The Committee on Finance and Revenue reports favorably on Bill 17-591, the “Southwest Waterfront Bond Financing Act of 2008”, and recommends its approval by the Council of the District of Columbia.

TABLE OF CONTENTS

I. Background, Purpose and Effect
II. Legislative History
III. Summary of Testimony
IV. Fiscal Impact Statement
V. Section-by-Section Analysis
VI. Impact on Existing Law
VII. Committee Action
VIII. Attachments

I. BACKGROUND, PURPOSE AND EFFECT

Bill 17-591, the “Southwest Waterfront Bond Financing Act of 2008”, was introduced by Chairman Vincent C. Gray at the request of the Mayor. The legislation is the financing package for public infrastructure improvements associated with the Southwest Waterfront project located in Ward 6. In brief, the legislation would approve up to $198 in bond financing for these public improvements for a project of over $1.3 billion in additional private investment, to be supported by a TIF/PILOT area funding mechanism. Additionally it would create a Special Assessment District to provide additional guarantees the bond payments would be met.
II. LEGISLATIVE HISTORY

January 14, 2008  Bill 17-591, the "Southwest Waterfront Bond Financing Act of 2008", is introduced by Chairman Vincent C. Gray at the request of the Mayor.

January 14, 2008  Bill 17-591, the "Southwest Waterfront Bond Financing Act of 2008", is referred to the Committee on Finance and Revenue.

January 25, 2008  Notice of introduction of Bill 17-591 published in the D.C. Register.\(^1\)

May 9, 2008  Notice of public hearing on Bill 17-591, and other matters, published in D.C. Register.\(^2\)

May 16, 2008  Public hearing held on Bill 17-591, and other matters.

June 10, 2008  Consideration and vote on Bill 17-591, and other matters, by the Committee on Finance and Revenue.

III. SUMMARY OF TESTIMONY

The Committees on Finance and Revenue held a public hearing on Bill 17-591, and other matters, on Thursday, May 16, 2008 at 10:10 a.m. The hearing was chaired by Councilmember Jack Evans, and Councilmembers Kwame Brown and Tommy Wells were in attendance.

Chairman Evans presented an opening statement on the legislation:

"Bill 17-591, the "Southwest Waterfront Bond Financing Act of 2008", which was introduced by Chairman Vincent Gray at the request of the Mayor. It would authorize the Mayor to issue District of Columbia revenue bonds secured by tax increment revenues, payments in lieu of taxes, and special assessments generated by or related to the Southwest Waterfront redevelopment project. Proceeds of the bonds would be used to invest in much-needed infrastructure and public amenities, such as parks or a promenade, contribute to site acquisition costs, and contribute to related financing costs. This is a very large project which, as I understand it, is going to tap both TIF and PILOT authorities, so I am very interested in the overall cost of the project and subsidies, what the subsidies will be used for, and the size and scope of the project. I do believe this is yet another piece of what I think is a very important goal of this city – to bring our waterfront into the life of our city. Just as we remade the east-end of downtown as a living, breathing city – this project, along with several others – will help us do the same with the waterfront. I understand the Executive will lead us through some changes which have already been made to the bill, and that the CFO has some observations and"

\(^{1}\) Page 706 of the January 25, 2008 D.C. Register.

\(^{2}\) Pages 5425 – 5426 of the May 9, 2008 D.C. Register.
concerns, but none of that is new to this Committee – we deal with these issues all the time and I hope that we can consider and resolve them in a timely fashion.

**Nina Albert, Project Manager, Office of the Deputy Mayor for Planning and Economic Development** testified in support of the legislation. Ms. Albert stated the proposed $1.1 billion Southwest Waterfront project represented a “unique public-private venture between [DC] and the master developer, Hoffman-Struever Waterfront LLC”. Ms. Albert indicated the development group was comprised of local developer “PN Hoffman, Baltimore-base Struever Bros. Eccles and Rouse, affordable housing developer McCormack Baron Salazar, local developer City Partners, and three District-certified LSDBEs: ER Bacon Development, Gotham Development, and Triden Development Group.” Ms. Albert stated the team proposes a “redevelopment plan that will dramatically transform the now obsolete, unattractive and economically underperforming Southwest Waterfront into a vibrant, waterfront neighborhood consisting of approximately 447,000 sq. ft. of rental housing, 600 condominium units, three hotels, 400,000 sq. ft. of office space, 280,000 sq. ft. of retail uses, and 150,000 sq. ft. of new cultural space. The completed project will become the new home to thousands of residents, dozens of new businesses, and will serve as a prime destination for local, national, and foreign visitors to our Nation’s Capitol.”

Ms. Albert described the project in further detail, and indicated the proposed site encompasses about 23 acres of land along the waterfront and Maine Avenue, SW, and 30 acres of adjoining “riparian area in the Washington Channel”. She stated the area includes Washington’s historic Fish Market on the west side, and extends about 1 mile east to Pier 5, the DC Harbor Police facility. Ms. Albert recounted the development of the proposed project – “in November 2003, the Office of Planning published the Southwest Waterfront Small Area Plan, which was unanimously adopted by the Council as the city’s vision for redevelopment of the area. In 2006, the Anacostia Waterfront Corporation selected the Hoffman-Struever Waterfront LLC to be the master developer…and in April 2007, the Council approved the Disposition of the Southwest Waterfront. Following approval of the property disposition, the District and Developer have been master planning the site and negotiating the financial terms of our partnership agreement. In December 2007, the parties successfully reached agreement on the structure, conditions, and financing requirements for the public/private partnership”.

Ms. Albert stated the project is “one of the most significant redevelopment projects” and that “we have reached the critical juncture in our negotiations where it has become appropriate and necessary that we obtain Council approval before we proceed to finalize terms of the Land Disposition Agreement, Public Finance Agreement, Development Agreement, and other project documents. These agreements will incorporate and rely upon the amount and the general terms and conditions that will govern the public participation in the Project.”

Ms. Albert then summarized the legislation itself. She stated the legislation had four key components:

First, the legislation creates a Southwest Waterfront TIF/PILOT Area. The TIF/PILOT
Fund would be funded by available tax increments on sales and property taxes generated by the redevelopment project within the defined boundaries. She stated the fund “will be used to pay the debt service on bonds in a total proposed amount not to exceed $198 million for the construction and financing of publicly-owned infrastructure” [Emphasis added] She stated they have worked closely with the District’s financial and legal advisors to “ensure that” (a) the cost of financing and developing the public infrastructure and amenities requires at least $198 million of public investment; (b) the project will generate sufficient revenue to support the debt service payments on the bonds; and (c) the developer’s investment, risk, and return on equity are commercially reasonable.

Second, that the bill amends the PILOT Act to permit the PILOT financing of properties located within the defined project area. She stated “it is our view that inclusion of these underperforming assets within the ambit of the PILOT Act satisfies the intent and achieves the purpose of that legislation.”

Third, the “proposed legislation authorizes the pledge of the available tax increment from the Downtown TIF district as a credit-enhancement for the Bonds”. She stated this, as the District has done in several other projects, “permits the District to obtain bond insurance from an AAA-rated insurer, which, in turn provides the District the lowest possible interest cost on the bonds.” She stated this would lower the interest rate by as much as 2.5%, and that “particularly in this difficult financial market, but even in a strong market, the savings are significant and are estimated at $50 million for this project.”

Fourth, she stated that in order to “reduce the likelihood that the District will be called upon to actually use revenues reserved in the Downtown TIF fund, the proposed legislation establishes the Southwest Waterfront Special Assessment District. Under this arrangement, the Developer has agreed to levy a Special Assessment on properties within the designated district. The aggregate amount of the levy that is sufficient to cover any shortfall in tax increments available to meet the debt service payment obligation. The inclusion of a special assessment as a “back-up” to the tax increments from the project minimizes the likelihood that the Downtown TIF reserve funds will ever be called upon. In fact, the Downtown TIF functions primarily as a credit enhancement”. Ms. Albert indicated several changes to the legislation since introduced were needed, which the Committee has incorporated into the committee print of the legislation.

Ms. Albert then recounted the financial analysis of the project, which seeks to invest $198 million in public infrastructure. She stated “the District would only issue Bonds upon completion of each phase of the project, thereby eliminating any construction risk to the District”. She stated the District further limited exposure to cost increases by capping inflation and interest increases. She stated “any cost increases that arise during the implementation of the project are borne by the Developer, while the District’s investment remains capped at $198 million”. She stated as an additional projection the legislation creates the Special Assessment Tax to provide additional cover to the debt service payments. She stated thus “the District is protected against cost overruns during construction and financing of the project, and against revenue short-falls after the project is completed.”
Ms. Albert then made a Powerpoint™ presentation. The first slide described the public infrastructure investment which totals $164 million. She stated “I should note this is today’s cost estimate, which can increase with inflation and other unknown construction costs. Once one includes the financing costs, the total public project equals $227 million”, but that, however as stated previously “the District has capped its investment at $198 million”.

Ms. Albert then presented the 2nd slide, which compared the District’s investment of $198 million to the total project cost of $1.1 billion, or 18% of the total project cost, which she stated “is in line with other projects the District has supported”.

The third slide indicated an analysis of the tax revenues. She stated “we used conservative debt coverage ratios and conducted a sensitivity analysis on the project’s mix of uses. The results show that the project generates $32 million in sales and property tax revenues per year, $27 million more than what the property generates currently. When we evaluated the size of the $198 million bond, we looked for assurance that the projected tax revenues could cover the debt service on the bonds”. She further stated that “even after paying our debt service obligation on the bonds, the project will generate $13 million annually in tax revenue that will go directly to the District’s General Fund”. Ms. Albert continued to state that “the information I have provided today is based on conservative estimates and on a project which is not as ambitious as the developer intends. Should the project exceed the conservative estimates presented, the total tax revenues to the District will be increased, but the investment made by the District will remain capped”. Ms. Albert further indicated the “developer is restricted from seeking additional District subsidy for the project”.

Ms. Albert then described the overall economic and other benefits to the project. She stated that currently the area “generates a total of $5 million in tax revenues annually, but costs the District approximately $4 million to operate and maintain.” She stated the “Gangplank Marina alone is in dire need of replacement should the redevelopment project not occur in the next few years, not to mention the investment required to upgrade the Fish Market, public parks, underground garages and promenade.” She stated that by way of contrast, “starting in 2010/11, the Southwest Waterfront could be generating 3,000 new construction jobs through project completion and 1,800 new permanent jobs. Hoffman-Struever Waterfront LLC has not only committed to the LSDBE contracting, First Source hiring and Apprenticeship requirements...but also committed to $1 million for the creation of a Workforce Intermediary Program.” She further indicated “rather than 9 businesses which occupy Southwest Waterfront today, we can anticipate adding 90 businesses or more with a Maine Avenue, SW address. The Fish Market, which is currently a remnant of pre-1960’s maritime activity, can again be the hub of commercial activity and become for the District what Pike’s Place Market is to Seattle or Faneuil Hall is to Boston.” In short, she concluded “the potential and vision for the project is exceptional, and the benefits to the Southwest quadrant immeasurable. Perhaps most importantly, Southwest Waterfront is a project with tremendous support across the Southwest community and among other stakeholders, who are anxious to see Washington’s waterfronts improved and utilized.”
Lamont Hoffman, Chief Executive Officer, PN Hoffman, Inc. testified in support of the legislation. For the record, Mr. Hoffman stated he was the CEO of PN Hoffman, Inc., and the managing member of the Hoffman-Struever Waterfront LLC ("HSW"). Mr. Hoffman recounted their selection as the Master Developer of the project. Mr. Hoffman stated that "through the efforts of many, we successfully negotiated and entered into a Memorandum of Understand with the existing leaseholders last summer" and "used that as a baseline to bring many diverging interests together" to form the more detailed exclusive rights agreement. He stated they continued to work with the District to finalize the Land Disposition Agreement which they would complete in June. Mr. Hoffman brought a scale model of the entire project to the hearing. He stated the project would contain a total of 2.4 million square feet, comprised of 770 units of housing (30% of which will be affordable), 700,000 square feet of office space, 476,000 square feet of hotel space (3 hotels), 280,000 square feet of retail, 150,000 square feet of cultural space, 5 new parks, 4 new piers and a half-mile promenade with bike trails." He stated they would also renovate the Fish Market.

Mr. Hoffman stated the "unique public/private partnership will transform the Southwest Waterfront into a vibrant mixed-use, mixed-income waterfront destination capable of meeting the major challenges now presented by the successful opening of the National Harbor project." Mr. Hoffman, in testimony which differs somewhat from Ms. Albert's, stated the District's investment in $198 million of public infrastructure represented only 13% of the total project cost of $1.5 billion. Mr. Hoffman stated the balance of the investment, over $1.3 billion, would come from the private sector. Mr. Hoffman recounted the unique protections contained in the legislation to protect the District's investment – namely the overall cap on the District's contribution, the assumption of construction risk by HSW (namely that no public funds are made available until after the public elements are completed in each phase); and using various structures to reduce the District's borrowing costs, including providing the further backup to the repayment of the bonds by creating a special assessment district to cover any potential shortfall in tax receipts generated by the project.

Mr. Hoffman further stated HSW "will execute a First Source Agreement with the Department of Employment Services that will ensure 51% of the new jobs the project creates will be filled by District residents" and that "20 of those newly created jobs will be filled by Ward 8 residents and there will be an emphasis on hiring Southwest DC residents." Mr. Hoffman further testified they were also "working collaboratively with the District to create a Workforce Intermediary", and that the "affordable housing component of this project will be 30% of the total units, half of which will be affordable to families making $27,000 per year or less and the other half will be made available to families earning $54,000 or less. These tangible benefits will set a precedent and a benchmark for future public/private development projects across the District".

Larry White, Chief Operating Officer, Struever Bros. Eccles & Rouse testified in support of the legislation. Mr. White indicated that in partnership with PN Hoffman they were

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3 Ms. Albert indicated a total project of $1.1 billion.
selected as the master developer of the project. Mr. White recounted his firm’s involvement with several iconic projects – particularly waterfront projects – in several locations, notably the Baltimore Inner Harbor, the Hudson River, and the Providence waterfront. He stated their history of working with jurisdictions on projects which have had TIF and/or PILOT financing mechanisms. He stated this was among the various experiences they bring to this particular project. In addition to various features of the project previously described by Mr. Hoffman, Mr. White indicated the project would also seek LEED-Silver certification for all new building construction. He stated their “commitment to environmentally responsible development is a hallmark characteristic of Struever Bros. projects and we will work with our partners and the District of Columbia to integrate these ideals into the Southwest Waterfront”. Mr. White stated the development “will be staged in three separate phases. All phases will include construction of multiple buildings, garages, public spaces, and much needed bulkheads and piers. We will begin the entitlement process on the entire Southwest Waterfront site promptly after LDA execution and Phase 1A is anticipated to be approved and ready for permitting by our settlement date. Construction should commence in the summer of 2010, and the final Phase II is expected to be completed by 2017.”

Desa Sealy Ruffin, President, Gotham Development testified in support of the legislation. Ms. Sealy Ruffin indicated her firm “specializes in the creation of distinctive urban residences and the transformation of communities in which they are located”. She indicated her firm is one of the LSDBE partners of HSW. Ms. Sealy Ruffin stated that Gotham Development, along with the other LSDBE partners E.R. Bacon Development and Triden Development have “been part of HSW since our team first got together more than two years ago to create our proposal to the District to serve as Master Developer for the Southwest Waterfront” project. Ms. Sealy Ruffin further stated that “being an equity partner in this $1.5 billion project presents a tremendous opportunity for me and my firm to increase exponentially our development expertise, our financial capability and our ability to take on and lead large developments of our own in the future.” She stated that she and the other LSDBE firms “have a real seat at the HSW table”. She stated “HSW is steadfastly committed to 20% LSDBE ownership in the Master Development Entity and 20% development participation by LSDBE team members.” Ms. Sealy Ruffin also stated that a project of such magnitude also creates tremendous opportunities for other local, small businesses “in the many fields that make up the real estate arena – contractors, designers, caterers, shop owners, property managers, office suppliers, landscapers and many, many more”. She stated HSW “takes very seriously our commitment to meet our 35% LSDBE contracting requirement with preferences given to Wards 6, 7, and 8. We have worked hard to develop strong and meaningful relationships with the Ward 8 Business Council and the Ward 7 Business and Professional Association, in addition to stakeholders in Ward 6”. She stated the HSW team was fully committed to hiring local residents so “we can meet or exceed the requirement of 51% of new hires from the District with 20% of those hires filled by Ward 8 residents.”

