the Rebate Fund created pursuant to Article IV of the Indenture.

"Registered Owner" when used with respect to any Bond, means the person or persons in whose name such Bond is registered.

"Registrar" means the Trustee in its capacity as Bond registrar under the Indenture.

"Requisition" means a requisition in the form set forth in APPENDIX C to the Indenture.

"Reserve Agreement" means that certain Reserve Agreement, dated as of April 1, 2002, by and among the District, Wells Fargo Bank, National Association (formerly Wells Fargo Bank Minnesota, N.A.), and Financial Security Assurance, Inc.

"Securities Depository" means The Depository Trust Company and its successors and assigns, and any replacement qualified securities depository.

"Stated Maturity Date" or **"Stated Maturity"** or **"Maturity Date"** means June 1 in each of the years 2013 through 2031, inclusive.

"Supplemental Indenture" means an indenture the execution of which is authorized by an order which has been duly executed by an Authorized Officer of the District and which indenture is amendatory of or supplemental to the Indenture, but only if and to the extent that such indenture is specifically authorized under the Indenture.

“Tax Compliance Certificate” means the Tax Certificate and Agreement executed by the District dated the Closing Date.

“Trust Estate” shall have the meaning set forth in the Granting Clauses of the Indenture.

Summary of Certain Provisions of the Indenture

The following is a general summary of certain provisions of the Indenture as presently in effect. The summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Indenture, to which reference is hereby made.

Pledge and Assignment (Granting Clauses). In order to secure the payment of the principal or Redemption Price of, and interest on the Bonds either at maturity or upon redemption thereof, according to their tenor and effect, and to secure the performance and observance by the District of all the covenants expressed or implied herein and in the Bonds, the District grants, bargains, sells, conveys, assigns and pledges, and grants a security interest in, the Trust Estate to the Trustee and its successors in trust and assigns forever, subject only to the provisions of the Indenture permitting the application thereof on the terms and conditions set forth in the Indenture. As used in the Indenture, "Trust Estate" means (i) all of the right, title and interest of the District in and to all moneys from time to time on deposit in the Debt Service Fund and in the Gallery Place Fund, including all moneys, investments and deposits from time to time held in such funds; and (ii) all of the right, title and interest of the District in and to any and all other real or personal property of every name and nature from time to time after the date of the Indenture by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security under the Indenture by the District or by anyone on its behalf, or with its written consent, to the Trustee.

Registration and Exchange (Section 2.05). The District will cause books for registration and the registration of transfer of Bonds to be prepared. The registration books will be kept by the Registrar. If any Bond is surrendered to the Registrar at its designated office for transfer or exchange in accordance with the provisions of such Bond, the District shall execute and the Registrar shall authenticate and deliver in exchange for such Bond a new Bond or Bonds, in any Authorized Denominations, bearing interest at the same rate and having the same Stated Maturity Date, in aggregate principal amount equal to the principal amount of the Bond so surrendered, upon reimbursement to the District and the Registrar of an amount equal to any tax or other governmental charge required to be paid with respect to such exchange. Neither the District nor the Registrar shall be required to register the transfer of any Bond or make any such exchange of any Bond during the 15 days preceding an Interest Payment Date applicable to such Bond, during the 15 days preceding the date of mailing of any notice of redemption or after such Bond has been called for redemption. The Trustee shall require the payment by any Owner requesting exchange or transfer of any Bond of a sum sufficient to cover any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Certificated Bonds (Section 2.08). If the District discontinues the maintenance of the Bonds under a book-entry system, the District will issue Bonds directly to the Participants or, to the extent requested by any Participant, to the beneficial owners of Bonds as further described in the Indenture. The District shall make provision to notify Participants and the beneficial owners of the Bonds, by mailing an appropriate notice to the Securities Depository, or by other means deemed appropriate by the District in its discretion, that it will issue Bonds directly to the Participants or, to the extent requested by any Participant, to beneficial owners of Bonds as of a date set forth in such notice, which shall be a date at least 10 days after the date of mailing of such notice (or such fewer number of days as shall be acceptable to the Securities Depository).

