

PUBLIC ROUNDTABLE

ON

**Proposed Resolution 22-877, "Fiscal Year 2019 Income Tax Secured
Revenue Bond, General Obligation Bond and Bond Anticipation Note
Issuance Authorization Resolution of 2018"**

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

The Honorable Jack Evans, Chairman

**June 25, 2018
11:30 a.m.
John A. Wilson Building**



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

**Jeffrey S. DeWitt
Chief Financial Officer
Government of the District of Columbia**

Good morning, Chairman Evans and members of the Committee on Finance and Revenue. I am Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer for the Government of the District of Columbia. Thank you for the opportunity to present testimony regarding Proposed Resolution PR 22-877. I will refer to this as the Bond and Note Issuance Authorization Resolution of 2018.

The PR authorizes the District to issue income tax secured revenue bonds and notes, general obligation bonds (“GO Bonds”) and general obligation bond anticipation notes (“Bond Anticipation Notes”) to finance planned capital projects and, as necessary, refund existing debt during fiscal year 2019. The PR allows the District to issue these bonds from time to time, in one or more series, in an aggregate principal amount not to exceed \$1.3 billion.

As before, the proposed resolution 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 school modernization, transportation, parks and recreation, public safety, public works and information technology infrastructure.

As part of the OCFO’s continuous improvement strategy, we are constantly analyzing the District’s overall debt management program. In today’s rapidly changing financial marketplace, part of our ongoing analysis is focused on how, when and in what form we should issue long-term or other bonds or notes during a fiscal year and which credit can be

used to the District's advantage.

As a reminder, the General Obligation credit is rated Aa1 at Moody's and AA at S&P and Fitch. The Income Tax Secured Bonds credit is rated AAA at S&P, AA+ at Fitch and Aa1 at Moody's. The short-term rating for Bond Anticipation Notes/Commercial Paper is rated A-1 at S&P, P-1 at Moody's and F-1 at Fitch. These ratings and our increased borrowing flexibility reflect the sound financial health of the District and represent the existence of quality financial management by the District. As further evidence of the District's strengthening financial position, we continue to have no plans to issue Tax Revenue Anticipation Notes (TRANs) in fiscal year 2019.

For the next issuance in the public market, we anticipate using the long-term General Obligation tax-exempt credit. The size of the transaction will be approximately \$550 million and is planned to price in mid-July. This transaction has no impact on this proposed bill. The authority for that transaction was related to a prior bill that was approved by Council for Fiscal Year 2018. Regarding our short-term funding program, we executed our first BAN/CP issuance in late May in the amount of \$75 million. The overall CP program has \$300 million in total capacity.

Mr. Chairman, members of the Committee, this concludes my testimony. I am prepared to address any questions that you may have.