Ms. Sealy Ruffin spoke further of the “Workforce Intermediary Program”, which they will undertake in partnership with DOES and the Deputy Mayor’s office. She stated its mission “is to connect District residents seeking jobs with training, supportive services and apprenticeship and pre-apprenticeship programs targeted specifically to the new jobs that will be
generated" by the project, especially so that “job seekers who complete the training are prepared for the actual jobs that will be available.” She stated the program would being its work well in advance of the construction start to assure “there is ample time and coordination to train and prepare District residents” to take on real jobs at the end of their training. She further testified the workers “will continue to be supported, as needed, in the early stages of their employment to establish and maintain a solid relationship with their employers to ensure success. This is a very exciting new initiative for the District which will serve as a model for future development and hopefully will live on past the Southwest Waterfront project.”

**John Ross, Senior Advisor to the Chief Financial Officer for Economic Development Finance** testified regarding the legislation. Mr. Ross recounted the basic outline of the legislation – that it would create a TIF/PILOT area and a Special Assessment District to support the infrastructure and financing costs of the District’s contribution to the Southwest Waterfront Project of a total amount up to $198 million. Mr. Ross indicated that “through a land disposition resolution currently before the Council, the District would also contribute the land assessed at approximately $95 million” to the project. Thus, the “total subsidy to this project of approximately $293 million”. Mr. Ross testified the CFO “strongly supports the development of Southwest Waterfront. This is an important opportunity to revitalize a large, underutilized urban parcel and to enhance the other development projects along and near the river”.

Mr. Ross further indicated, however, the “project is not sufficiently developed at this time for the OCFO to provide reliable and timely estimates of its fiscal impact on the budget. This legislation requests that the Council approve a financing of almost $200 million before the area is zoned, before the land disposition agreement is complete, before the final size and configuration of the development is known, before the developer brings any equity and debt commitments to the project, and before the amount of TIF/PILOT funds actually needed for the project can be estimated”.

As such, Mr. Ross indicated the CFO has provided a fiscal impact statement “based on preliminary concept plans, as well as preliminary tax estimates and feasibility studies” and that “funds are sufficient in the District’s FY 2008 and FY 2009 budgets to implement the legislation. However, the fiscal impact on the District’s FY 2009 – FY 2012 budget and financial plan will be $4 million per year, beginning in 2010, as currently collected sales taxes are transferred from the general fund to support the project. Because the LDA, the Financing Agreement and the negotiations with current leaseholders are not complete, we cannot say if there will be other impacts during the planning period.”

Mr. Ross continued to testify that “beyond the financial plan period, the budget will be impacted by an inclusion of up to $20 million. Because the legislation proposes to use the Downtown TIF Area to back the bonds, one year of debt service must be available in the budget. Since the current legislation could lead to a taxable issuance, the amount needed could be as high as $20 million.” He further stated the “bonds may be issued in phases over a number of years, depending on how fast the overall development is completed. It is not possible to estimate at this time precisely how much of that $20 million will actually be required for debt service payments
or when it must be budgeted.”

Mr. Ross raised various cautionary issues, including the District’s overall level of economic development debt, and of the District committing to a level of subsidy early in the process, and the prioritizing of projects and their various statuses in the “pipe line”. Mr. Ross stated an alternate approach “would be that the District could assess how much the project needs after the developer knows exactly how much equity investors are willing to put in”.

**Benjamin Jacobs, Managing Member, SW Waterfront LLC and the JBG Companies** submitted a letter for the record supporting the legislation. The letter states that “we firmly believe that master planning and coordinated redevelopment of the area provides the greatest likelihood for achieving maximum benefits to the District in terms of tax revenue, community and social benefits, and public support for necessary public infrastructure”. Mr. Jacobs further wrote that SWW’s “current leasehold interests will be exchanged for ninety-nine year leases on improved development sites upon which two hotels and retail will be constructed. The projects on the new SWW leaseholds will be developed concurrently with an approved initial phase of the HSW project and in accordance with an approved master plan.” The letter further states this “financing is critical for the public infrastructure so that the full benefits of this project to the District...can be realized”.

**Max Skolnick, Commissioner, ANC 6D**, submitted a letter in support of the legislation. Commissioner Skolnick stated “we have been hearing about redevelopment plans for more than 15 years and are eager for the project to start”, and that “we understand that approval of the Bond Financing Act is only one step, albeit a critical one, in the redevelopment process.” Commissioner Skolnick indicated that Hoffman-Struever has “demonstrated its commitment to a thorough design process with full community participation, and we know that there will be ample opportunity for input from residents of the Southwest in finalizing the development’s master plan, design and program.”

**Julius Ware, II, President, Ward 7 Business and Professional Association**, submitted a letter for the record in support of the legislation. The letter indicated support for the proposed project’s LSDBE participation and the proposed Workforce Intermediary Program. Mr. Ware further indicated he would like to see the proposal include a 40% contracting requirement rather than the 35% included in the agreement. Mr. Ware further indicated that “we are convinced Hoffman-Struever is serious about maximizing Ward 7 participation and look to build on our blossoming relationship”.

**Sal Naso, Vice President and General Manager, Entertainment Cruises** submitted a letter for the record in support of the legislation. Mr. Naso indicated that Spirit and Odyssey cruises “have been operating at the Southwest Waterfront since 1987 and 1996 respectively. As long term businesses we are fully committed to the Southwest Waterfront and excited about the opportunity that the redevelopment offers to expand our business and provide additional services to the public, and jobs to District residents”. Mr. Naso continued to write that “we have talked at length with the Master Developer...and are convinced that they can bring to fruition the vision
that so many of us have had for the waterfront, for such a long time. This effort cannot proceed, however, without the funds to redevelop the infrastructure.”

Pam DeWees, Chairman, Capital Yacht Club Redevelopment Committee submitted a letter for the record in support of the legislation. The letter states “we understand the approval of the Bond Financing legislation is a critical step in the redevelopment process” and that “as stakeholders with a real property interest, we embrace the concept of a world class waterfront. We are currently negotiating with the master developer...in an effort to achieve that goal. In a nutshell, our objective is to remain a viable, contributing active member of the Southwest Waterfront Community for, at least, another 116 years while continuing to provide services to our members, mega yachts, mom and pop sailboats, local yachtmen, and the D.C. community at large.”

IV. FISCAL IMPACT

The Chief Financial Officer’s May 16, 2008 fiscal impact statement indicates that “based on the information received, funds are sufficient in the FY 2008 and FY 2009 budgets, but funds are not sufficient in the District’s FY 2009 – FY 2012 budget and financial plan to implement the proposed legislation. It is not possible to estimate the full extent of the proposed legislation’s fiscal impact or the specific periods impacted, because the final development plan and financing package have not been completed. Our best estimate is that there will be a $4 million per-year budget impact due to a net loss of tax revenues, which may begin as early as FY 2010, for a total of up to $12 million in the financial planning period.”

V. SECTION-BY-SECTION ANALYSIS

TITLE I. BOND FINANCING.

Section 101 contains definitions relevant to the legislation, including particularly the definition of the Southwest Waterfront PILOT/TIF area, and the Southwest Waterfront Special Assessment.

Section 102 contains findings

Section 103 creates the Southwest Waterfront Fund, a special non-lapsing enterprise fund.

Section 104 creates the Southwest Waterfront PILOT/TIF Area.

Section 105 authorizes the issuance of bonds in a total amount not to exceed $198 million. Up to $148 million in 2008 dollars may be used for development costs of the project and up to $50 million may be used to pay financing costs.
Section 106 indicates payment and security provisions of the legislation.

Section 107 contains the bond details stipulated by the legislation.

Section 108 contains provisions related to the sale(s) of the bonds.

Section 109 contains provisions related to the financing and closing documents.

Section 110 indicates the limited liability of the District, that the “bonds shall be special obligations of the District. The Bonds shall be without recourse to the District. The Bonds shall not be general obligations of the District, shall not be a pledge or involve the faith and credit or the taxing power of the District (other than the taxes and revenues allocated to the Southwest Waterfront Fund or the Available Increment).”

Section 111 contains provisions related to District officials.

Section 112 contains information reporting requirements.

TITLE II. PAYMENTS IN LIEU OF TAXES.

Section 201 amends Chapter 10 of Title 47 of the D.C. Official Code to create a new section 47-1077 regarding the payment in lieu of taxes in the Southwest Waterfront PILOT/TIF Area, including the delineation of said area. It further defines the time period of the PILOT, which shall expire on September 30, 2044 or the day after the bonds are paid for. The provision directs real property taxes to the PILOT fund and payments on the bonds.

Section 202 amends the PILOT Act of 2004 (D.C. Law 15-293, D.C. Official Code § 1-308.04) to add a new subsection regarding enforcement of PILOT payments under Title 47.

TITLE III. SPECIAL ASSESSMENT.

Section 301 amends Chapter 8 of Title 47 of the D.C. Official Code to create a new subchapter VII which creates the Southwest Waterfront Special Assessment District. The section contains various definitions, establishment of the special assessment district itself, the levy of the special assessment in an amount “equal to the special assessment requirement”, which is an amount necessary to pay the annual debt service, and related costs, on the bonds, minus the special assessment credit which is equal to the sum of the TIF and PILOT revenues in a fiscal year.

TITLE IV. SEVERABILITY; FISCAL IMPACT STATEMENT; EFFECTIVE DATE.

Section 401 provides for the severability of the legislation.
Section 402 contains the required fiscal impact statement.

Section 403 contains the effective date clause.

VI. IMPACT ON EXISTING LAW

The legislation amends Chapter 10 of Title 47 of the D.C. Official Code to create a new section 47-1077 regarding the payment in lieu of taxes in the Southwest Waterfront PILOT/TIF Area, including the delineation of said area. It further defines the time period of the PILOT, which shall expire on September 30, 2044 or the day after the bonds are paid for. The provision directs real property taxes to the PILOT fund and payments on the bonds. It further amends the PILOT Act of 2004 (D.C. Law 15-293, D.C. Official Code § 1-308.04) to add a new subsection regarding enforcement of PILOT payments under Title 47. It further amends Chapter 8 of Title 47 of the D.C. Official Code to create a new subchapter VII which creates the Southwest Waterfront Special Assessment District. The section contains various definitions, establishment of the special assessment district itself, the levy of the special assessment in an amount “equal to the special assessment requirement”, which is an amount necessary to pay the annual debt service, and related costs, on the bonds, minus the special assessment credit which is equal to the sum of the TIF and PILOT revenues in a fiscal year.

VII. COMMITTEE ACTION

The Committee on Finance and Revenue convened at 2:10 p.m. on June 10, 2008, to consider and vote on Bill 17-591. Chairman Evans recognized the presence of a quorum, consisting of himself and Councilmembers Marion Barry and Kwame Brown.

Chairman Evans made brief opening remarks regarding the bill:

The bill before us today is Bill 17-591, the "Southwest Waterfront Bond Financing Act of 2008", which was introduced by Chairman Vincent C. Gray at the request of the Mayor. The legislation is the financing package for public infrastructure improvements associated with the Southwest Waterfront project located in Ward 6. In brief, the legislation would approve up to $198 in bond financing for these public improvements for a project of over $1.3 billion in additional private investment, to be supported by a TIF/PILOT area funding mechanism. Additionally it would create a Special Assessment District to provide additional guarantees the bond payments would be met.

Chairman Evans also indicated he might have an amendment at the Committee of the Whole to address a number of technical and other matters.

Councilmember Barry stated that this was another important piece of redeveloping our
waterfront and making it the world class attraction that we all know it can be.

Chairman Evans then moved Bill 17-591 with leave for the Committee staff to make technical and conforming amendments.

The members voted as follows:

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<th>Report on Bill 17-591</th>
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<tr>
<td>Chairman Evans</td>
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<td>Councilmember Barry</td>
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<td>Councilmember Brown</td>
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<td>Councilmember Catania</td>
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<td>Councilmember Graham</td>
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Thus, the bill and accompanying report were passed by the Committee with 3 votes in support, 0 votes against, and 2 Members absent.

The committee meeting adjourned at 2:13 p.m.

VIII. ATTACHMENTS

A. Bill 17-591 as introduced.
B. Committee Print of Bill 17-591.
D. Public hearing notice for Bill 17-591.
E. Witness list and copies of testimony from the May 16, 2008 public hearing on Bill 17-591, and other matters.
COUNCIL OF THE DISTRICT OF COLUMBIA  
1350 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004

Memorandum

To: Members of the Council

From: Cynthia Brock-Smith, Secretary to the Council

Date: January 14, 2008

Subject: Referral of Proposed Legislation

Notice is given that the attached proposed legislation was introduced in the Office of the Secretary on Monday, January 14, 2008. Copies are available in Room 10, the Legislative Services Division.


INTRODUCED BY: Chairman Gray at the request of the Mayor

The Chairman is referring this legislation to the Committee on Finance and Revenue.

Attachment

cc: General Counsel
    Budget Director
    Legislative Services
JAN 1 4 2008
The Honorable Vincent C. Gray
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, NW, Suite 504
Washington, DC 20004

Dear Chairman Gray:

Enclosed for consideration and approval by the Council is the “Southwest Waterfront Bond Financing Act of 2008”.

The legislation would authorize the Mayor to issue District of Columbia revenue bonds secured by tax increment revenues, payments in lieu of taxes, and special assessments generated by or related to the Southwest Waterfront redevelopment project. Proceeds of the bonds would be used to invest in much-needed infrastructure and public amenities (such as parks and a promenade), contribute to site acquisition costs, and contribute to related financing costs.

Approval of the legislation is critical to making this economic development project a reality and continuing the revitalization of the District’s neighborhoods.

I urge the Council to take prompt and favorable action on this measure.

Sincerely,

[Signature]
Adrian M. Fenty
Mayor

Enclosures
A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

Chairman Vincent C. Gray, at the request of the Mayor, introduced the following bill, which was referred to the Committee on ____________________________.

To authorize and provide for the issuance, sale, and delivery of District of Columbia revenue bonds in one or more series, secured by tax increment revenues, payments in lieu of taxes and special assessments generated by or related to the Southwest Waterfront and issued pursuant to section 490 of the District of Columbia Home Rule Act.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Southwest Waterfront Bond Financing Act of 2008".

TITLE I. BOND FINANCING

Sec. 101. Definitions.

For the purpose of this act, the term:

(1) "Authorized Delegate" means the City Administrator, the Chief Financial Officer, the Treasurer, the Deputy Mayor for Planning and Economic Development, or any officer or employee of the executive office of the Mayor to whom the Mayor has delegated any of the Mayor's functions under this act pursuant to section 422(6) of the Home Rule Act.

(2) "Available Increment" shall have the same meaning as set forth in the Reserve Agreement.
(3) "Available Sales Tax Revenues" means the revenues resulting from the imposition of the tax under Chapter 20 of Title 47 of the D.C. Official Code, including penalty and interest charges, exclusive of the portion thereof required to be deposited in the Washington Convention Center Fund established pursuant to D.C. Official Code § 10-1202.08, generated in the Southwest Waterfront TIF Area in any fiscal year of the District; provided, however, that with respect to the Fish Market the Available Sales Tax Revenues shall be the sales tax revenues in excess of an amount to be determined by the Chief Financial Officer prior to the Commencement Date.

(4) "Bond Counsel" means a firm or firms of attorneys designated as bond counsel from time to time by the Mayor.

(5) "Bonds" means the District of Columbia revenue Bonds, notes, or other obligations (including refunding Bonds, notes, and other obligations), in one or more series, authorized to be issued pursuant to this act.