Nonpresentment of Bonds (Section 2.09). In the event any Bond shall not be presented for payment when the principal of such Bond becomes due, either at maturity, or at the date fixed for redemption of the Bond, or otherwise, or if any interest check shall not be cashed, if funds sufficient to pay such Bond or interest shall have been made available by the District to the Trustee or the Paying Agent for the benefit of the Owner of the Bond, all liability of the District to the Owner of the Bond for the payment of such Bond or interest, as the case may be, shall forthwith cease, terminate and be completely discharged, upon which event it shall be the duty of the Trustee to segregate such funds and to hold such segregated funds in trust, uninvested and without liability for interest on such funds, for the benefit of the Owner of such Bond or interest, as the case may be, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Indenture or on, or with respect to, such Bond or interest, as the case may be, provided that any money deposited with the Trustee for the payment of the principal of, and redemption premium, if any, on, or interest on, any Bond and remaining unclaimed for three (3) years (or such period of time as is then specified by the law governing unclaimed or abandoned property) after such principal and redemption premium, if any, or interest has become due and payable shall be paid pursuant to the law governing unclaimed or abandoned property.

Creation of Funds and Accounts; Deposit of and Use of Moneys (Article IV). The following funds and accounts shall be held and maintained by the Trustee, except as otherwise specifically provided, under the Indenture:

- (a) Debt Service Fund;
- (b) Costs of Issuance Fund; and
- (c) Rebate Fund.

Pending the application of amounts on deposit in the Debt Service Fund as provided in the Indenture, such amounts are by the Indenture pledged to the payment of the principal of and interest on the Outstanding Bonds. The Costs of Issuance Fund and the Rebate Fund are not pledged to the payment of any Bonds.

Debt Service Fund. All moneys received by or on account of the District and required by the Indenture to be deposited, transferred, or credited to the Debt Service Fund (including without limitation the Available Tax Increment (Gallery Place Footprint) and the Available Increment (Downtown), if any), and all other moneys transferred or allocated to or received for the purposes of that Fund, shall be deposited with the Trustee and credited to that Fund, subject to the Indenture, without necessity for any act of appropriation. The Debt Service Fund is a trust fund pledged to the payment of principal or Redemption Price of and interest on the Outstanding Bonds and payment of principal or Redemption Price of and interest on the Outstanding Bonds from such Fund shall be made or provided for by the Trustee in accordance with the Indenture without necessity for any act of appropriation.

Pursuant to the provisions of the Indenture, on each Interest Payment Date and on each date on which the principal or Redemption Price of or interest on any Bonds becomes due, the Trustee shall withdraw from the Debt Service Fund (or particular accounts established within the Debt Service Fund for such purposes) and pay to the Holders of the Bonds the principal or Redemption Price of and interest, if any, as applicable, on the Bonds then due and payable.

Available moneys in the Debt Service Fund may be applied by the Trustee to the purchase or redemption of Bonds as the District shall direct; provided, however, that moneys required to pay the principal or Redemption Price of or interest on any Bonds on the next related Interest Payment Date shall not be deemed to be available for application to acquire or redeem Bonds as provided in the Indenture.

If the District shall determine to provide for the payment of any Bonds as described below under “Discharge of the Indenture; Defeasance”, amounts on deposit in the Debt Service Fund for the payment of the principal or Redemption Price of or interest on such Bonds shall be paid to the escrow deposit agent for such Bonds upon the order of the District.

On each Interest Payment Date, if any amounts remain in the Debt Service Fund after payment in full of all amounts due on such Interest Payment Date with respect to the principal or Redemption Price of and interest on, the Bonds (or provision for payment of such principal, Redemption Price and interest), the District may direct that any such remaining amounts be used to pay any Rebate Amount.

On each June 15 (or if June 15 is not a Business Day, the next Business Day), after payment in full of all amounts due on the immediately preceding June 1 with respect to the principal or Redemption Price of and interest on the Bonds, the Trustee shall remit any amounts remaining in the Debt Service Fund upon the written direction of the District (i) to pay Administrative Expenses or (ii) to the General Fund of the District.

Costs of Issuance Fund. A portion of the proceeds of the Bonds shall be deposited by the Trustee in the Costs of Issuance Fund for disbursement pursuant to the specific provisions of the Indenture. Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in a Requisition signed by an Authorized Officer and delivered to the Trustee. Amounts remaining in the Costs of Issuance Fund on the date which is twelve (12) months after the Closing Date of the Bonds shall be transferred to the Debt Service Fund. When no amounts remain in the Costs of Issuance Fund, the Costs of Issuance Fund shall be closed.

