

**PUBLIC HEARING**  
**ON**  
**BILL 16-869, "GENERAL OBLIGATION BONDS  
AND BOND ANTICIPATION NOTES FOR FISCAL  
YEARS 2007-2012 AUTHORIZATION ACT OF 2006"**

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

**The Honorable Jack Evans, Chairman**

**September 20, 2006; 2:30 p.m.  
Room 412, John A. Wilson Building**



**Testimony of  
Lasana K. Mack  
Deputy Chief Financial Officer and Treasurer  
Office of Finance and Treasury**

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

Good morning, Chairman Evans and members of the Committee on Finance and Revenue. My name is Lasana Mack, and I am the District of Columbia Treasurer and Deputy Chief Financial Officer. I am here to testify on behalf of the Office of the Chief Financial Officer (OCFO) regarding Bill 16-869, the “General Obligation Bonds and Bond Anticipation Notes for Fiscal Years 2007-2012 Authorization Act of 2006.”

The content of this proposed act is substantially the same as the prior bond act that was enacted by the Council in 2002 (the “2002 Bond Act”), except for the authorization amount. As was the case with the 2002 Bond Act, this proposed act would authorize the financing of the District’s current, approved six-year Capital Improvements Plan (CIP).

Because the out-years of the six-year CIP are revised from year to year, and the budgeted CIP amounts have increased since 2002, the financing authorization granted through the 2002 Bond Act was not sufficient to provide financing authority through 2007, as originally contemplated. However, it is normal for a government to adjust its capital plan from year to year, and the fact that additional authorization is needed now is a result of the District’s increased focus during the past several years on maintaining and improving the District’s capital infrastructure. As indicated by the annual amounts included in the current CIP, there continues to be a substantial focus on improvements in the District’s infrastructure.

The annual amounts that comprise the \$3.217 billion in capital financing that would be authorized by this bill are shown below.

<b>Fiscal Year</b>	<b>CIP Amount</b>
2007	\$774.0 million
2008	\$856.4 million
2009	\$536.6 million
2010	\$401.0 million
2011	\$338.7 million
2012	\$310.3 million
<b>6-Yr. Total</b>	<b>\$3,217 million</b>

It should be noted that the Council has already approved these amounts in the process of approving the Fiscal Year 2007 Budget and Financial Plan and its associated six-year Capital Improvements Plan. As such, this bill would authorize bond financing for the capital plan that has already been approved from a budgeting perspective. These amounts are substantial and include certain large projects such as the Government Centers project, the Great Streets project, the East Washington Traffic Relief project, and the Consolidated Laboratory Facility project.

The OCFO is committed to prudently managing the District's debt, including continual monitoring and proactive management of our debt burden, debt ratios, and credit ratings. The District must maintain a prudent balance between meeting its vast infrastructure needs and responsibly managing its debt burden, and again, the OCFO is focused on doing its part to ensure that such a balance is maintained.

It is also important to note that although this act would authorize the current six-year capital plan, the Council will maintain control of the approval of each bond issuance and the specific capital projects to be financed by them. This is due to the requirement that the Council pass Bond Issuance Approval Resolutions specifying the particular projects and amounts to be financed by each respective bond issuance. As with the 2002 Bond Act, this proposed act would authorize broad categories of projects, such as roads and bridges, physical plant, major equipment, etc., leaving the specific projects to be authorized by the Council resolutions.

The authorization for bond anticipation notes (BANs) provides the option of adjusting the timing of bond issuances in the event of perceived temporary unfavorable market conditions for such issuance(s). It provides the option of issuing BANs as an interim financing vehicle while awaiting or working toward better conditions or circumstances for long-term bond issuance.

The debt service associated with the bond issuances that would be authorized by this bill are already included in the District's Proposed Fiscal Year 2007 Budget and Financial Plan.

Mr. Chairman, this concludes my testimony. I am prepared to answer any questions that you may have at this time.