(6) "Chief Financial Officer" means the Chief Financial Officer established pursuant to section 424(a)(1) of the Home Rule Act.

(7) "Closing Documents" means all documents and agreements other than Financing Documents that may be necessary and appropriate to issue, sell, and deliver the Bonds contemplated thereby, and includes agreements, certificates, letters, opinions, forms, receipts, and other similar instruments.

(8) "Commencement Date" means the date upon which the first parcel of real estate within the Southwest Waterfront PILOT Area or the Southwest Waterfront TIF Area is transferred to the developer of either area.
(9) "Development Costs" means all costs and expenses incurred in connection with the development, redevelopment, purchase, acquisition, protection, financing, construction, expansion, reconstruction, rehabilitation, renovation and repair, and the furnishing and equipping of the Project; including:

(A) The costs of demolishing or removing buildings or structures on, and site preparation of, land acquired or used for, or in connection with, the Project;

(B) Costs of relocation, construction, and redevelopment of the Project;

(C) Expenses incurred for utility lines, structures, or equipment charges;

(D) Interest prior to, and during, construction of the Project;

(E) Provisions for reserves for extraordinary repairs and replacements;

(F) Expenses incurred for architectural, engineering, energy efficiency technology, design and consulting, financial, and legal services;

(G) Fees for letters of credit, bond insurance, debt service reserve insurance, surety Bonds, or similar credit or liquidity enhancement instruments;

(H) Costs and expenses associated with the conduct and preparation of specification and feasibility studies, plans, surveys, historic structure reports, and estimates of expenses and revenues;

(I) Expenses necessary or incident to issuing the Bonds and determining the feasibility and the fiscal impact of financing the acquisition, construction, or redevelopment of the Project; and

(J) The provision of a proper allowance for contingencies and initial working capital.
“District” means the District of Columbia.

“Financing Documents” means the documents other than Closing Documents that relate to the financing or refinancing of transactions to be effected through the issuance, sale, and delivery of the Bonds, including any offering document, and any required supplements to any such documents.

“Fish Market” means the property known for assessment and taxation purposes as Square 473, Lots 850, 856 and 857 and the adjacent riparian area.


“Project” means the infrastructure, including streets, sidewalks, walkways, streetscapes, curbs, gutters, and gas, electric, and water utility lines, and other publicly-owned infrastructure, and the acquisition, equipping, relocation, construction, and redevelopment of certain public facilities, including parks, located within or serving the Southwest Waterfront PILOT Area.

“Reserve Agreement” means that certain Reserve Agreement, dated as of April 1, 2002, by and among the District, Wells Fargo Bank Minnesota, N.A. and Financial Security Assurance, Inc.

“Southwest Waterfront Improvement Benefit District” means the special assessment district established by D.C. Official Code § 47-896.

“Southwest Waterfront PILOT” or “PILOT” means the payment in lieu of taxes from the Southwest Waterfront PILOT Area required by D.C. Official Code § 47-1077.

“Southwest Waterfront PILOT Base Amount” means $945,000.
(19) "Southwest Waterfront PILOT Increment" means the amount of the Southwest Waterfront PILOT that exceeds the Southwest Waterfront PILOT Base Amount.

(20) "Southwest Waterfront PILOT Area" shall consist of the following geographic area: (a) the 15.5 acre land area between the southern curb line of Maine Avenue, S.W. and the bulkhead paralleling the Washington Channel from the eastern edge of the Fish Market to the most western edge of the parking lot serving the DC Harbor Police pier (Pier 5), but not including the pier, and (b) the riparian area currently (i) leased to Capital Yacht Club, (ii) known as the Gangplank Marina, and (iii) existing between the Gangplank Marina pier and the Police pier (other than those riparian areas currently used in connection with the Police pier.

(21) "Southwest Waterfront Special Assessment" means the special assessment relating to the Southwest Waterfront Improvement Benefit District imposed by D.C. Official Code § 47-897.

(22) "Southwest Waterfront TIF Area" shall consist of the following geographic area: (a) the 15.5 acre land area between the southern curb line of Maine Avenue, S.W. and the bulkhead paralleling the Washington Channel from the eastern edge of the Fish Market to the most western edge of the parking lot serving the DC Harbor Police pier (Pier 5), but not including the pier, and (b) the riparian area currently (i) leased to Capital Yacht Club, (ii) known as the Gangplank Marina, and (iii) existing between the Gangplank Marina pier and the Police pier (other than those riparian areas currently used in connection with the Police pier.

Sec. 102. Findings.

The Council finds that:

(1) The Southwest Waterfront is a section of the District that requires financial assistance for its re-development. The Project will aid in the re-development.
(2) Section 490 of the Home Rule Act provides that the Council may by act authorize the issuance of District revenue Bonds, notes, or other obligations (including refunding Bonds, notes, or other obligations) to borrow money to finance, refinance, or reimburse and to assist in the financing, refinancing, or reimbursing of undertakings in certain areas designated in section 490 where the ultimate obligation to repay such revenue Bonds, notes or other obligations is that of one or more governmental persons or entities.

(3) Section 490 of the Home Rule Act provides that Bonds may be issued to assist in undertakings for the economic development of the District.

(4) The authorization, issuance, sale, and delivery of Bonds for the payment of costs of the Project are desirable, are in the public interest and will promote the purposes and intent of section 490 of the Home Rule Act.

Sec. 103. Creation of the Southwest Waterfront TIF/PILOT Fund.

(a) There is hereby established among the funds of the District of Columbia a special non-lapping enterprise fund which shall be separate from the General Fund of the District to be denominated as the "Southwest Waterfront TIF/PILOT Fund". The Chief Financial Officer shall pay the Available Sales Tax Revenues, the Southwest Waterfront Special Assessment (if any), and the Southwest Waterfront PILOT Increment into the Southwest Waterfront TIF/PILOT Fund and shall pay the Southwest Waterfront PILOT Base Amount into the General Fund of the District. The Mayor may pledge and create a security interest in the monies in the Southwest Waterfront TIF/PILOT Fund to finance, refinance or reimburse Development Costs of the Project or for the payment of the debt service on any Bonds issued by the District to finance, refinance or reimburse Development Costs of the Project without further action by the Council as permitted by section 490(f) of the Home Rule Act. If Bonds are issued, such payment will be
made in accordance with the provisions of the Financing Documents entered into by the District in connection with the issuance of any such Bonds. The Financing Documents shall also contain provisions allowing for the repayment with interest of the Southwest Waterfront Special Assessment on any date on which interest is paid on the Bonds, but only after the payment of debt service on the Bonds, the replenishment of any reserves, the payment of administrative expenses and the repayment to the General Fund of the District of any amount of Available Increment used to pay debt service on the Bonds.

(b) If, at the end of any fiscal year of the District following the issuance of the Bonds authorized by this act, the balance of cash and investments in the Southwest Waterfront TIF/PILOT Fund exceeds the amount of all payments authorized by this act and the Financing Documents, the excess shall be transferred to the General Fund of the District, unless the District elects to use the excess to redeem the Bonds prior to maturity.

Sec. 104. Creation of the Southwest Waterfront TIF Area.

(a) There is hereby created the Southwest Waterfront TIF Area, the Available Sales Tax Revenues from which shall be allocated as provided in this act.

(b) Beginning on the Commencement Date, the Available Sales Tax Revenues from the Southwest Waterfront TIF Area shall be allocated and paid into the Southwest Waterfront TIF/PILOT Fund and used for any of the purposes described in section 103 of this act, including, without limitation, securing Bonds or other evidence of indebtedness issued in accordance with the provisions of section 490 of the Home Rule Act. The termination date for the allocation of Available Sales Tax Revenues shall be the earlier of (a) September 30, 2039 or (b) the day after the principal of the Bonds, together with interest and premium, if any, thereon, and all costs and
expenses in connection with any suit, action or proceeding by or on behalf of the holders of the
Bonds are fully met and discharged.

Sec. 105. Bond authorization.

(a) The Council approves and authorizes the issuance of one or more series of Bonds in a
total amount not to exceed $198 million. There is hereby allocated to the Bonds the monies in the
Southwest Waterfront TIF/PILOT Fund or such portion of such monies as shall be determined in
accordance with the terms of the Bonds for the payment of debt service on the Bonds and the
payment of such Development Costs as are permitted to be paid with monies from the Southwest
Waterfront TIF/PILOT Fund. There is also allocated to the Bonds the Available Increment as
provided in section 108(b) of this act.

(b) The Bonds, which may be issued from time to time, in one or more series, shall be
tax-exempt or taxable as the Mayor shall determine and shall be payable from and secured by
monies deposited in the Southwest Waterfront TIF/PILOT Fund and as otherwise provided in
this act.

(c) The proceeds of the Bonds shall be used as follows:

(1) Up to $148 million in 2008 dollars (adjusted for inflation by the Consumer
Price Index) may be used for payment of Development Costs of the Project; and

(2) Up to $50 million may be used to pay the financing costs incurred by the
District and to fund capitalized interest and required reserves.

(d) The Mayor is authorized to pay from the proceeds of the Bonds the financing costs
and expenses of issuing and delivering the Bonds, including, but not limited to, underwriting,
legal, accounting, financial advisory, bond insurance or other credit enhancement, marketing and
selling the Bonds, and printing costs and expenses.
Sec. 106. Bond details.

(a) The Mayor is authorized to take any action reasonably necessary or appropriate in accordance with this act in connection with the preparation, execution, issuance, sale, delivery, security for, and payment of the Bonds of each series, including, but not limited to, determinations of:

(1) The final form, content, designation, and terms of the Bonds, including a determination that such Bonds may be issued in certificated or book-entry form;

(2) The principal amount of the Bonds to be issued and denominations of the Bonds;

(3) The rate or rates of interest or the method for determining the rate or rates of interest on the Bonds;

(4) The date or dates of issuance, sale, and delivery of, and the payment of interest on the Bonds, and the maturity date or dates of such Bonds;

(5) The terms under which the Bonds may be paid, optionally or mandatorily redeemed, accelerated, tendered, called, or put for redemption, repurchase, or remarketing before their respective stated maturities;

(6) Provisions for the registration, transfer, and exchange of the Bonds and the replacement of mutilated, lost, stolen, or destroyed Bonds;

(7) The creation of any reserve fund, sinking fund, or other fund with respect to the Bonds;

(8) The time and place of payment of the Bonds;
(9) Procedures for monitoring the use of the proceeds received from the sale of the Bonds to ensure that the proceeds are properly applied and used to accomplish the purposes of the Home Rule Act and this act;

(10) Actions necessary to qualify the Bonds under blue sky laws of any jurisdiction where the Bonds are marketed; and

(11) The terms and types of credit enhancement under which the Bonds may be secured.

(b) The Bonds shall contain a legend which shall provide that the Bonds are special obligations of the District, are without 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 taxes and revenues allocated to the Southwest Waterfront TIF/PILOT Fund or the Available Increment), do not constitute a debt of the District and do not constitute lending of the public credit for private undertakings as prohibited in section 602(a)(2) of the Home Rule Act.

(c) The Bonds shall be executed in the name of the District and on its behalf by the manual or facsimile signature of the Mayor, and attested by the Secretary of the District by the Secretary’s manual or facsimile signature.

(d) The official seal of the District, or a facsimile of it, shall be impressed, printed, or otherwise reproduced on the Bonds.

(e) The Bonds of any series may be issued in accordance with the terms of a trust instrument to be entered into by the District and a trustee to be selected by the Mayor, and may be subject to the terms of one or more agreements entered into by the Mayor pursuant to section 490(a) (4) of the Home Rule Act.
(f) The Bonds may be issued at any time or from time to time in one or more issues and in one or more series.

(g) The Bonds are declared to be issued for essential public and governmental purposes. The Bonds and the interest thereon and the income therefrom, and all monies pledged or available to pay or secure the payment of the Bonds, shall at all times be exempt from taxation by the District, except for estate, inheritance, and gift taxes.

(h) The District does hereby pledge and covenant and agree with the holders of the Bonds that, subject to the provisions of the Financing Documents, the District will not limit or alter Bonds the basis on which the revenues pledged to secure the Bonds are collected or allocated, will not impair the contractual obligations of the District to fulfill the terms of any agreement made with the holders of the Bonds, will not in any way impair the rights or remedies of the holders of the Bonds, and will not modify in any way the exemptions from taxation provided for in this act, until the Bonds, together with interest thereon, and all costs and expenses in connection with any suit, action or proceeding by or on behalf of the holders of the Bonds, are fully met and discharged. This pledge and agreement for the District may be included as part of the contract with the holders of the Bonds. This subsection constitutes a contract between the District and the holders of the Bonds. To the extent that any acts or resolutions of the Council may be in conflict with this act, this act shall be controlling.

(i) Consistent with section 490(a) (4)(B) of the Home Rule Act and notwithstanding D.C. Official Code § 28:9-101 et seq.: (1) A pledge made and security interest created in respect of the Bonds or pursuant to any related Financing Document shall be valid, binding, and perfected from the time
the security interest is created, with or without physical delivery of any funds or any property
and with or without any further action;

(2) The lien of the pledge shall be valid, binding and perfected as against all
parties having any claim of any kind in tort, contract or otherwise against the District, whether or
not such party has notice; and

(3) The security interest shall be valid, binding and perfected whether or not any
statement, document or instrument relating to the security interest is recorded or filed.

Sec. 107. Sale of the Bonds.

(a) The Bonds of any series may be sold at negotiated or competitive sale at, above, or
below par, to one or more persons or entities, and upon terms that the Mayor considers to be in the
best interest of the District.

(b) The Mayor or an Authorized Delegate may execute, in connection with each sale of the
Bonds, offering documents on behalf of the District, may deem final any such offering document on
behalf of the District for purposes of compliance with federal laws and regulations governing such
matters and may authorize the distribution of the documents in connection with the Bonds being
sold.

(c) The Mayor is authorized to deliver the executed and sealed Bonds, on behalf of the
District, for authentication, and, after the Bonds have been authenticated, to deliver the Bonds to the
original purchasers of the Bonds upon payment of the purchase price.

(d) The Bonds shall not be issued until the Mayor receives an approving opinion from Bond
Counsel as to the validity of the Bonds of such series and, if the interest on the Bonds is expected to
be exempt from federal income taxation, the treatment of the interest on the Bonds for purposes of
federal income taxation.
(e) The District of Columbia Procurement Practices Act of 1985, effective February 21, 1986 (D.C. Law 6-85; D.C. Official Code § 2-301.01 et seq.) and subchapter III-A of Chapter 3 of Title 47 of the District of Columbia Official Code shall not apply to any contract the Mayor may from time to time enter into, or the Mayor may determine to be necessary or appropriate, for purposes of this act.

Sec. 108. Payment and security.

(a) Except as may be otherwise provided in this act, the principal of, premium, if any, and interest on, the Bonds shall be payable from proceeds received from the sale of the Bonds, income realized from the temporary investment of those proceeds, receipts and revenues allocated to the Southwest Waterfront TIF/PILOT Fund, income realized from the temporary investment of those receipts and revenues prior to payment to the Bondholders, and other moneys that, as provided in the Financing Documents, may be made available to the District for payment of the Bonds from sources other than the District, all as provided for in the Financing Documents.

(b) There is further allocated to payment of debt service on the Bonds (and the funding of reserves of such purpose) the Available Increment, subordinate to the allocation of the Available Increment to the Budgeted Reserve, as defined in the Reserve Agreement, all as more fully described in the Reserve Agreement, to be used for the payment of debt service on the Bonds (and the funding of reserves for such purpose) to the extent that the revenues allocated in subsection (a) of this section are inadequate to pay debt service on (and the funding of reserves for) the Bonds. The allocation of Available Increment authorized by this subsection shall be made in compliance with all existing contractual obligations of the District with respect to the
Available Increment and shall terminate on the date on which all of the Bonds are paid or provided for and are no longer outstanding pursuant to their terms.

(c) Payment of the Bonds shall be secured as provided in the Financing Documents and by an assignment by the District for the benefit of the Bondholders of certain of its rights under the Financing Documents and Closing Documents to the trustee for the Bonds pursuant to the Financing Documents.