Rebate Fund. The Rebate Fund is to be maintained in the custody of the Trustee as a separate fund. Any other provision hereof to the contrary notwithstanding, moneys and investments in the Rebate Fund shall be free and clear of any pledge or lien under the Indenture. Promptly after each Computation Date, the District, or a firm engaged by the District, shall calculate the Rebate Amount for the Bonds, if any, as of that Computation Date. Upon any such calculation, if any amount is due to the Rebate Fund, the District shall direct the Trustee promptly to transfer, from any appropriate fund or account, that amount due to the Rebate Fund. If and to the extent that amounts on deposit in any funds held by the Trustee are insufficient or unavailable to provide for that transfer to the Rebate Fund, the District shall provide for that transfer and crediting from other moneys available for that purpose, including the Available Tax Increment (Gallery Place Footprint) and the Available Increment (Downtown). If the District receives a written opinion of Bond Counsel that such action would not adversely affect the Tax-Exemption for the Bonds, the District may, without the consent of or notice to any Bondholders, adopt supplements to the Indenture to the extent necessary or desirable to (i) combine the Rebate Fund with other funds, or change the custodian of the Rebate Fund, or (ii) otherwise modify, supplement or replace the provisions of Section 4.05 of the Indenture consistent with the covenants of the District in the Indenture.

Investments. Moneys in any fund or account established pursuant to the Indenture and held by the Trustee shall be invested by the Trustee as directed by the District, but only in Permitted Investments. Moneys in the Debt Service Fund shall only be invested by the Trustee in Permitted Investments that mature or are subject to redemption by and at the option of the holder so that sufficient funds are available to the Trustee for the purpose of paying principal or Redemption Price of or interest due on the Bonds under the Indenture, and in no event later than five years from the date of that investment. In the absence of direction by the District, the Trustee shall invest moneys held by it in any Fund in investments described in paragraph (7) of the definition of Permitted Investments.

Bonds Constitute Special Obligations (Section 5.01). The Bonds are special obligations of the District, shall be nonrecourse to the District, shall not be a pledge of, and shall not involve, the full faith and credit or the taxing power of the District (other than the Available Tax Increment (Gallery Place Footprint) and the Available Increment (Downtown)), shall not constitute a debt of the District, and shall not constitute lending of the public credit for private undertakings for purposes of Section 602(a) of the Home Rule Act.

Further Covenants (Section 5.03). In addition to the covenants contained elsewhere in the Indenture, the District further covenants in the Indenture as follows:

Payment. From the sources provided in the Indenture, the District will pay or cause to be paid the principal of and interest on each and all Bonds on the dates, at the places and in the manner provided in the Indenture and in the Bonds, according to the true intent and meaning thereof.

Maintenance of Pledge. Pursuant to the Indenture, the District pledges to and covenants and agrees with the holders of the Bonds that, subject to the provisions of the Indenture, the District will not limit or alter the Gallery Place Fund pledged to secure the Bonds, will not in any way impair the rights or remedies of the Holders, and will not modify in any way, with respect to the Bonds, the Tax Exemption, until the Bonds, together with interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any suit, action or proceeding by or on behalf of the holders, are fully met and discharged. Except as set forth in the preceding sentence, the District will not make any pledge or assignment of or create or suffer any lien or encumbrance upon the Debt Service Fund or the Gallery Place Fund prior to or on a parity with the pledge hereunder.

Collection of Available Tax Increment (Gallery Place Footprint). Pursuant to the Indenture, the District covenants that prior to the delivery of the Bonds, the District will deliver Collection Instructions to the Collection Agent concerning the collection of the Available Tax Increment (Gallery Place Footprint), the deposits of the amounts collected in the Gallery Place Fund, and the transfers from the Gallery Place Fund to the Trustee as provided for in the Indenture. The District covenants to enforce its right to collect the Available Tax Increment (Gallery Place Footprint) by promptly pursuing or causing to be pursued remedies available to it in accordance with Chapter 13A of Title 47 of the D.C. Official Code.

Observance of Covenants. Pursuant to the Indenture, the District will at all times faithfully observe and perform all agreements, covenants, undertakings, stipulations and provisions contained in the Indenture and in every Outstanding Bond executed, authenticated and delivered under the Indenture.

Account and Records; Inspection. Pursuant to the Indenture, the District shall keep or instruct the responsible parties to keep proper books of record and account in which complete and correct entries are made of its transactions relating to the Indenture, including, but not limited to, records relating to collection and deposit of the Available Tax Increment (Gallery Place Footprint). The Trustee or the Holders of 25% of the Outstanding Bonds, or their authorized representatives shall have the right at all reasonable times with reasonable notice to inspect those records and accounts.

