

PUBLIC HEARING

ON

**BILL 19-917 "GENERAL OBLIGATION BONDS AND BOND
ANTICIPATION NOTES FOR FISCAL YEARS 2013-2018
AUTHORIZATION ACT OF 2012"**

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

The Honorable Jack Evans, Chairman

**October 4, 2012; 10:00 AM
John A. Wilson Building, Room 120**



**Testimony of
Jeffrey Barnette
Interim Deputy Chief Financial Officer and Interim Treasurer
Office of Finance and Treasury**

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

Chairman Evans and members of the Committee on Finance and Revenue, I am Jeffrey Barnette, Interim Deputy Chief Financial Officer and Interim Treasurer in the Office of the Chief Financial Officer, Office of Finance and Treasury. Thank you for the opportunity to present written testimony regarding Bill 19-917, the General Obligation Bonds and Bond Anticipation Notes for Fiscal Years 2013-2018 Authorization Act of 2012.

The proposed bill would authorize the issuance of General Obligation Bonds and General Obligation Bond Anticipation Notes of the District of Columbia during fiscal years 2013 through 2018 for the purposes of financing certain capital projects pursuant to the Council-approved Capital Improvements Program and refunding of certain capital indebtedness of the District. The proposed bill is substantially the same as the General Obligation Bonds and Bond Anticipation Notes for Fiscal Years 2007-2012 (D.C. Law 16-212). However, it provides for the new aggregate principal amount for general obligation bonds and notes issuance (increasing the amount from the current authorized amount of \$3,217,000,000 to \$3,750, 000,000) and contains new provisions for non-fixed rate bonds to give the District the financing flexibility based on current market conditions. As before, the proposed bill requires that the Council shall specify and determine from time to time, by resolution, the capital projects for which the issuance of bonds shall be authorized. These projects are

associated with various agencies and functions of the District, including schools modernization, transportation, parks and recreation, public safety, public works, and information technology infrastructure.

The District issues long-term bonds annually to finance a major portion of its on-going Capital Improvements Program. Upon taking effect, the proposed bill would authorize the District to issue General Obligation Bonds or General Obligation Bond Anticipation Notes for the next 6 fiscal years. As you know, the Council granted the authority to issue Income Tax Secured Revenue Bonds pursuant to the Income Tax Secured Bond Authorization Act of 2008, for the same purpose: to finance current and future Council-approved capital projects. The authority to issue general obligation bonds and notes and the authority to issue income tax secured revenue bonds are to work hand-in-hand, allowing the District to use whatever vehicle is to its advantage at the time. However, the two vehicles do not increase the total amount of bonds (i.e. debt) that may be issued pursuant to the District's Debt Cap Act or Home Rule Act.

For the record, after consistent increases over the past decade, the ratings on the District's outstanding general obligation bonds are at their highest-ever levels of Aa2, A+ and AA- by Moody's, Standard and Poor's and Fitch, respectively. The

District's Income Tax Secured Revenue Bonds have garnered credit ratings of AAA, the highest possible rating, by Standard and Poor's; Aaa by Moody's, and AA+ by Fitch. These ratings are a reflection of the sound financial health of the District, and represent the existence of quality financial management by the District over the past decade-plus.