(d) The trustee is authorized to deposit, invest, and disburse the proceeds received from the sale of the Bonds pursuant to the Financing Documents.

Sec. 109. Financing and Closing Documents.

(a) The Mayor is authorized to prescribe the final form and content of all Financing Documents and all Closing Documents to which the District is a party that may be necessary or appropriate to issue, sell, and deliver the Bonds.

(b) The Mayor is authorized to execute, in the name of the District and on its behalf, the Financing Documents and any Closing Documents to which the District is a party by the Mayor’s manual or facsimile signature.

(c) If required, the official seal of the District, or a facsimile of it, shall be impressed, printed, or otherwise reproduced on the Bonds, the other Financing Documents, and the Closing Documents to which the District is a party.

(d) The Mayor’s execution and delivery of the Financing Documents and the Closing Documents to which the District is a party shall constitute conclusive evidence of the Mayor’s approval, on behalf of the District, of the final form and content of the executed Financing Documents and the executed Closing Documents.
(e) The Mayor is authorized to deliver the executed and sealed Financing Documents and Closing Documents, on behalf of the District, prior to or simultaneously with the issuance, sale, and delivery of the Bonds, and to ensure the due performance of the obligations of the District contained in the executed, sealed, and delivered Financing Documents and Closing Documents.

Sec. 110. Limited liability.

(a) The Bonds shall be special obligations of the District. The Bonds shall be without recourse to the District. The Bonds shall not be general obligations of the District, shall not be a pledge of or involve the faith and credit or the taxing power of the District (other than the taxes and revenues allocated to the Southwest Waterfront TIF/PILOT Fund or the Available Increment), shall not constitute a debt of the District, and shall not constitute lending of the public credit for private undertakings as prohibited in section 602(a)(2) of the Home Rule Act.

(b) The Bonds shall not give rise to any pecuniary liability of the District and the District shall have no obligation with respect to the purchase of the Bonds.

(c) No person, including, but not limited to any Bondholder, shall have any claims against the District or any of its elected or appointed officials, officers, employees, or agents for monetary damages suffered as a result of the failure of the District to perform any covenant, undertaking, or obligation under this act, the Bonds, the Financing Documents, or the Closing Documents, nor as a result of the incorrectness of any representation in or omission from the Financing Documents or the Closing Documents, unless the District or its elected or appointed officials, officers, employees, or agents have acted in a willful and fraudulent manner.

Sec. 111. District officials.

(a) Except as otherwise provided in section 110(c), the elected or appointed officials, officers, employees, or agents of the District shall not be liable personally for the payment of the
Bonds or be subject to any personal liability by reason of the issuance of the Bonds, or for any
representations, warranties, covenants, obligations, or agreements of the District contained in this
act, the Bonds, the Financing Documents, or the Closing Documents.

(b) The signature, countersignature, facsimile signature, or facsimile countersignature of
any official appearing on the Bonds, the Financing Documents, or the Closing Documents shall
be valid and sufficient for all purposes notwithstanding the fact that the individual signatory
ceases to hold that office before delivery of the Bonds, the Financing Documents, or the Closing
Documents.

Sec. 112. Information reporting.

Within 3 days after the Mayor’s receipt of the transcript of proceedings relating to the
issuance of the Bonds, the Mayor shall transmit a copy of the transcript to the Secretary to the
Council.

TITLE II. PAYMENTS IN LIEU OF TAXES

Sec. 201. Chapter 10 of Title 47 of the D.C. Official Code is further amended by adding
new Section 1077 to read as follows:

“§ 47-1077 Payments in lieu of taxes, Southwest Waterfront PILOT Area

(a) For purposes of this section, the term:

(1) “Bonds” means any bonds, notes or other obligations issued by the District
pursuant to the Southwest Waterfront Bond Financing Act of 2008 and section 490 of the Home
Rule Act.

(2) “Southwest Waterfront PILOT Area” shall consist of the following
geographic area: (a) the 15.5 acre land area between the southern curb line of Maine Avenue,
S.W. and the bulkhead paralleling the Washington Channel from the eastern edge of the Fish
Market to the most western edge of the parking lot serving the DC Harbor Police pier (Pier 5),
but not including the pier, and (b) the riparian area currently (i) leased to Capital Yacht Club, (ii)
known as the Gangplank Marina, and (iii) existing between the Gangplank Marina pier and the
Police pier (other than those riparian areas currently used in connection with the Police pier.

"(3) "District" means the District of Columbia.

"(4) "Owner" means any person who may, from time to time, own any parcel
within the Southwest Waterfront PILOT Area.

"(5) "Parcel" means a parcel of real property.

"(6) "Payment in lieu of taxes" or "PILOT" means payments made in lieu of
real property taxes pursuant to this section.

"(7) "PILOT period" means with respect to any parcel within the Southwest
Waterfront PILOT Area the period commencing on the date the parcel is transferred by the
District to the developer of the parcel and ending on the earlier of (a) September 30, 2039 or (b)
the day after the principal of Bonds, together with interest and premium, if any, thereon, and all
costs and expenses in connection with any suit, action, or proceeding by or on behalf of the
holders of the Bonds are fully met and discharged.

"(b) During the PILOT period, the parcels in the Southwest Waterfront PILOT Area
shall be exempt from real property taxation, including the special tax provided for in D.C.
Official Code § 1-204.81. Each owner of a parcel in the Southwest Waterfront PILOT Area shall
enter into a PILOT agreement with the District obligating the owner to make an annual PILOT in
an amount equal to the real property taxes, including the special tax provided for in D.C. Official
Code § 1-204.81, that the owner would be obligated to pay on such parcel in the Southwest
Waterfront PILOT Area in the absence of this section, which agreement shall run with the land
and be binding on the successors and assigns of the original owner. All PILOTs shall be made in
the same manner and at such times as annual real property taxes.

“(c) PILOTs shall be subject to the same penalty and interest provisions as unpaid real
property taxes under Chapter 8 of Title 47.

“(d) All PILOTs shall be made to the District and shall be allocated as provided in the

“(e) The PILOTs shall be paid on such dates that the annual real property taxes would
have been due and payable on such parcel. Notwithstanding the foregoing, no PILOT for any
parcel shall be due and payable sooner than thirty (30) days after receipt by the owner of an
invoice therefor. The owner shall deliver such PILOT to the address identified for delivery of
such payment on the applicable invoice.

“(f) A lien for unpaid PILOT, including penalty and interest, shall attach to the
applicable parcel within the Southwest Waterfront PILOT Area in the same manner and with the
same priority as a lien for delinquent real property tax under Chapter 13A of Title 47. Unpaid
PILOT may be collected in accordance with Chapter 13A of said Title 47.

“(g) The owner of a parcel within the Southwest Waterfront PILOT Area shall have
the right to challenge any assessment or reassessment of such lot in accordance with the
provisions of Chapter 8 of Title 47 and the applicable PILOT shall reflect the result of such
challenge.”.

TITLE III. SPECIAL ASSESSMENT

Sec. 301. Chapter 8 of Title 47 of the District of Columbia Code is amended as follows:

(a) The table of contents is amended by adding a new Subchapter VII to read as follows:

“Subchapter VII. Southwest Waterfront Special Assessment District.
“Sec.


“47-896. Establishment of special assessment district.

“47-897. Levy of special assessment; protest; termination of levy.

“47-898. Application of assessment.”

(b) A new subchapter VII is added to read as follows:

“Subchapter VII. Southwest Waterfront Special Assessment District.

“§ 47-895. Definitions.

“For the purposes of this subchapter, the term:

“(1) “Bonds” means the bonds, notes or other obligations issued by the District pursuant to the Southwest Waterfront Bond Financing Act of 2008 and section 490 of the Home Rule Act.


“(3) “Debt Service” means the principal, interest and premium, if any, on the Bonds.

“(4) “District” means the District of Columbia.

“(5) “Gross building area” means, with respect to a lot, the product of the land area of the lot multiplied by the maximum floor area ratio allowable under its zoning category as of the date of the first issuance of Bonds, without including transfer development rights or bonus development rights.

“(6) “Land area” means, with respect to a lot, the ground square footage of the lot.
“(7) "Lot" means a tax lot, record lot, or other division of real property used to
assess real property.

“(8) "Special Assessment Annual Collection Amount" means the amount by
which the annual debt service on the Bonds for any fiscal year exceeds the amount of the
Available Sales Tax Revenues and the Southwest Waterfront PILOT Increment deposited into
the Southwest Waterfront TIF/PILOT Fund for that fiscal year.

“(9) "Special Assessment Total Collection Amount" means the aggregate amount
of debt service on the Bonds.

“(10) "Southwest Waterfront Improvement Benefit District" means the special
assessment district established by § 47-896.

“§ 47-896. Establishment of special assessment district.

“(a) There is established as a special assessment district the Southwest Waterfront
Improvement Benefit District, which shall be comprised of the following geographic area: (a) the
15.5 acre land area between the southern curb line of Maine Avenue, S.W. and the bulkhead
paralleling the Washington Channel from the eastern edge of the Fish Market to the most
western edge of the parking lot serving the DC Harbor Police pier (Pier 5), but not including the
pier, and (b) the riparian area currently (i) leased to Capital Yacht Club, (ii) known as the
Gangplank Marina, and (iii) existing between the Gangplank Marina pier and the Police pier
(other than those riparian areas currently used in connection with the Police pier.

“(b) The benefit to be derived by the owners of lots within the Southwest Waterfront
Benefit Improvement District is the improvements financed by the Bonds and the amount of this
benefit is the amount of the debt service on the Bonds.

“§ 47-897. Levy of special assessment; protest; termination of levy.
"(a) There is levied a special assessment upon the Southwest Waterfront Improvement Benefit District in an amount up to the Special Assessment Total Collection Amount. The Special Assessment Annual Collection Amount shall be assessed and collected in any fiscal year in which the debt service on the Bonds exceeds the Available Sales Tax Revenues and the Southwest Waterfront PILOT Increment deposited into the Southwest Waterfront TIF/PILOT Fund for that fiscal year.

"(b) The special assessment applicable to a lot shall be equal to the Special Assessment Annual Collection Amount divided by the gross building area of the lot.

"(c) Within 180 days after the transfer of the lot to the developer, the Chief Financial Officer shall determine each lot that is subject to the special assessment under this subchapter and give notice of the special assessment to the owner, as shown on the real property tax records of the District. The notice shall state the proportionate share to the Special Assessment Annual Collection Amount applicable to the lot and the procedure for appeal set forth in subsection (e) of this section. No further notice shall be required for future tax years.

"(d) If the Chief Financial Officer learns that a lot subject to the special assessment has been omitted from the special assessment for any previous tax year or tax years, the Chief Financial Officer shall provide notice to the owner and shall collect the special assessment amount in arrears, including penalty and interest from the date the special assessment should have been paid; provided, that no lot that has escaped the special assessment shall be liable under this section for a period of more than 3 prior tax years.

"(e) The owner of a lot subject to special assessment under this subchapter, when first provided notice of a special assessment under this subchapter, may petition for administrative review, and appeal from a final determination made upon administrative review, of proportionate
share of the Special Assessment Annual Collection Amount, or the imposition of the special
assessment, on the real property in the same manner and to the same extent as set forth in § 47-
825.01(f-1) as if the owner were a new property owner; provided that for purposes of the new
owner appeal, the date of transfer shall be deemed the date of the notice and the tax year shall be
deemed the last tax year included in the notice.

“(f) The Chief Financial Officer shall determine whether a special assessment is
necessary for each fiscal year. This determination shall be based on whether the debt service on
the Bonds exceeded the Available Sales Tax revenues and Southwest Waterfront PILOT
Increment deposited in the Southwest Waterfront TIF/PILOT Fund during the immediately
preceding fiscal year and, in such event, the special assessment shall be levied in the amount of
the excess.

“(g) Special assessments under this subchapter shall be levied annually and shall be due
on June 1 of the tax year. The Chief Financial Officer shall provide the owner of each lot within
the Southwest Waterfront Improvement Benefit District with an annual notice of the Special
Assessment Annual Collection Amount, if any, that is due for the preceding tax year within 45
days of the end of the tax year. The owner shall have 30 days to pay the special assessment bill
before the bill is due.

“(h)(1) Except as provided in paragraph (2) of this subsection, an unpaid special
assessment shall be subject to the same penalty and interest provisions as a delinquent real
property tax under this chapter. A lien for an unpaid special assessment, including penalty and
interest, shall attach to the real property in the same manner as, and with a priority immediately
junior to, a lien for delinquent real property tax under Chapter 13A. The unpaid special
assessment shall be collected in the same manner and under the same conditions and subject to
the same penalty as for unpaid real property taxes.

"(2) If an interest or use on a lot is subject to the special assessment because it is
subject to taxation under § 47-1005.01, then an unpaid special assessment on such an interest or
use shall be subject to the same penalty and interest provisions as a delinquent tax imposed under
§ 47-1005.01, and the unpaid special assessment shall be collected in the same manner and under
the same conditions and subject to the same penalty as for an unpaid tax imposed under § 47-
1005.01.

"(i) The authority to levy special assessments under this subchapter shall terminate on
the day after the principal of Bonds, together with interest and premium, if any, thereon, and all
costs and expenses in connection with any suit, action or proceeding by or on behalf of the
holders of the Bonds are fully met and discharged.

"(j) A special assessment imposed under this subchapter shall not be required to be
certified for the purposes of Chapter 13A.

"(k) Each special assessment shall be made part of the public record.

"The Chief Financial Officer shall deposit the special assessment revenues collected
under this subchapter in the Southwest Waterfront TIF/PILOT Fund.”.

TITLE IV. FISCAL IMPACT STATEMENT; SEVERABILITY; EFFECTIVE DATE
Sec. 401. Fiscal impact statement.
The Council adopts the fiscal impact statement in the Committee report as the fiscal
impact statement required by section 602(c)(3) of the Home Rule Act, approved December 24,
1973 (87 Stat. 813; D.C. Official Code §1-206.02(c)(3)).
Sec. 402. Severability.

As provided in the General Rule of Severability Adoption Act of 1983, effective March 14, 1984 (D.C. Law 5-56; D.C. Official Code § 45-201), if any provision of this act or the application of this act to any person or circumstance is held to be unconstitutional or beyond the statutory authority of the Council, or otherwise invalid, the invalidity of such provision shall not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

Sec. 403. Effective Date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), and a 30 day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02 (c) (2)), and publication in the District of Columbia Register.
MEMORANDUM

TO: Neil O. Albert
Deputy Mayor for Planning and Economic Development

FROM: Patrick Allen
Assistant Attorney General

SUBJECT: Southwest Waterfront Bond Financing Act of 2008

DATE: January 11, 2008

I have reviewed the above-referenced bill and find it to be legally sufficient.

If you have any questions concerning this matter, please feel free to call me at (202) 724-7754.

PHA
A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To authorize and provide for the issuance, sale, and delivery of District of Columbia revenue bonds in one or more series, secured by tax increment revenues, payments in lieu of taxes and special assessments generated by or related to the Southwest Waterfront and issued pursuant to section 490 of the District of Columbia Home Rule Act.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Southwest Waterfront Bond Financing Act of 2008".

TITLE I. BOND FINANCING.

Sec. 101. Definitions.

For the purpose of this act, the term:

(1) "Authorized Delegate" means any one of the following: the City Administrator, the Chief Financial Officer, the Treasurer, the Deputy Mayor for Planning and Economic Development, or any officer or employee of the executive office of the Mayor to whom the Mayor has delegated any of the Mayor's functions under this act pursuant to section 422(6) of the Home Rule Act and has been designated as an authorized delegate for purposes of this act.