Further Assurance. Pursuant to the Indenture, the District will at any and all times adopt, make, do, execute and deliver such further instruments and assurances as may be necessary or desirable to carry out the purposes of the Indenture.

Tax Covenants (Section 5.04). The District covenants to enter into and comply with the Tax Compliance Certificate. The covenants set forth in the Tax Compliance Certificate shall survive any defeasance of the Bonds.

Resignation of Trustee (Section 6.08). The Trustee may at any time resign and be discharged of its duties and obligations under the Indenture by giving not fewer than 30 days' notice, specifying the date when such resignation shall take effect, to the District and each Holder of any outstanding Bond. Such resignation shall take effect upon the appointment of a successor as provided for in the Indenture and the acceptance of such appointment by such successor.

Removal of Trustee (Section 6.09). The Trustee may be removed at any time by (i) the Holders of a majority of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Holders or by their attorneys-in-fact, duly authorized and delivered to the District, or (ii) so long as no default shall have occurred and be continuing under the Indenture, the District. Copies of each such instrument shall be delivered by the District to the Trustee and any successor thereof. The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the District or the Holders of not less than 10% of the Bonds.

Successor Trustee (Section 6.10). If the Trustee shall resign, be removed, be dissolved or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee shall be appointed by the District or, if a default shall have occurred and be continuing under the Indenture, by the Holders of at least 25% of the Bonds by an instrument or concurrent instruments in writing delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and, in the case of any appointment made by the Bondholders, the District.

If no appointment of a successor Trustee is made within 45 days after the giving by the Trustee of any notice of resignation in accordance with the applicable provisions Indenture or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Holder of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor.

Any successor Trustee appointed under the provisions of the Indenture shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$100,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by the Indenture.

Each successor Trustee shall mail, in accordance with the provisions of the Bonds, notice of its appointment to the Trustee and each of the Holders of the Bonds.

Supplemental Indentures Without Bondholder Consent (Section 7.01). Without notice to or the consent of the Bondholders, the District and the Trustee at any time and from time to time may enter into Supplemental Indentures supplementing, modifying or amending the Indenture or any Supplemental Indenture for one or more of the following purposes:

(a) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Trustee for the benefit of such holders;

(b) to add to the covenants and agreements of the District contained in the Indenture, other covenants and agreements thereafter to be observed relative to the acquisition, construction, equipping, operation, maintenance, development or administration of the Gallery Place Project or relative to the application, custody, use or disposition of the proceeds of Bonds;

(c) to surrender any right, power or privilege reserved to or conferred upon the District by the Indenture;

(d) to confirm, as further assurance, any pledge under, and the subjection to any lien on, or claim or pledge of (whether created or to be created by the Indenture), the Gallery Place Fund or any other property pledged under the Indenture;

(e) to cure any ambiguity or to cure or correct any defect or inconsistent provisions contained in the Indenture or to make such provisions in regard to matters or questions arising under the Indenture as may be necessary or desirable and not contrary to or inconsistent with the Indenture;

(f) to permit the qualification of the Indenture or any Supplemental Indenture under any federal statute now or hereafter in effect or under any state blue sky law and, in connection therewith, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted or required by such federal statute or state blue sky law;

(g) to obtain or to maintain any ratings on the Bonds from any nationally recognized securities rating agency; or

(h) to make any other change in the Indenture which the Trustee determines (which determination may be made in reliance upon an opinion of counsel) shall not prejudice in any material respect the rights of the holders of the Bonds Outstanding at the date as of which such change shall become effective.

Supplemental Indentures With Bondholder Consent (Section 7.02). With the prior written consent of the holders of a majority of the Bonds, the District and the Trustee at any time and from time to time may enter into Supplemental Indentures amending or supplementing the Indenture, any Supplemental Indenture or any Bond to modify any of the provisions thereof or to release the District from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained, provided that nothing contained herein shall permit (i) a change in any terms of redemption or purchase of any Bond, the due date for the payment of the principal of or interest on any Bond or any reduction in the principal, Redemption Price of or interest rate on any Bond without the consent of the Holder of such Bond or (ii) a preference or priority of any Bond over any other Bond or a reduction in the percentage of Bonds the consent of the Holders of which is required for any modification of the Indenture, without the unanimous consent of the holders of all Outstanding Bonds.