(2) "Available Increment" shall have the same meaning as set forth in the Reserve Agreement.
(3) “Available Sales Tax Revenues” means the revenues generated in the Southwest Waterfront PILOT/TIF Area in any fiscal year of the District commencing on the Commencement Date resulting from the imposition of the sales tax under Chapter 20 of Title 47 of the D.C. Official Code, including penalty and interest charges, exclusive of the portion thereof required to be deposited in the Washington Convention Center Fund established pursuant to D.C. Official Code § 10-1202.08; provided, however, that with respect to the Fish Market the Available Sales Tax Revenues shall be the sales tax revenues in excess of an amount equal to the sales tax revenues for the fiscal year 2008. Available Sales Tax Revenues shall include sales tax revenues from any business existing in the Southwest Waterfront PILOT/TIF Area on the date of enactment of this act only after such business has re-opened following the development of all or a portion of the Project.

(4) “Bond Counsel” means a firm or firms of attorneys designated as bond counsel from time to time by the Mayor.

(5) “Bonds” means the District of Columbia revenue bonds, notes, or other obligations (including refunding bonds, notes, and other obligations), in one or more series, authorized to be issued pursuant to this act.

(6) “Chief Financial Officer” means the Chief Financial Officer of the District.

(7) “Closing Documents” means all documents and agreements other than Financing Documents that may be necessary and appropriate to issue, sell, and deliver the Bonds contemplated thereby, and includes agreements, certificates, letters, opinions, forms, receipts, and other similar instruments.

(8) “Commencement Date” means the date upon which the first parcel of real estate within the Southwest Waterfront PILOT/TIF Area is transferred to the Master Developer.
(9) “Consumer Price Index” means the index number of retail commodities prices designated “Consumer Price Index—all items CPIU (1996=100) Washington-Baltimore DC-MD-VA-WA” as published by the U.S. Department of Labor, Bureau of Labor Statistics (or any successor agency there to) appropriately adjusted.

(10) “Debt Service” means payment of principal, premium, if any, and interest on the Bonds.

(11) “Development Costs” means all costs and expenses incurred in connection with the development, redevelopment, purchase, acquisition, protection, financing, construction, expansion, reconstruction, rehabilitation, renovation and repair, and the furnishing and equipping of the Project; including, but not limited to:

(A) The costs of demolishing or removing roads, utilities, sidewalks underground facilities, buildings or structures and other improvements located on, and site preparation of, including environmental remediation, land acquired or used for, or in connection with, the Project, including costs incurred to resolve existing leaseholder interests in portions of the Project site that will be re-conveyed to the District as public infrastructure;

(B) Costs of relocation, construction, and redevelopment of the Project, including entitlement, development and construction management fees;

(C) Costs incurred for publicly owned utility lines, structures, public roads, public parks, or equipment located within or necessary to serve the Project;

(D) Interest on the Bonds prior to, and during, construction of the Project;

(E) Provisions for reserves for extraordinary repairs and replacements;

(F) Expenses incurred for architectural, engineering, energy efficiency technology, design and consulting, financial, and legal services;
(G) Fees for letters of credit, bond insurance, debt service reserve insurance, surety bonds, or similar credit or liquidity enhancement instruments;

(H) Costs and expenses associated with the conduct and preparation of specification and feasibility studies, plans, surveys, historic structure reports, and estimates of expenses and revenues;

(I) Expenses necessary or incident to issuing the Bonds and determining the feasibility and the fiscal impact of financing the acquisition, construction, or redevelopment of the Project; and

(J) The provision of an allowance for contingencies and initial working capital.

(12) “District” means the District of Columbia.

(13) “Financing Documents” means the documents other than Closing Documents that relate to the financing or refinancing of transactions to be effected through the issuance, sale, and delivery of the Bonds, including any offering document, and any required supplements to any such documents.

(14) “Fish Market” means the property known for assessment and taxation purposes as Square 473, Lots 850, 856 and 857 and the adjacent riparian area.


(16) “Master Developer” means the development entity to which the District transfers the leasehold interest in the Southwest Waterfront PILOT/TIF Area and which is responsible for the planned development of the entire site including the Project.

(17) “Project” means the publicly-owned infrastructure, located within the Southwest Waterfront PILOT/TIF Area, including streets, parking facilities, sidewalks, walkways,
streetscapes, parks, bulkheads, piers, curbs, gutters, and gas, electric, and water utility lines, and
other publicly-owned infrastructure, and the acquisition, equipping, relocation, construction, and
redevelopment of certain public facilities, including parks.

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

(19) "Southwest Waterfront Improvement Benefit District" means the special assessment
district established by D.C. Official Code § 47-896.

(20) "Southwest Waterfront PILOT" or "PILOT" means the payment in lieu of taxes
from the Southwest Waterfront PILOT/TIF Area required by D.C. Official Code § 47-1078.

(21) "Southwest Waterfront PILOT Base Amount" means $945,000.

(22) "Southwest Waterfront PILOT Increment" means the amount of the Southwest
Waterfront PILOT that exceeds the Southwest Waterfront PILOT Base Amount.

(23) "Southwest Waterfront PILOT/TIF Area" shall consist of the following geographic
area: (a) Approximately 23 acres of land area between the southern curb line of Maine Avenue,
S.W. and the bulkhead paralleling the Washington Channel from the western edge of the Fish
Market to the western curb of 6th Street, SW, to the eastern edge of square 473, lot 843, the
eastern edge of square 503, lots 883, 884, 885, to the eastern edge of parcel 255/15, to the
western edge of the P St. SW right of way; and (b) the riparian area and piers associated with the
land listed above, which include, but are not limited to (i) the Fish Market; (ii) the Capital Yacht
Club; (iii) the Gangplank Marina; and (iv) Piers 4 and 5.

(24) "Southwest Waterfront Special Assessment" means the special assessment relating
to the Southwest Waterfront Improvement Benefit District imposed by D.C. Official Code § 47-
Sec. 102. Findings.

The Council finds that:

(1) The southwest waterfront is a section of the District that requires financial assistance for its re-development because the scale of the Project includes rebuilding the majority of the neighborhood and replacing existing infrastructure. The Project will aid in the re-development by providing financial assistance to support the portions of the southwest waterfront that will revert to the District as publicly-owned infrastructure and parks.

(2) Section 490 of the Home Rule Act provides that the Council may by act authorize the issuance of District bonds to borrow money to finance, refinance, or reimburse and to assist in the financing, refinancing, or reimbursing of undertakings in certain areas designated in section 490 where the ultimate obligation to repay such bonds is that of one or more governmental persons or entities.

(3) Section 490 of the Home Rule Act provides that bonds may be issued to assist in undertakings for the economic development of the District.

(4) The authorization, issuance, sale, and delivery of bonds for the payment of costs of the Project are desirable, are in the public interest and will accomplish the purposes and intent of section 490 of the Home Rule Act.

Sec. 103. Creation of the Southwest Waterfront Fund.

(a) There is hereby established among the funds of the District of Columbia a special non-lapsing enterprise fund which shall be separate from the General Fund of the District to be denominated as the "Southwest Waterfront Fund". The Chief Financial Officer shall pay the
Available Sales Tax Revenues, the Southwest Waterfront Special Assessment (if any), and the Southwest Waterfront PILOT Increment into the Southwest Waterfront Fund and shall pay the Southwest Waterfront PILOT Base Amount into the General Fund of the District. The Mayor may pledge and create a security interest in the monies in the Southwest Waterfront Fund to finance, refinance or reimburse Development Costs of the Project or to pay the debt service on any Bonds issued by the District to finance, refinance or reimburse Development Costs of the Project or to secure Bonds issued in accordance with the provisions of this act without further action by the Council as permitted by section 490(f) of the Home Rule Act. The Mayor shall pay from the Southwest Waterfront Fund the annual costs of administering the Special Assessment District authorized by Title III of this act. If Bonds are issued, such payment will be made in accordance with the provisions of the Financing Documents entered into by the District in connection with the issuance of any such Bonds.

(b) If, at the end of any fiscal year of the District following the issuance of the Bonds authorized by this act, the value of cash and investments in the Southwest Waterfront Fund exceeds the amount of all payments authorized by this act and the Financing Documents during the upcoming fiscal year, the excess shall be transferred to the General Fund of the District, unless the District elects to use the excess to redeem the Bonds prior to maturity.

Sec. 104. Creation of the Southwest Waterfront PILOT/TIF Area.

(a) There is hereby created the Southwest Waterfront PILOT/TIF Area, the Available Sales Tax Revenues from which shall be allocated as provided in this act.

(b) Beginning on the Commencement Date, the Available Sales Tax Revenues from the Southwest Waterfront PILOT/TIF Area shall be allocated and paid into the Southwest Waterfront Fund and used for any of the purposes described in section 103 of this act. The
termination date for the allocation of Available Sales Tax Revenues shall be the earlier of (a) September 30, 2044 or (b) the day after all of the Bonds are paid or provided for and are no longer outstanding pursuant to their terms.

Sec. 105. Bond authorization.

(a) The Council approves and authorizes the issuance of one or more series of Bonds in a total amount not to exceed $198 million. The Bonds, which may be issued from time to time, in one or more series, shall be tax-exempt or taxable as the Mayor shall determine and shall be payable and secured as provided in section 106 of this act.

(b) The proceeds of the Bonds shall be used as follows:

(1) Up to $148 million in 2008 dollars (adjusted for inflation by the Consumer Price Index) may be used for payment of Development Costs of the Project; and
(2) Up to $50 million may be used to pay the financing costs incurred by the District and to fund capitalized interest and required reserves.

(c) The Mayor is authorized to pay from the proceeds of the Bonds the financing costs and expenses of issuing and delivering the Bonds, including, but not limited to, underwriting, legal, accounting, financial advisory, bond insurance or other credit enhancement, marketing and selling the Bonds, and printing costs and expenses.

Sec. 106. Payment and security.

(a) Except as may be otherwise provided in this act, Debt Service on the Bonds shall be payable from proceeds received from the sale of the Bonds, income realized from the temporary investment of those proceeds, receipts and revenues allocated to the Southwest Waterfront Fund, income realized from the temporary investment of those receipts and revenues prior to payment to the Bond holders, and other moneys that, as provided in the Financing Documents, may be
made available to the District for payment of the Bonds from sources other than the District, all as provided for in the Financing Documents.

(b) There is further allocated to payment of Debt Service on the Bonds the Available Increment, subordinate to the allocation of the Available Increment to the Budgeted Reserve, as defined in the Reserve Agreement, all as more fully described in the Reserve Agreement and to the extent that the Reserve Agreement continues to apply to the Available Increment, to be used for the payment of Debt Service on the Bonds to the extent that the revenues allocated in subsection (a) of this section are inadequate to pay Debt Service on the Bonds. The allocation of Available Increment authorized by this subsection shall be made in compliance with all existing contractual obligations of the District with respect to the Available Increment and shall terminate on the date on which all of the Bonds are paid or provided for and are no longer outstanding pursuant to their terms.

(c) Payment of the Bonds shall be secured as provided in the Financing Documents and by an assignment by the District for the benefit of the Bond holders of certain of its rights under the Financing Documents and Closing Documents to the trustee for the Bonds pursuant to the Financing Documents.

(d) The trustee is authorized to deposit, invest, and disburse the proceeds received from the sale of the Bonds pursuant to the Financing Documents.

Sec. 107. Bond details.

(a) The Mayor is authorized to take any action reasonably necessary or appropriate in accordance with this act in connection with the preparation, execution, issuance, sale, delivery, security for, and payment of the Bonds of each series, including, but not limited to, determinations of:
(1) The final form, content, designation, and terms of the Bonds, including a
determination that such Bonds may be issued in certificated or book-entry form;
(2) The principal amount of the Bonds to be issued and denominations of the Bonds;
(3) The rate or rates of interest or the method for determining the rate or rates of
interest on the Bonds;
(4) The date or dates of issuance, sale, and delivery of, and the payment of interest
on the Bonds, and the maturity date or dates of such Bonds;
(5) The terms under which the Bonds may be paid, optionally or mandatorily
redeemed, accelerated, tendered, called, or put for redemption, repurchase, or remarketing before
their respective stated maturities;
(6) Provisions for the registration, transfer, and exchange of the Bonds and the
replacement of mutilated, lost, stolen, or destroyed Bonds;
(7) The creation of any reserve fund, sinking fund, or other fund with respect to the
Bonds;
(8) The time and place of payment of the Bonds;
(9) Procedures for monitoring the use of the proceeds received from the sale of the
Bonds to ensure that the proceeds are properly applied and used to accomplish the purposes of the
Home Rule Act and this act;
(10) Actions necessary to qualify the Bonds under blue sky laws of any jurisdiction
where the Bonds are marketed; and
(11) The terms and types of credit enhancement under which the Bonds may be
secured.
(b) The Bonds shall contain a legend which shall provide that the Bonds are special
obligations of the District, are without 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 taxes and revenues
allocated to the Southwest Waterfront Fund or the Available Increment), do not constitute a debt of
the District and do not constitute lending of the public credit for private undertakings as prohibited
in section 602(a)(2) of the Home Rule Act.

(c) The Bonds shall be executed in the name of the District and on its behalf by the manual
or facsimile signature of the Mayor, and attested by the Secretary of the District by the Secretary’s
manual or facsimile signature.

(d) The official seal of the District, or a facsimile of it, shall be impressed, printed, or
otherwise reproduced on the Bonds.

(e) The Bonds of any series may be issued in accordance with the terms of a trust instrument
to be entered into by the District and a trustee to be selected by the Mayor, and may be subject to the
terms of one or more agreements entered into by the Mayor pursuant to section 490(a) (4) of the
Home Rule Act.

(f) The Bonds may be issued at any time or from time to time in one or more issues and in
one or more series.

(g) The Bonds are declared to be issued for essential public and governmental purposes.
The Bonds and the interest thereon and the income therefrom, and all monies pledged or
available to pay or secure the payment of the Bonds, shall at all times be exempt from taxation
by the District, except for estate, inheritance, and gift taxes.

(h) The District does hereby pledge and covenant and agree with the holders of the Bonds
that, subject to the provisions of the Financing Documents, the District will not limit or alter
Bonds the basis on which the revenues pledged to secure the Bonds are collected or allocated,
will not impair the contractual obligations of the District to fulfill the terms of any agreement
made with the holders of the Bonds, will not in any way impair the rights or remedies of the
holders of the Bonds, and will not modify in any way the exemptions from taxation provided for
in this act, until the Bonds, together with interest thereon, and all costs and expenses in
connection with any suit, action or proceeding by or on behalf of the holders of the Bonds, are
fully met and discharged. This pledge and agreement for the District may be included as part of
the contract with the holders of the Bonds. This subsection constitutes a contract between the
District and the holders of the Bonds. To the extent that any acts or resolutions of the Council
may be in conflict with this act, this act shall be controlling.

(i) Consistent with section 490(a) (4)(B) of the Home Rule Act and notwithstanding D.C.
Official Code § 28:9-101 et seq.:

(1) A pledge made and security interest created in respect of the Bonds or
pursuant to any related Financing Document shall be valid, binding, and perfected from the time
the security interest is created, with or without physical delivery of any funds or any property
and with or without any further action;

(2) The lien of the pledge shall be valid, binding and perfected as against all
parties having any claim of any kind in tort, contract or otherwise against the District, whether or
not such party has notice; and

(3) The security interest shall be valid, binding and perfected whether or not any
statement, document or instrument relating to the security interest is recorded or filed.

Sec. 108. Sale of the Bonds.

(a) The Bonds of any series may be sold at negotiated or competitive sale at, above, or
below par, to one or more persons or entities, and upon terms that the Mayor considers to be in the
best interest of the District.

(b) The Mayor or an Authorized Delegate may execute, in connection with each sale of the Bonds, offering documents on behalf of the District, may deem final any such offering document on behalf of the District for purposes of compliance with federal laws and regulations governing such matters and may authorize the distribution of the documents in connection with the Bonds being sold.

(c) The Mayor is authorized to deliver the executed and sealed Bonds, on behalf of the District, for authentication, and, after the Bonds have been authenticated, to deliver the Bonds to the original purchasers of the Bonds upon payment of the purchase price.

(d) The Bonds shall not be issued until the Mayor receives an approving opinion from Bond Counsel as to the validity of the Bonds of such series and, if the interest on the Bonds is expected to be exempt from federal income taxation, the treatment of the interest on the Bonds for purposes of federal income taxation.

(e) The District of Columbia Procurement Practices Act of 1985, effective February 21, 1986 (D.C. Law 6-85; D.C. Official Code § 2-301.01 et seq.) and subchapter III-A of Chapter 3 of Title 47 of the District of Columbia Official Code shall not apply to any contract the Mayor may from time to time enter into, or the Mayor may determine to be necessary or appropriate, for purposes of this act.

Sec. 109. Financing and Closing Documents.

(a) The Mayor is authorized to prescribe the final form and content of all Financing Documents and all Closing Documents to which the District is a party that may be necessary or appropriate to issue, sell, and deliver the Bonds.

(b) The Mayor is authorized to execute, in the name of the District and on its behalf, the
Financing Documents and any Closing Documents to which the District is a party by the Mayor’s manual or facsimile signature.

(c) If required, the official seal of the District, or a facsimile of it, shall be impressed, printed, or otherwise reproduced on the Bonds, the other Financing Documents, and the Closing Documents to which the District is a party.

(d) The Mayor’s execution and delivery of the Financing Documents and the Closing Documents to which the District is a party shall constitute conclusive evidence of the Mayor’s approval, on behalf of the District, of the final form and content of the executed Financing Documents and the executed Closing Documents.

(e) The Mayor is authorized to deliver the executed and sealed Financing Documents and Closing Documents, on behalf of the District, prior to or simultaneously with the issuance, sale, and delivery of the Bonds, and to ensure the due performance of the obligations of the District contained in the executed, sealed, and delivered Financing Documents and Closing Documents.

Sec. 110. Limited liability.

(a) The Bonds shall be special obligations of the District. The Bonds shall be without recourse to the District. The Bonds shall not be general obligations of the District, shall not be a pledge of or involve the faith and credit or the taxing power of the District (other than the taxes and revenues allocated to the Southwest Waterfront Fund or the Available Increment), shall not constitute a debt of the District, and shall not constitute lending of the public credit for private undertakings as prohibited in section 602(a)(2) of the Home Rule Act.

(b) The Bonds shall not give rise to any pecuniary liability of the District and the District shall have no obligation with respect to the purchase of the Bonds.

(c) No person, including, but not limited to any Bond holder, shall have any claims against
the District or any of its elected or appointed officials, officers, employees, or agents for monetary
damages suffered as a result of the failure of the District to perform any covenant, undertaking, or
obligation under this act, the Bonds, the Financing Documents, or the Closing Documents, nor as a
result of the incorrectness of any representation in or omission from the Financing Documents or the
Closing Documents, unless the District or its elected or appointed officials, officers, employees, or
agents have acted in a willful and fraudulent manner.

Sec. 111. District officials.

(a) Except as otherwise provided in section 110(c), the elected or appointed officials,
officers, employees, or agents of the District shall not be liable personally for the payment of the
Bonds or be subject to any personal liability by reason of the issuance of the Bonds, or for any
representations, warranties, covenants, obligations, or agreements of the District contained in this
act, the Bonds, the Financing Documents, or the Closing Documents.

(b) The signature, countersignature, facsimile signature, or facsimile countersignature of
any official appearing on the Bonds, the Financing Documents, or the Closing Documents shall
be valid and sufficient for all purposes notwithstanding the fact that the individual signatory
ceases to hold that office before delivery of the Bonds, the Financing Documents, or the Closing
Documents.

Sec. 112. Information reporting.

Within 3 days after the Mayor's receipt of the transcript of proceedings relating to the
issuance of the Bonds, the Mayor shall transmit a copy of the transcript to the Secretary to the
Council.

TITLE II. PAYMENTS IN LIEU OF TAXES.

Sec. 201. Chapter 10 of Title 47 of the D.C. Official Code is further amended by adding
new Section 1077 to read as follows:

§ 47-1078. Payments in lieu of taxes, Southwest Waterfront PILOT/TIF Area

(a) For purposes of this section, the term:

(1) “Bonds” means any bonds, notes or other obligations issued by the District pursuant to the Southwest Waterfront Bond Financing Act of 2008.

(2) “Master Developer” means the development entity to which the District transfers the leasehold interest in the Southwest Waterfront PILOT/TIF Area and which is responsible for the planned development of the entire site including the Project.

(3) “Southwest Waterfront PILOT/TIF Area” shall consist of the following geographic area:

(a) Approximately 23 acres of land area between the southern curb line of Maine Avenue, S.W. and the bulkhead paralleling the Washington Channel from the western edge of the Fish Market to the western curb of 6th Street, SW, to the eastern edge of square 473, lot 843, the eastern edge of square 503, lots 883, 884, 885, to the eastern edge of parcel 255/15, to the western edge of the P St. SW right of way; and

(b) the riparian area and piers associated with the land listed above, which include, but are not limited to (i) the Fish Market; (ii) the Capital Yacht Club; (iii) the Gangplank Marina; and (iv) Piers 4 and 5.

(4) “District” means the District of Columbia.

(5) “Owner” means any person who may, from time to time, own any parcel or interest in a parcel within the Southwest Waterfront PILOT/TIF Area.

(6) “Parcel” means a parcel of real property.

(7) “Payment in lieu of taxes” or “PILOT” means payments made in lieu of real
(8) "PILOT period" means with respect to any parcel within the Southwest Waterfront PILOT/TIF Area the period commencing on the date the parcel is transferred by the District to the Master Developer of the parcel and ending on the earlier of (a) September 30, 2044 or (b) the day after all the Bonds are paid or provided for and are no longer outstanding pursuant to their terms.

(9) "Project" means the publicly-owned infrastructure, located within the Southwest Waterfront PILOT/TIF Area, including streets, parking facilities, sidewalks, walkways, streetscapes, parks, bulkheads, piers, curbs, gutters, and gas, electric, and water utility lines, and other publicly-owned infrastructure, and the acquisition, equipping, relocation, construction, and redevelopment of certain public facilities, including parks.

(b) During the PILOT period, the parcels in the Southwest Waterfront PILOT/TIF Area shall be exempt from real property taxation, including the special tax provided for in D.C. Official Code § 1-204.81. Each owner of a parcel in the Southwest Waterfront PILOT/TIF Area shall enter into a PILOT agreement with the District obligating the owner to make an annual PILOT in an amount equal to the real property taxes, including the special tax provided for in D.C. Official Code § 1-204.81, that the owner would be obligated to pay on such parcel in the Southwest Waterfront PILOT/TIF Area in the absence of this section, which agreement shall run with the land and be binding on the successors and assigns of the original owner. All PILOTs shall be made in the same manner and at such times as annual real property taxes.

(c) PILOTs shall be subject to the same penalty and interest provisions as unpaid real property taxes under Chapter 8 of Title 47.
(d) All PILOTs shall be made to the District and shall be allocated as

(e) The PILOTs shall be paid at the same time and in the same manner as
real property taxes under Chapter 8 of Title 47.

(f) A lien for unpaid PILOT, including penalty and interest, shall attach to
the applicable parcel within the Southwest Waterfront PILOT/TIF Area in the same manner and
with the same priority as a lien for delinquent real property tax under Chapter 13A of Title 47.

Unpaid PILOT may be collected in accordance with Chapter 13A of said Title 47.

Notwithstanding the foregoing, if the owner of the PILOT parcel does not hold a fee simple
interest in the PILOT parcel, in addition to any remedies provided in the PILOT agreement, the
failure to make payments in lieu of taxes shall be enforced in the manner specified in § 47-
1005.01(f)(3).

(g) The owner of a parcel within the Southwest Waterfront PILOT/TIF
Area shall have the right to challenge any assessment or reassessment of such lot in accordance
with the provisions of Chapter 8 of Title 47 and the applicable PILOT shall reflect the result of
such challenge.


Section 5 of the Payment in Lieu of Taxes Act of 2004 (Law 15-293, April 5, 2005; D. C.
Code § 1-308.04) is amended by adding a new subsection (e) as follows:

“(e) Notwithstanding the foregoing, if the owner of the PILOT parcel does not hold a fee
simple interest in the PILOT parcel, in addition to any remedies provided in the PILOT
Agreement, the failure to make payments in lieu of taxes shall be enforced in the manner
specified in § 47-1005.01(f)(3).”
TITLE III. SPECIAL ASSESSMENT

Sec. 301. Chapter 8 of Title 47 of the District of Columbia Code is amended as follows:

(a) The table of contents is amended by adding a new Subchapter VII to read as follows:

"Subchapter VII. Southwest Waterfront Special Assessment District.

"§ 47-895. Definitions.

"§ 47-895.01. Establishment of special assessment district.

"§ 47-895.02. Levy of special assessment.

"§ 47-895.03. Notices and protests.

"§ 47-895.04. Termination of special assessment.

"§ 47-895.05. Application of assessment."

(b) A new subchapter VII is added to read as follows:

"Subchapter VII. Southwest Waterfront Special Assessment District.

"§ 47-895. Definitions.

"For the purposes of this subchapter, the term:

"(1) "Adjusted Maximum Special Assessment" means the Special Assessment determined in accordance with § 47-895.02.

"(2) "Administrator" means the designee of the Chief Financial Officer for purposes of estimating the annual Special Assessment Requirement and the Special Assessment to be levied each fiscal year and for providing other services as required with respect to the administration of the Special Assessment.

"(3) "Bond Year" shall have the meaning given to such term in the Indenture of Trust.

"(4) "Bonds" means the bonds, notes or other obligations issued by the District pursuant to the Southwest Waterfront Bond Financing Act of 2008.

“(6) “Debt Service” means the principal, interest and premium, if any, on the Bonds.

“(7) “District” means the District of Columbia.

“(8) “Equivalent Units” means the factor for each type of property to be used in calculating the Maximum Special Assessment for each Lot as determined by the Chief Financial Officer.

“(9) “Gross building area” or “GBA” means, with respect to a lot, the product of the land area of the lot multiplied by the maximum floor area ratio allowable under its zoning category as of the date of the first issuance of Bonds, without including transfer development rights or bonus development rights.

“(10) “Indenture of Trust” means the indenture relating to the bonds, as modified, amended or supplemented from time to time.

“(11) “Land area” means, with respect to a lot, the ground square footage of the lot.

“(12) “Lot” means a tax lot, record lot, or other division of real property designated for tax and assessment purposes in the Southwest Waterfront Improvement Benefit District.

“(13) “Master Developer” means the development entity to which the District transfers the leasehold interest in the Southwest Waterfront Improvement Benefit District and which is responsible for the planned development of the entire site including the Project.

“(14) “Maximum Special Assessment” means the maximum special assessment determined in accordance with § 47-895.02.

“(15) “PILOT Revenues” means the amount of the Southwest Waterfront PILOT Increment paid or to be paid into the Southwest Waterfront Fund each fiscal year by the District
pursuant to the Southwest Waterfront Bond Financing Act of 2008.

“(16) “Project” means the publicly-owned infrastructure, located within the Southwest Waterfront PILOT/TIF Area, including streets, parking facilities, sidewalks, walkways, streetscapes, parks, bulkheads, piers, curbs, gutters, and gas, electric, and water utility lines, and other publicly-owned infrastructure, and the acquisition, equipping, relocation, construction, and redevelopment of certain public facilities, including parks.

“(17) “Proportionately” means that the ratio of the Special Assessment to be collected as a percentage of the Adjusted Maximum Special Assessment is equal for each Lot (excluding those Lots for which the Adjusted Maximum Special Assessment is zero).

“(18) “Special Assessment” means the Special Assessment levied by the District each fiscal year to fund the Special Assessment Requirement.

“(19) “Special Assessment Credit” means, with respect to a lot, the TIF Revenues and the PILOT Revenues related to the lot and included in calculating the Special Assessment Requirement. Otherwise, “Special Assessment Credit” shall have the meaning given to it in § 47-895.02.

“(20) “Special Assessment Requirement” has the meaning given to it in § 47-895.02.

“(21) “Southwest Waterfront Improvement Benefit District” means the special assessment district established by § 47-895.01.

“(22) “Southwest Waterfront Fund” means the fund created by the Southwest Waterfront Bond Financing Act of 2008.

“(23) “SWW Development” means an area of 50,400 square feet located on a portion of Lots 839, 831 and 84 in Square 473.

“(24) “TIF Revenues” means the amount of the Available Sales Tax Increment paid or to
be paid into the Southwest Waterfront Fund each fiscal year by the District pursuant to the

"§ 47-895.01. Establishment of special assessment district.

(a) There is hereby established as a special assessment district the Southwest Waterfront
Improvement Benefit District, which shall be comprised of the following geographic area:

(1) Approximately 23 acres of land area between the southern curb line of Maine
Avenue, S.W. and the bulkhead paralleling the Washington Channel from the western edge of
the Fish Market to the western curb of 6th Street, SW, to the eastern edge of square 473, lot 843,
the eastern edge of square 503, lots 883, 884, 885, to the eastern edge of parcel 255/15, to the
western edge of the P St. SW right of way; and

(2) the riparian area and piers associated with the land listed above, which
include, but are not limited to: (i) the Fish Market; (ii) the Capital Yacht Club; (iii) the
Gangplank Marina; and (iv) Piers 4 and 5; provided, that the Southwest Waterfront Improvement
Benefit District shall not include the SWW Development.

(b) The owners of Lots within the Southwest Waterfront Benefit Improvement District
will derive a special benefit from the improvements financed by the Bonds and the amount of
this benefit is equal to or greater than the Maximum Special Assessment levied on the Lots
subject to the Special Assessment.

(c) Special Assessments may be collected from all Lots on which Special Assessments
have been levied beginning with the first year Special Assessments are to be collected pursuant
to section 47-895.02 or may be collected only from the Lots within a specific phase to be
improved or that has been improved, as determined by the Chief Financial Officer at the time of
the issuance of any Bonds.
§ 47-895.02. Levy of special assessment.

(a) A Special Assessment is hereby levied and shall be collected in the Southwest Waterfront Improvement Benefit District each fiscal year beginning with the first fiscal year after the issuance of the Bonds and continuing until the year specified in § 47-895.05 in an amount determined as provided for in this section. Each Special Assessment shall be made part of the public record.

(b) There is levied a Special Assessment upon all real property in the Southwest Waterfront Improvement Benefit District in an amount equal to the Maximum Special Assessment. Special Assessments shall be collected each fiscal year in an amount equal to the Special Assessment Requirement. The Special Assessment Requirement for any fiscal year shall be estimated by the Administrator and determined by the Chief Financial Officer and shall be an amount equal to:

(1) the amount required in such fiscal year to pay (A) Debt Service and other periodic costs (including deposits to sinking funds) on the Bonds; (B) any amount required to replenish any reserve fund established in association with any Bonds; (C) any amount equal to the estimated delinquencies expected in payment of the Special Assessment not otherwise taken into account; and (C) the costs of remarketing, credit enhancement, bond insurance, and liquidity facility fees (including such fees for instruments that serve as the basis of a reserve fund related to any indebtedness in lieu of cash); and

(2) less (A) the Special Assessment Credit equal to the sum of (i) TIF Revenues and PILOT Revenues available to apply to the Special Assessment Requirement for that fiscal year; (ii) any credits available pursuant to the Indenture of Trust, such as capitalized interest, reserves, and investment earnings on any account balances; and (iii) any other revenues available
to apply to the Special Assessment Requirement.

"(c) Commencing with the fiscal year in which Bonds are first issued and for each following fiscal year, the District shall determine the Special Assessment Requirement, if any, as provided in subsection (b) for the fiscal year and shall collect the Special Assessment Proportionately from each Lot in arrears in an amount up to the Adjusted Maximum Special Assessment from each Lot such that the total of the Special Assessment to be collected shall equal the Special Assessment Requirement. The Administrator shall provide an estimate to the Chief Financial Officer each fiscal year of the Special Assessment to be collected from each Lot in conformance with the provisions of this section.