Discharge of Indenture; Defeasance (Article VIII). If the District shall pay or cause to be paid the full principal or Redemption Price of and interest on and other amounts, if any, due on all or a portion of the Bonds at the times and in the manner stipulated therein and in the Indenture, then the pledge of the Gallery Place Fund and other property by the Indenture pledged to the Bonds or such portion thereof and all other rights granted by the Indenture to the Bondholders shall be discharged and satisfied. In such event, upon the request of the District, the Trustee shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay or deliver to the District, or to such officer, board or body as may then be entitled by law to receive the same, all property held by it pursuant to the Indenture to the extent applicable to the Bonds (other than any moneys and securities required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption).

A Bond shall be deemed to have been paid within the meaning of and with the effect expressed in Article VIII of the Indenture if (i) money for the payment or redemption of such Bond after the date of issuance of such Bond shall be held by the Trustee (through deposit by the District of moneys for such payment or redemption or otherwise, regardless of the source of such moneys), whether at or prior to the maturity or the redemption date of such Bond or (ii) if the maturity or redemption date of such Bond shall not have arrived (A) provision shall have been made by the District for the payment of the principal or Redemption Price of and interest on and other amounts, if any, due on such Bond on the due dates for such payments by deposit with the Trustee (or other method satisfactory to the Trustee) of moneys or Defeasance Securities, the principal of and the interest on and other amounts, if any, due on which when due will provide for such payment, and the District shall have made provision satisfactory to the Trustee for the mailing of a notice to the Holder of such Bond that such moneys are so available for such payment, (B) if such Bond is to be redeemed prior to the maturity thereof, the District shall have taken all action necessary to redeem such Bond and notice of such redemption shall have been duly given or provisions satisfactory to the Trustee shall have been made for the giving of such notice, and (C) the District shall have given to the Trustee in form satisfactory to the Trustee an opinion of Bond Counsel to the effect that such deposit and application of such moneys or Defeasance Securities and the principal or redemption price of and interest on or other amounts, if any due on such Defeasance Securities will not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes. The Trustee may rely upon a verification report by an independent public accountant or nationally recognized verification consultant as to the sufficiency of the deposit (or other method) under clause (A) above to provide for the payment described therein.

Default (Section 9.01). If there shall be a default in the payment of the principal of, or interest on, any Bonds after the principal or interest shall become due and payable in accordance with the terms of the Indenture and the Home Rule Act, or if the District shall fail or refuse to carry out and perform the terms of any agreement with the holders of any of the Bonds set forth in the Indenture, the holders of the Bonds, or the Trustee, may, by action, writ or other proceeding, enforce all rights of the holders of the Bonds, including the right to require the District to carry out and perform the terms of any agreement with the holders of the Bonds set forth in the Indenture or its duties under the Home Rule Act; provided, however, that the holders of the Bonds shall only be entitled to enforce their rights by action, writ or other proceeding upon compliance with the requirements described below under “Restrictions Upon Action by Individual Bondholders”.

Restrictions Upon Action by Individual Bondholders (Section 9.04). No holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law alleging a default on any Bond and seeking the execution of any trust under the Indenture or any other remedy unless (a) such holder previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be instituted, and (b) the holders of not less than a majority of the Bonds shall have made written request to the Trustee and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit or proceeding in its or their name, and (c) there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are by the Indenture declared in every such case, at the option of the Trustee, to be conditions precedent to the enforcement by the Trustee of any remedy under the Indenture. It is understood and intended that, except as otherwise provided above, no one or more Bondholders shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Bondholders and that any individual right of action or other right given by law to one or more of such holders is restricted by the Indenture to the rights and remedies herein provided.

No Personal Liability (Section 9.06). No officer, official, agent or employee of the District shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such officer, official, agent or employee from the performance of any official duty provided by law.

Applicable Law (Section 9.09). The Indenture and the Bonds are and shall be deemed contracts made under the laws of the District and for all purposes shall be governed by and construed in accordance with the substantive laws of the District, without giving effect to conflict of law principles. The parties agree that any action, suit or proceeding may be properly brought in the Superior Court of the District of Columbia for purposes of both jurisdiction and venue.

Conflict with Home Rule Act (Section 9.10). In the event of a conflict between any provision of the Indenture with any provision of the Home Rule Act as in effect on the date hereof, the provision of the Home Rule Act shall prevail over the conflicting provision of the Indenture.

Intention as to Seal and Contract (Section 9.13). It is intended that the Indenture, when signed on behalf of the District and the Trustee and duly delivered between them, shall constitute a contractual obligation under seal under the laws of the District of Columbia with force and effect as an agreement and indenture of trust.

APPENDIX C

FORM OF APPROVING OPINION OF BOND COUNSEL

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FORM OF APPROVING OPINION OF BOND COUNSEL

June 21, 2012

Mayor of the District of Columbia
The Wilson Building
1350 Pennsylvania Avenue, NW
Washington, D.C. 20054

Council of the District of Columbia
The Wilson Building
1350 Pennsylvania Avenue, NW
Washington, D.C. 20054

\$52,365,000
District of Columbia
Tax Increment Revenue Refunding Bonds
(Gallery Place Project)
Series 2012

Ladies and Gentlemen:

We have acted as Bond Counsel to the District of Columbia (the “District”) in connection with the issuance by the District of its \$52,365,000 Tax Increment Revenue Refunding Bonds (Gallery Place Project), Series 2012, dated the date hereof (the “Series 2012 Bonds”). We have examined the law and such certified proceedings and other documents as we deemed necessary to render this opinion.

The Series 2012 Bonds are issued under the District of Columbia Home Rule Act (originally enacted as the District of Columbia Self-Government and Governmental Reorganization Act, as amended, approved December 24, 1973 (87 Stat. 774; D.C. Official Code § 1-201.01 *et seq.*)), as amended (the “Home Rule Act”), the Tax Increment Financing Authorization Act of 1998 (D.C. Law 12-143, D.C. Official Code §§ 2-1217.01 *et seq.*) and the acts amendatory and supplemental thereto (as amended, the “TIF Act”), and the District of Columbia Tax Increment Revenue Bond Gallery Place Project Emergency Approval Resolution of 1999, the Gallery Place Project Modification Emergency Approval Resolution of 2000, the Gallery Place Project Bond Maturity Modification Emergency Approval Resolution of 2000, the Tax Increment Revenue Bond Downtown TIF Area Emergency Approval Resolution of 2001, and the District of Columbia Tax Increment Revenue Bond Downtown TIF Area Base Year Emergency Approval Resolution of 2002 (collectively, the “Gallery Place Resolutions” and, together with the Home Rule Act and the TIF Act, the “Authorization Actions”).

The Series 2012 Bonds are issued under and are equally and ratably secured by an Indenture of Trust dated as of June 1, 2012 (the “Indenture”) between the District and U.S. Bank National Association, as trustee (the “Trustee”). Terms used but not defined herein are defined in the Indenture.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any change in law that may hereafter occur.

As to questions of fact material to our opinion, without undertaking to verify the same by independent investigation, we have relied upon the certified proceedings of the District and certifications by public officials.

We do not express any opinion herein regarding any law other than the law of the District of Columbia and the federal law of the United States of America.

We express no opinion as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2012 Bonds.

Based on the foregoing, it is our opinion that, under existing law:

1. The District is a body politic and corporate duly created and organized and validly existing for municipal purposes under the Constitution of the United States of America and the Home Rule Act, with corporate power and authority to enter into and perform its obligations under the Indenture, to issue the Series 2012 Bonds, to apply the proceeds of the Series 2012 Bonds in the manner described in the Indenture and to pledge and assign the Trust Estate to the Trustee under the Indenture.

2. The Series 2012 Bonds have been duly authorized and issued in accordance with the Authorizing Actions and constitute valid and binding revenue obligations of the District, enforceable in accordance with their terms, payable as to principal, premium, if any, and interest thereon solely from the revenues and receipts pledged thereto (including the Available Tax Increment and the Available Increment as expressly provided in, and in accordance with the terms of, the TIF Act and the Gallery Place Resolutions) pursuant to the Indenture. The Series 2012 Bonds do not constitute or make a pledge or involve the faith and credit or taxing power (other than with respect to the Available Tax Increment and the Available Increment and as expressly provided in the TIF Act and the Gallery Place Resolutions) of the District, do not constitute a debt of the District pursuant to the Home Rule Act and do not constitute a lending of the public credit of the District for a private undertaking prohibited by section 602(a)(2) of the Home Rule Act.

3. The Indenture has been duly authorized, executed and delivered by the District, constitutes a valid and binding agreement of the District and is enforceable against the District in accordance with its terms. The Indenture creates the valid pledge of the Available Tax Increment and the Available Increment and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture (except the Rebate Fund and the Costs of Issuance Fund) which it purports to create, which pledge secures the payment of the principal of and interest on the Series 2012 Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

4. Under existing law, the interest on the Series 2012 Bonds (i) is excludable from gross income for Federal income tax purposes, and (ii) is not an enumerated item of tax preference or adjustment for purposes of the Federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the Federal alternative minimum tax imposed on certain corporations.