"(d) The Maximum Special Assessment shall be established by the Chief Financial Officer at the time the Bonds are issued to reflect the rate of interest on the Bonds and the amount of the Bonds issued in an amount that provides for adequate Special Assessment revenue to pay the Debt Service on the Bonds and any other expected amounts of the Special Assessment Requirement as provided in the Indenture of Trust. The Maximum Special Assessment for each Lot shall be the Maximum Special Assessment divided by the Equivalent Units of all Lots subject to Special Assessment multiplied by the Equivalent Unit of each Lot, which may be calculated separately for each phase and the Bonds issued with respect to each phase. The Adjusted Maximum Special Assessment for the Lot shall be equal to the Maximum Special Assessment for the Lot minus the Special Assessment Credit for the Lot. The Special Assessment Credit applied to all Lots shall not exceed the TIF Revenues and the PILOT Revenues taken into account in determining the Special Assessment Requirement.

"(e) The Special Assessment to be collected from any Lot may be increased as a result of a default in the payment of the Special Assessment levied on any other Lot only in accordance
with the provisions of this section. The Special Assessment to be collected from any Lot may not
be increased above the Adjusted Maximum Special Assessment as a result of a default in the
payment of the Special Assessment levied on any other Lot. If the Special Assessment to be
collected from any Lot is less than the Adjusted Maximum Special Assessment for such Lot, the
Special Assessment may be increased up to the Adjusted Maximum Special Assessment as a
result of the default in the payment of the Special Assessment levied on any other Lot.
§ 47-895.03. Notices and protest.
“(a) The Master Developer shall consent to the levy of the Special Assessment on the
Lots, following which consent all actions by any owner of a Lot to challenge the levy of the
Special Assessment except as provided in subsection (b) shall be forever barred. The Master
Developer and any subsequent owner of a Lot shall provide notice to the buyer of such Lot of the
levy of the Special Assessment and any contract for the sale of any such Lot may be voided
without penalty by the buyer prior to receiving notice of the Special Assessment.
“(b) The owner of a Lot subject to Special Assessment under this subchapter claiming
that the amount of the Special Assessment to be collected from the Lot is not correct may file a
written notice of appeal to that effect with the Chief Financial Officer not later than 180 days
after the due date of the payment of the Special Assessment that is disputed. The Chief Financial
Officer, or the Administrator if designated by the Chief Financial Officer to hear the appeal, shall
promptly review the appeal and, if necessary, meet with the owner of the Lot, consider written
and oral evidence regarding the amount of the Special Assessment and decide the appeal. If the
result of the appeal requires the Special Assessment to be modified or changed in favor of the
owner of the Lot, a cash refund shall not be made (except in the last year of the levy) but an
adjustment shall be made to the next Special Assessment to be collected from that Lot. A
decision of the Administrator may be appealed to the Chief Financial Officer. This procedure shall be exclusive and its exhaustion by any owner of a Lot shall be a condition precedent to any other appeal or legal action by such owner.

"(c) If the Chief Financial Officer learns that a Lot subject to the Special Assessment has been omitted from the Special Assessment for any previous tax year or tax years, the Chief Financial Officer shall provide notice to the owner and shall collect the Special Assessment amount in arrears, including penalty and interest from the date the Special Assessment should have been paid; provided, that no lot that has escaped the Special Assessment shall be liable under this section for a period of more than 3 prior tax years.

"(d) Special Assessments under this subchapter shall be collected each year for the preceding fiscal year in the same manner and at the same time as real property taxes are collected; provided, however, that the Special Assessments may be collected at a different time and in a different manner as determined by the Chief Financial Officer.

"(e)(1) Except as provided in paragraph (2) of this subsection, an unpaid Special Assessment shall be subject to the same penalty and interest provisions as a delinquent real property tax under this chapter. A lien for an unpaid Special Assessment, including penalty and interest, shall attach to the real property in the same manner as, and with a priority immediately junior to, a lien for delinquent real property tax under Chapter 13A and senior to all other liens. Property sold at a tax sale for the failure to pay real property taxes shall remain subject to the obligation to pay Special Assessments in subsequent years as provided in this subchapter. The unpaid special assessment shall be collected in the same manner and under the same conditions and subject to the same penalty as for unpaid real property taxes. A special assessment imposed under this subchapter shall not be required to be certified for the purposes of Chapter 13A.
“(2) If an interest or use on a Lot is subject to the Special Assessment because it is subject to taxation under § 47-1005.01, then an unpaid Special Assessment on such an interest or use shall be subject to the same penalty and interest provisions as a delinquent tax imposed under § 47-1005.01, and the unpaid Special Assessment shall be collected in the same manner and under the same conditions and subject to the same penalty as for an unpaid tax imposed under § 47-1005.01.

§ 895.04. Termination of Special Assessment.

“The authority to levy Special Assessments under this subchapter shall terminate on the earlier of:

“(a) September 30, 2045; or

“(b) on the day after all the Bonds are paid for and are no longer outstanding pursuant to their terms. Notwithstanding the preceding sentence, any delinquent Special Assessments and related penalties and interest shall remain due as provided herein until fully paid.

§ 47-895.05. Application of assessment.

“The Chief Financial Officer shall deposit the special assessment revenues collected under this subchapter in the Southwest Waterfront Fund.”

TITLE IV. SEVERABILITY; FISCAL IMPACT STATEMENT; EFFECTIVE DATE.

Sec. 401. Severability.

As provided in the General Rule of Severability Adoption Act of 1983, effective March 14, 1984 (D.C. Law 5-56; D.C. Official Code § 45-201), if any provision of this act or the application of this act to any person or circumstance is held to be unconstitutional or beyond the statutory authority of the Council, or otherwise invalid, the invalidity of such provision shall not affect other provisions or applications of the act that can be given effect without the invalid
provision or application, and to this end the provisions of this act are declared to be severable.

Sec. 402. Fiscal impact statement.

The Council adopts the fiscal impact statement in the Committee report as the fiscal impact statement required by section 602(c)(3) of the Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. 403. Effective Date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), and a 30 day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(2)), and publication in the District of Columbia Register.
MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: MAY 16 2008


REFERENCE: B17-0591

Conclusion

Based on the information received, funds are sufficient in the FY 2008 and FY 2009 budgets, but funds are not sufficient in the District’s FY 2009 – FY 2012 budget and financial plan to implement the proposed legislation. At this time it is not possible to estimate the full extent of the proposed legislation’s fiscal impact or the specific periods impacted, because the final development plan and financing package have not been completed. Our best estimate is that there will be a $4 million per-year budget impact due to a net loss of tax revenues, which may begin as early as FY 2010, for a total of up to $12 million in the financial planning period. In addition, because the debt will be backed by the Downtown TIF Area, there will be an additional budget impact of up to $20 million. That amount will have to be set aside in the budget as the TIF/PILOT bonds are issued. However, this additional budget impact would be outside the financial planning period.

Background

The proposed legislation would approve the issuance of up to $198 million in TIF/PILOT bonds to pay for infrastructure and other costs related to the development of the Project. It would create a Tax Increment Finance (TIF) area, a Payment In Lieu of Taxes (PILOT) area, and a Special Assessment District to support debt service for these bonds. The Project, a 23 acre site in the Southwest quadrant of the District, is proposed to include more than 2.1 million square feet of office, hotel, residential, and commercial development and 200 – 400 marina slips. Through separate legislation, the Council will be asked to approve a disposition of the land, which is
currently assessed at $95 million. This, in addition to the $198 million TIF/PILOT bonds, would bring the total subsidy to this project to approximately $293 million.

In addition to the TIF, PILOT and Special Assessment District, the legislation authorizes the use of the Downtown TIF Area to support the debt service on the TIF/PILOT bonds to be issued by the District. This means that a reserve of up to $20 million must be included in the budget once all the bonds are issued. This reserve would be non-lapsing, would be used if revenues from the Downtown TIF Area become necessary, and would be replenished if used. Any replenishment would also have to be budgeted.

Risks/Costs to the District

- The Deputy Mayor for Planning and Economic Development has completed a preliminary feasibility analysis based on certain size and use assumptions. However, because the Project still requires master planning, rezoning, and permitting, there are no final plans and/or cost estimates. This means that the proposed $198 million in TIF/PILOT bonds may be more or less than the Project needs. This also means we cannot complete an analysis of whether the projected TIF and PILOT payments can cover the debt service. If the Project’s TIF and PILOT payments, with the proposed special assessment do not cover the debt service, debt service would need to be paid from the budget.

- At this point, the District is the only participant in the transaction that is actually committing funds to the Project. In a normal TIF transaction, the developer comes to the District with an equity commitment and some idea of the availability of private debt for the project. TIF subsidy is intended to fill the gap between the project cost and what can be contributed by the developer. In this Project, the District is committing to a certain level of TIF funds, and the developer is subsequently going to seek equity and debt partners to fill the gap. Thus, although the terms of the transaction require the developer to have private financing in place before the land is transferred to the developer, the TIF commitment will be in place one to two years prior to that time.

- The Term Sheet acknowledges that there has yet to be a successful resolution with respect to the interests of existing leaseholders in the development. Based on information received from the Mayor, the condemnation value of the current leaseholds pursuant to the original leases is approximately $24 million. Conversely, the estimated cost to negotiate buy-outs of the current leaseholders on the site is more than $70 million. Therefore, the cost of requiring the Developer to negotiate buy-outs with current leaseholders rather than having the District condemn the leases is approximately $46 million. While there would likely be additional costs to the District related to condemnation protests, a decision not to condemn indirectly costs the project up to $46 million in additional subsidy.

- Approximately $4.4 million in annual sales taxes and $545,000 in annual property taxes are currently generated from the long-term leaseholders. Through this legislation, all
sales taxes, and all PILOT payments above $945,000 per year will be pledged to the TIF/PILOT fund to support the debt. Each year, the $945,000 base amount will be paid into the General Fund. According to the proposed legislation, the TIF/PILOT period begins at land transfer; this transfer could occur as early as FY 2010. Sales taxes from current businesses will continue going to the General Fund until those businesses are closed. Once all of the current businesses are closed, the net reduction of taxes to the General Fund will be approximately $4 million per year.

- As currently proposed, the bonds could be taxable, significantly increasing the long-term interest cost to the District. Depending on the market at the time of issuance, a taxable issuance could increase the interest rate on the bonds one to two percentage points and could result in annual debt service of $15 - $20 million compared to an issuance of $12 to $15 million. Under current market conditions a taxable issuance would cost an additional $60 million over the term of the bonds.

- Because the proposed debt issuance will be backed by the Downtown TIF Area, at least one year of debt service will have to be accounted for in the budget. The Developer estimates an initial bond issuance in 2014, so this debt service set-aside would have no impact on the FY 2008 budget and FY 2009 – 2012 budget and financial plan.

- Issuing this amount of debt could limit future debt issuances by:
  - **Using up debt capacity.** As indicated in the OCFO’s letter to the Council on June 20, 2007, the District’s borrowing capacity is limited. The letter recommended a maximum of $1.5 billion in economic development debt. So far, issued, authorized, and proposed economic development debt issuances (including this Project) have reached $1.4 billion, very close to the limit. Thus, issuing $198 million for this Project reduces the amount available for TIF, PILOT, and revenue bond debt for other projects.
  - **Using up the capacity of the Downtown TIF.** All debt backed by the Downtown TIF Area and issued at parity with currently issued debt must meet a three-times coverage test. This means that the Downtown TIF Available Revenues must be three times greater than the total debt service backed by it. We have just completed a study that indicates that, based on this new requirement, there is now approximately $32.4 million currently available for annual debt service to back debt for eligible projects, if issued at parity. By backing this Project with the Downtown TIF Area, the District will be limiting the future capacity of the Downtown TIF to back other economic development projects around the City.

**Financial Plan Impact**

Funds are sufficient in the FY 2008 and FY 2009 budget, but are not sufficient in the District’s FY 2009 – FY 2012 budget and financial plan to implement the proposed legislation. At this time it is not possible to estimate the full extent of the proposed legislation’s fiscal impact or the specific periods impacted. However, the annual financial impact beginning as early as 2010
would be at least $4 million. In addition, beyond the financial plan period, the budget will need to include an additional amount up to $20 million, which would be included in the budget when the TIF/PILOT bonds are issued.
Council of the District of Columbia
Committee on Finance and Revenue
Notice of Public Hearing
John A. Wilson Building, 1350 Pennsylvania Avenue, N.W. Washington, D.C. 20004

COUNCILMEMBER JACK EVANS, CHAIR
COMMITTEE ON FINANCE AND REVENUE

ANNOUNCES A PUBLIC HEARING ON

Bill 17-591, the “Southwest Waterfront Bond Financing Act of 2008”;
Bill 17-666, the “National Public Radio Property Tax Abatement Act of 2008”;
Bill 17-713, the “Downtown BID Amendment Act of 2008”; and
PR 17-752, the “Washington Math Science Technology Public Charter School, Inc.
Revenue Bonds Project Approval Resolution of 2008”

Friday, May 16, 2008 – 10:00 a.m.
Room 412, John A. Wilson Building
1350 Pennsylvania Avenue, NW; Washington, D.C. 20004

Councilmember Jack Evans, Chairperson of the Committee on Finance and Revenue,
announces a public hearing on Bill 17-591, the “Southwest Waterfront Bond Financing Act of
2008”; Bill 17-666, the “National Public Radio Property Tax Abatement Act of 2008”; Bill 17-
713, the “Downtown BID Amendment Act of 2008”; and PR 17-752, the “Washington Math
Science Technology Public Charter School, Inc. Revenue Bonds Project Approval Resolution of
2008”. The public hearing will be held on Friday, May 16, 2008 at 10:00 a.m. in Room 412 of

Bill 17-591, the “Southwest Waterfront Bond Financing Act of 2008”, was introduced by
Chairman Vincent Gray at the request of the Mayor. It would authorize the Mayor to issue
District of Columbia revenue bonds secured by tax increment revenues, payments in lieu of
taxes, and special assessments generated by or related to the Southwest Waterfront
redevelopment project. Proceeds of the bonds would be used to invest in much-needed
infrastructure and public amenities, such as parks or a promenade, contribute to site acquisition
costs, and contribute to related financing costs.

Bill 17-666, the “National Public Radio Property Tax Abatement Act of 2008”, was
introduced by Chairman Vincent Gray at the request of the Mayor. It would cap, for a period of
20 years, the real property taxes imposed on the real property located at Square 673, Lot 837 –
which is the future site of the new headquarters of NPR, on the 1100 block of North Capitol
Street, N.W. The real property taxes would be capped at the amount of taxes imposed on the
property for tax year 2008. The legislation would further limit the increase in the real property
taxes and vault fees imposed on the current headquarters of NPR, located on Massachusetts Avenue, N.W., to an annual increase of no more than 3% until NPR vacates that building. According to the Mayor’s transmittal letter: “because of the financial incentive provided by the legislation, NPR has committed to build a new 400,000 SF headquarters building on North Capitol Street in the emerging NoMA neighborhood. NPR’s commitment to remain in the District will lead to the retention of hundreds of job opportunities for District residents and will help further catalyze the redevelopment of NoMA”.

Bill 17-713, the “Downtown BID Amendment Act of 2008”, was introduced by Councilmember Jack Evans, and would amend the Downtown Business Improvement District to reflect the current BID tax rate on commercial properties and change the rate imposed on hotels.

PR 17-752, the “Washington Math Science Technology Public Charter School, Inc. Revenue Bonds Project Approval Resolution of 2008” was introduced by Chairman Gray at the request of the Mayor. It would authorize and provide for the issuance, sale, and delivery in an aggregate principal amount not to exceed $8.5 million of the District of Columbia revenue bonds in one or more series and not to authorize and provide for the loan of the proceeds of such bonds to assist the Washington Math Science Technology Public Charter High School in the financing, refinancing, or reimbursing of costs associated with an authorized project pursuant to section 490 of the District of Columbia Home Rule Act. The proposed project is located at 1920 Bladensburg Road, N.E., in Ward 5.