In rendering the opinion expressed above in this paragraph 4, we have assumed continuing compliance with the covenants and agreements set forth in the Tax Certificate and Compliance Agreement of even date herewith executed and delivered by the District (the "Tax Agreement"), which covenants and agreements are designed to satisfy the requirements of the Internal Revenue Code of 1986,

as amended (the “Code”), and the income tax regulations issued thereunder (the “Regulations”) that must be satisfied simultaneous with or subsequent to the issuance of the Series 2012 Bonds in order that the interest thereon be, or continue to be, excluded from gross income for Federal tax purposes. In our opinion, the covenants and agreements in the Tax Agreement are sufficient to meet such requirements (to the extent applicable to the Series 2012 Bonds) of the Code and Regulations. However, we assume no responsibility for, and will not monitor, compliance with the covenants and agreements in the Tax Agreement. In the event of noncompliance with such covenants and agreements, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2012 Bonds from becoming includible in gross income for Federal income tax purposes, retroactive to the date of issuance of the Series 2012 Bonds.

5. The Series 2012 Bonds and interest on the Series 2012 Bonds are exempt from taxation by the District, except estate, inheritance and gift taxes.

Other than as set forth in the preceding paragraphs 4 and 5, we express no opinion regarding the Federal, District or state income tax consequences arising with respect to the Series 2012 Bonds.

It is to be understood that the rights of the owners of the Series 2012 Bonds and the enforceability of the District’s obligations under the Series 2012 Bonds and the Authorizing Actions may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

Very truly yours,

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APPENDIX D

BOOK-ENTRY-ONLY SYSTEM

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BOOK-ENTRY-ONLY SYSTEM

The information contained in this Appendix has been extracted from a document prepared by DTC, entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING DTC AND BOOK-ENTRY-ONLY ISSUANCE."

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount thereof, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership.

DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Agent. Under such circumstances, in the event that a successor depository is not obtained, definitive Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this APPENDIX D concerning DTC and DTC's book-entry system has been obtained from sources that the District and the Underwriters believe to be reliable, but the District and the Underwriters take no responsibility for the accuracy thereof.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Agreement”) dated as of June 1, 2012, is executed and delivered by the District of Columbia (the “Issuer”) in connection with the issuance and sale of the Issuer’s \$52,365,000 District of Columbia Gallery Place Project Tax Increment Revenue Refunding Bonds, Series 2012 (the “Bonds”), issued pursuant to the Home Rule Act, the TIF Act, the Gallery Place Resolutions, and the Indenture (as defined in the Official Statement). Capitalized terms used in this Agreement which are not otherwise defined in the Indenture shall have the respective meanings specified above or in Article IV hereof.

ARTICLE I

The Undertaking

Section 1.1. Purpose. This Agreement is being executed and delivered solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) The Issuer shall provide Annual Financial Information with respect to each fiscal year of the Issuer, commencing with fiscal year ending September 30, 2012, by no later than five (5) months after the end of the respective fiscal year, to the MSRB.

(b) The Issuer shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any failure of the Issuer to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof because not available, the Issuer shall provide Audited Financial Statements, when and if available, to the MSRB.

Section 1.4. Notice Events. (a) If a Notice Event occurs, the Issuer shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to (i) the MSRB and (ii) the Trustee.

(b) Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(c) Each Notice Event notice relating to the Bonds shall include the CUSIP numbers of the Bonds to which such Notice Event notice relates or, if the Notice Event notice relates to all bond issues of the Issuer including the Bonds, such Notice Event notice need only include the CUSIP number of the Issuer.

Section 1.5. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of Notice Event hereunder, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Financial Information or Notice Event notice in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

Section 1.6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the Issuer under such laws.

Section 1.7. Previous Non-Compliance. The Issuer represents that, except as disclosed in the Official Statement, in the previous five years it has not failed to comply in all material respects with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

ARTICLE II

Operating Rules

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the Issuer provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org) or (ii) filed with the SEC. The provisions of this Section shall not apply to notices of Notice Events pursuant to Section 1.4 hereof.

Section 2.2. Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

Section 2.3. Notice Events. Each notice of a Notice Event hereunder shall be captioned “Notice Event” and shall prominently state the title, date and CUSIP numbers of the Bonds.

Section 2.4. Dissemination Agents. The Issuer may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Issuer under this Agreement, and revoke or modify any such designation.

Section 2.5. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB’s Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.6. Fiscal Year. (a) The Issuer’s current fiscal year begins October 1 and ends on September 30, and the Issuer shall promptly notify (i) the MSRB and (ii) the Trustee of each change in its fiscal year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

ARTICLE III

Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date; Termination. (a) This Agreement shall be effective upon the issuance of the Bonds.

(b) The Issuer's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Agreement, or any provision hereof, shall be null and void in the event that the Issuer (1) receives an opinion of Counsel to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

Section 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments to or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have received an opinion of Counsel to the same effect as set forth in clause (2) above, (4) either (i) the Issuer shall have received an opinion of Counsel or a determination by an entity, in each case unaffiliated with the Issuer (such as bond counsel or the Trustee), to the effect that the amendment does not materially impair the interests of the holders of the Bonds, or (ii) the holders of the Bonds consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of holders of Bonds pursuant to the terms of the Indenture as in effect at the time of the amendment, and (5) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB.

(b) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the Issuer shall have received an opinion of Counsel to the effect that performance by the Issuer under this Agreement as so amended will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(c) This Agreement may be amended by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) the Issuer shall have received an opinion of Counsel to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of Staff, of the SEC, and (2) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the Issuer in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3 Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Agreement. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the Issuer to comply with the provisions of this Agreement shall be enforceable by any holder of Outstanding Bonds. The holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Agreement. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the Issuer to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Indenture, and the rights and remedies provided by the Indenture upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the District of Columbia, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the District of Columbia; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

Definitions

Section 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) “Annual Financial Information” means, collectively, (i) updated versions of the following financial information and operating data contained in the Official Statement, for each fiscal year of the Issuer, as follows:

A. (i) Audited Financial Statements, if available, or Unaudited Financial Statements for the immediately preceding fiscal year; and

(ii) the Issuer’s Comprehensive Annual Financial Report, if any is prepared, for the immediately preceding fiscal year, and if not prepared, such annual financial information as the Issuer is advised by disclosure counsel or bond counsel would satisfy the definition of “annual financial information” in the Rule; and

B. (i) the following actual results for the most recent fiscal year: the sales tax component of Available Tax Increment (Gallery Place Footprint), the real property tax component of Available Tax Increment (Gallery Place Footprint), the total Available Tax Increment (Gallery Place Footprint), the total Available Increment (Downtown), debt service of all parity lien projects, and the outstanding balance of all parity lien project debt (to be provided as of the date of disclosure); and

(ii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(d) and (e) of this Agreement.

Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in Section 4.1(1) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) “Audited Financial Statements” means the annual financial statements, if any, of the Issuer, audited by such auditor as selected by the Inspector General or as shall otherwise then be required or permitted by District of Columbia or federal law or the Indenture. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Sections 3.2(a) and (e) hereof, the Issuer may from time to time, if required by federal or District of Columbia legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific federal or District of Columbia law or regulation describing such accounting principles, or other description thereof.

(3) “Counsel” means any nationally recognized bond counsel or counsel expert in federal securities laws.

(4) “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(5) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(6) “Notice Event” means any of the following events with respect to the Bonds, whether relating to the Issuer or otherwise:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(7) “Official Statement” means the Official Statement dated June 7, 2012, of the Issuer relating to the Bonds.

(8) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(9) “SEC” means the United States Securities and Exchange Commission.

(10) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

DISTRICT OF COLUMBIA

By:

Lasana K. Mack
Deputy Chief Financial Officer and Treasurer

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APPENDIX F
REFUNDED BONDS

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REFUNDED BONDS

District of Columbia Gallery Place Project Tax Increment Revenue Bonds, Series 2002

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP</u>
\$1,930,000	July 1, 2013	5.500%	254840BC4
2,035,000	July 1, 2014	5.500%	254840BD2
2,150,000	July 1, 2015	5.500%	254840BE0
2,270,000	July 1, 2016	5.500%	254840BF7
2,395,000	July 1, 2017	5.500%	254840BG5
2,525,000	July 1, 2018	5.500%	254840BH3
2,665,000	July 1, 2019	5.500%	254840BJ9
2,810,000	July 1, 2020	5.125%	254840BK6
2,955,000	July 1, 2021	5.125%	254840BL4
3,105,000	July 1, 2022	5.125%	254840BM2
18,125,000	July 1, 2027	5.250%	254840BN0
18,280,000	July 1, 2031	5.400%	254840BP5
<u>\$61,245,000</u>			

Note: The redemption date for the Refunded Bonds is July 1, 2012.

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