The Committee invites the public to testify at the public hearing. Those who wish to testify should contact Sarina Loy, Committee Assistant at (202) 724-8058 or sloy@dccouncil.us, and provide your name, organizational affiliation (if any), and title with the organization by the close of business on Wednesday, May 14, 2008. Witnesses should bring 15 copies of their written testimony to the roundtable. The Committee allows individuals 3 minutes to provide oral testimony in order to permit each witness an opportunity to be heard. Additional written statements are encouraged and will be made part of the official record. Written statements may be submitted by e-mail to sloy@dccouncil.us or mailed to: Council of the District of Columbia; 1350 Pennsylvania Ave., N.W.; Suite 114; Washington D.C. 20004. The hearing record will close ten days following the conclusion of the hearing. Persons submitting written statements for the record should observe this deadline.

This hearing has been revised with a new date, as it was originally scheduled for May 8, 2008, and was revised to include PR 17-752. Additionally, this hearing notice has been abbreviated in order to permit Council action on these matters prior to the summer recess.
Council of the District of Columbia
Committee on Finance and Revenue

AGENDA
John A. Wilson Building, 1350 Pennsylvania Avenue, N.W. Washington, D.C. 20004

FINAL

PUBLIC HEARING ON

Bill 17-591, the “Southwest Waterfront Bond Financing Act of 2008”;
Bill 17-666, the “National Public Radio Property Tax Abatement Act of 2008”;
Bill 17-713, the “Downtown BID Amendment Act of 2008”; and
PR 17-752, the “Washington Math Science Technology Public Charter School, Inc.
Revenue Bonds Project Approval Resolution of 2008”

Friday, May 16, 2008 — 10:00 a.m.
Room 412, John A. Wilson Building
1350 Pennsylvania Avenue, NW; Washington, D.C. 20004

I. Opening Remarks

II. Witness List

• PR 17-752, the “Washington Math Science Technology Public Charter School, Inc.
Revenue Bonds Project Approval Resolution of 2008”

1. Gregory Johnson, Program Manager, DC Revenue Bond-Enterprise Zone Program

2. Gilbert DeLorme, Greenstein, DeLorme and Luchs
3. Barbara Birchette, Assistant Vice Principal for Academic Affairs
4. James Mitchell, Chairman of the Board

• Bill 17-713, the “Downtown BID Amendment Act of 2008”

1. Richard Bradley, Executive Director, Downtown Business Improvement District

2. Phyllis Love, Assistant Director, Office of Commercial Revitalization, Department of
Small and Local Business Development

• Bill 17-591, the “Southwest Waterfront Bond Financing Act of 2008”

1. Nina Albert, Project Manager, Office of the Deputy Mayor for Planning and Economic Development
2. Pamela DeWees, Capital Yacht Club
3. Lamont Hoffman, CEO, PN Hoffman, Inc
4. Lawrence White, Chief Operations Officer, Struever Bros. Eccles & Rouse
5. Desa Sealy Ruffin, President, Gotham Development, LLC

• Bill 17-666, the “National Public Radio Property Tax Abatement Act of 2008”
  1. Dennis Haarsager, Chief Executive Officer, National Public Radio
  2. Jim Elder, Chief Financial Officer and Treasurer, National Public Radio
  3. McClinton Jackson, Project Manager, Office of the Deputy Mayor for Planning and Economic Development

III. Announcements

IV. Adjournment
Government of the District of Columbia

Office of the Deputy Mayor for Planning and Economic Development

Testimony of
Nina Albert
Project Manager, Southwest Waterfront

Committee on Finance and Revenue Hearing
Southwest Waterfront Bond Financing Act of 2008
DC Bill 17-591

Council of the District of Columbia
Committee on Finance and Revenue
Jack Evans, Chairman

Friday, May 16, 2008

John A. Wilson Building
1350 Pennsylvania Avenue, NW
Washington, DC 20004
Good morning Chairman Evans and members of the Committee on Finance and Revenue. My name is Nina Albert and I am Project Manager of the proposed Southwest Waterfront Project. On behalf of the Deputy Mayor for Planning and Economic Development, I am pleased to provide testimony in support of Council enactment of DC Bill 17-591, the “Southwest Waterfront Bond Financing Act of 2008,” as well as answer your questions about the project development and financing plan.

The Project

The proposed $1.1 billion Southwest Waterfront Project represents a unique public-private venture between the Government of the District of Columbia and the master developer, Hoffman-Struever Waterfront LLC. This team is comprised of local developer PN Hoffman, Baltimore-based Struever Bros. Eccles and Rouse, affordable housing developer McCormack Baron Salazar, local developer City Partners, and three (3) District-certified LSDBEs: ER Bacon Development, Gotham Development, and Triden Development Group. This team proposes a redevelopment plan that will dramatically transform the now obsolete, unattractive and economically underperforming Southwest Waterfront into a vibrant, waterfront neighborhood consisting of approximately 447,000 square feet of rental housing, 600 condominium units, three hotels, 400,000 square feet of office space, 280,000 square feet of retail uses, and 150,000 square feet of new cultural space. The completed project will become the new home to thousands of residents, dozens of new businesses, and will serve as a prime destination for local, national and foreign visitors to our Nation’s Capital.

The proposed project site includes approximately 23 acres of waterfront land along Maine Avenue SW and 30 acres of adjoining riparian area in the Washington Channel. The site
includes Washington’s historic Fish Market on the West, and extends about 1 mile East to include Pier 5, the DC Harbor Police facility.

In November 2003, the Office of Planning published the Southwest Waterfront Small Area Plan, which was unanimously adopted by the Council as the city’s vision for redevelopment of the area. In 2006, the Anacostia Waterfront Corporation selected Hoffman-Struever Waterfront LLC to be the master developer for Southwest Waterfront, and in April 2007, Council approved the Disposition of Southwest Waterfront. Following approval of the property disposition, the District and Developer have been master planning the site and negotiating the financial terms of our partnership agreement. In December 2007, the parties successfully reached agreement on the structure, conditions, and financing requirements for the public/private partnership and are now completing the legal documentation.

The Southwest Waterfront project is one of the most significant redevelopment projects under active consideration by Council. The success of a project of this magnitude and complexity requires the full commitment of the Mayor, the Council and each member of the development team. Together, we have devoted considerable time and financial resources in diligently negotiating the business terms of the proposed transaction. We now have reached the critical juncture in our negotiations where it has become appropriate and necessary that we obtain Council approval before we proceed to finalize terms of the Land Disposition Agreement, Public Finance Agreement, Development Agreement, and other project documents. These agreements will incorporate and rely upon the amount and the general terms and conditions that will govern of public participation in the Project.
Summary of Legislation

The “Southwest Waterfront Bond Financing Act of 2008” contains four (4) key components:

First, the proposed legislation establishes the Southwest Waterfront TIF/PILOT Area, whose boundaries are Maine Avenue SW, 6th Street SW, the Washington Channel, and I-395. The TIF/PILOT Fund will be funded by the available tax increment on Sales and Property generated by the redevelopment project within these boundaries. The TIF/PILOT Fund will be used to pay the Debt Service on Bonds in a total proposed amount not to exceed $198 million for the construction and financing of publicly-owned infrastructure. We have worked closely with the District’s financial and legal advisors to ensure that: (a) the cost of financing and developing the public infrastructure and amenities requires at least $198 million of public investment; (b) the project will generate sufficient revenue to support the Debt Service payments on the Bonds; and (c) the Developer’s investment, risk, and return on equity are commercially reasonable. For the reasons more fully described below, we have determined that each of these tests has been satisfied.

Second, Bill 17-591 amends the PILOT Act to permit PILOT financing of properties located within the Southwest Waterfront TIF/PILOT area. It is our view that inclusion of these underperforming assets within the ambit of the PILOT Act satisfies the intent and achieves the underlying purpose of that legislation.

Third, the proposed legislation authorizes the pledge of the Available Tax Increment from the Downtown TIF district as credit-enhancement for the Bonds. This pledge permits the District to obtain bond insurance from a AAA-rated insurer, which, in turn provides the District the lowest possible interest cost on the Bonds. The pledge effectively lowers the interest rates on
the Bonds by as much as 2.5%. Particularly in this difficult financial market, but even in a strong market, the savings are significant and are estimated at $50 million for this project.

Fourth, to reduce the likelihood that the District will be called upon to actually use revenues reserved in the Downtown TIF fund, the proposed legislation establishes the Southwest Waterfront Special Assessment District. Under this arrangement, the Developer has agreed to levy a Special Assessment on properties within the designated district. The aggregate amount of the levy that is sufficient to cover any shortfall in tax increments available to meet the debt service payment obligation. The inclusion of a Special Assessment as a "back-up" to the tax increments flowing from the project minimizes the likelihood that the Downtown TIF reserve fund will ever be called upon. In fact, the Downtown TIF functions principally as a credit-enhancement.

Since having submitted the legislation, there are a few changes we would like Council to consider before it takes action on the proposed Act. We suggest that the text of the legislation be modified to refine the definition of the Southwest Waterfront TIF/PILOT Area, to improve the language governing the implementation of the Special Tax Assessment District, and to terminate the PILOT Period in 2044. With these changes, the legislation will be more easily implemented in practice.

**Financial Analysis**

The "Southwest Waterfront Bond Financing Act of 2008" proposes investing $198 million in the Southwest Waterfront. Given the size of the investment, we sought to minimize the District's exposure to risk to the greatest extent possible. First, we determined that the District would only issue Bonds upon completion of each phase of the project, thereby
eliminating any construction risk to the District. In addition to avoiding construction risk, we
capped our exposure to inflation and interest rate increases. Any cost increases that arise during
the implementation of the project are borne by the Developer, while the District’s investment
remains capped at $198 million. Finally, the Developer has limited the possibility that the
Downtown TIF would be drawn on by agreeing to a Special Assessment Tax, in the unlikely
case where the projected tax revenues are not achieved. The District is protected against cost
overruns during construction and financing of the project, and against revenue short-falls after
the project is completed.

To facilitate the discussion today, I have assembled four summary slides. The first slide
is a summary of the costs for public infrastructure and other requirements for redeveloping the
Southwest Waterfront. In total, the costs for public infrastructure, parks, public piers, the Fish
Market, and the other listed here, totals $164 million. I should note that this is today’s cost
estimate, which can increase with inflation and other unknown construction costs. Once one
includes the financing costs, the total public project equals $227 million. As stated earlier, the
District has capped its investment at $198 million.

The second slide evaluates the District’s investment in the project, compared to the
overall project cost, which is $1.1 billion. The public investment equals 18% of the total project
budget, which is in line with other projects the District has supported.

The third slide shows the results of the tax revenue analysis. We used conservative debt
coverage ratios and conducted a sensitivity analysis on the project’s mix of uses. The results
show that the project generates $32 million in Sales and Property Tax revenues per year, $27
million more than what the property generates currently. When we evaluated the size of the
$198 million Bond, we looked for assurance that the projected tax revenues could cover the debt
service on the Bonds. [Last slide]. Even after paying our debt service obligation on the Bonds, the project will generate $13 million annually in tax revenue that will go directly to the District’s General Fund.

The information I have provided today is based on conservative estimates and on a project which is not as ambitious as what the Developer intends. Should the project exceed the conservative estimates presented, the total tax revenues to the District will be increased, but the investment made by the District will remain capped. Finally, it is important to mention that this project is completely self-financing. That is, the subsidy provided is generated by the revenues created by the project and the Developer is restricted from seeking additional District subsidy for the project.

Economic Benefits

I hope today that I have been able to demonstrate that the Southwest Waterfront merits the $198 million investment requested and that the District’s financial exposure is defined and capped. I would like to quickly suggest what the alternative is should the Council not move on in support of this project quickly. The Southwest Waterfront today generates a total of $5 million in tax revenues annually, but costs the District approximately $4 million to operate and maintain. The Gangplank Marina alone is in dire need of replacement should the redevelopment project not occur in the next few years, not to mention the investment required to upgrade the Fish Market, public parks, underground garages and promenade.

In contrast, starting in 2010/11, the Southwest Waterfront could be generating 3,000 new construction jobs through project completion and 1,800 new permanent jobs. Hoffman-Struever Waterfront LLC has not only committed to the LSDBE contracting, First Source hiring and
Apprenticeship requirements of the District, but has also committed $1 million for the creation of a Workforce Intermediary Program. Rather than the 9 businesses which occupy Southwest Waterfront today, we can anticipate adding 90 businesses or more with a Maine Ave. SW address. The Fish Market, which is currently a remnant of pre-1960s maritime activity, can again be the hub of commercial activity and become for the District what Pike’s Place Market is to Seattle or Faneuil Hall is to Boston. The potential and vision for the project is exceptional, and the benefits to the Southwest quadrant immeasurable. Perhaps most importantly, Southwest Waterfront is a project with tremendous support across the Southwest community and among other stakeholders, who are anxious to see Washington’s waterfronts improved and utilized.

For the foregoing reasons, we find that the financial participation of the District in the proposed redevelopment of the Southwest Waterfront TIF/PILOT area is a public purpose undertaking of special merit within the meaning of the Tax Increment Financing Act of 1998; that the project will generate significant employment, apprenticeship training, business investment and other economic opportunities for District residents and businesses; and that the completed project will enhance the economic competitiveness and the fiscal capacity of the District and will contribute to community betterment. Accordingly, we urge that the Council take prompt and favorable action in approving the “Southwest Waterfront Bond Financing Act of 2008.”
Testimony of Lamont Hoffman, Chief Executive Officer
PN Hoffman, Inc.


Committee on Finance & Revenue
Council of the District of Columbia
May 16, 2008

Good morning Chairman Evans, Councilmember Wells and other members of the Committee. My name is Monty Hoffman and I am the CEO of PN Hoffman and the managing member of the Hoffman-Struever Waterfront LLC (HSW). I am pleased to appear before you to offer testimony in support of B17-591, “The Southwest Waterfront Bond Financing Act of 2008.”

As you know, HSW was selected as the Master Developer of the Southwest Waterfront through a public process in September of 2006 and entered into an Exclusive Rights Agreement (ERA) with the District that was unanimously approved by Council in April of 2007. The Council made very clear to us; in fact it is embedded in the ERA, that we were to work with the existing lease holders, as they controlled much of the land, in order to make way for a world class waterfront. Through the efforts of many, we successfully negotiated and entered into a Memorandum of Understanding with the existing leaseholders last summer and we used that as a baseline to bring many diverging interests together with the District to form a more detailed Agreement which was signed last December, outlining key business terms with the Lease holders and the District for this private/public partnership. Because of its comprehensive nature, this process took considerable time, commitment, and capital. HSW is now actively working with the
District to finalize a Land Disposition Agreement and we hope to have this complete by the second week of June.

I attribute our progress and success to the Mayor’s staff and our HSW team which is comprised of: Struever Bros., Eccles, and Rouse; McCormack Baron Salazar; City Partners; ER Bacon Development; Gotham Development, Triden Development Group and PN Hoffman. We have a diverse team with national experience and local vesting which provides the perspective and District relationships needed to transform the Southwest parcels into the District’s own authentic vision of a world class waterfront.

We brought our working model in today to show the Committee our vision and massing study for the redeveloped Southwest Waterfront. Our current program provides a total of 2.4 million square feet comprised of 770 units of housing (30% of which will be affordable), 700,000 square feet of office space, 476,000 square feet of hotel space (3 hotels), 280,000 square feet of retail, 150,000 square feet of cultural space, 5 new parks, 4 new piers and a half mile promenade with bike trails. HSW will also renovate the Fish Market.

This unique public/private partnership will transform the Southwest Waterfront into a vibrant new mixed-use, mixed-income waterfront destination capable of meeting the major challenges now presented by the successful opening of the National Harbor project. To achieve the District’s and the community’s vision, $198 million in public financing is needed to pay for public infrastructure, utilities, roads, parks, waterside improvements, bulkheads, and public parking. The District’s contribution goes toward necessary public improvements only and accounts for only 13% of the total project cost of approximately $1.5 billion, the balance of which comes from private investment.
Additionally, this bill provides several unique protections to the District taxpayer that have not been offered under any previous Tax Increment Financing (TIF) or Payment In Lieu of Taxes (PILOT) proposals approved by Council. Specifically, (1) HSW assumes all construction risks as no public funds are made available until after the public elements, affordable housing components, and all buildings for which taxes are generated are complete at each phase; (2) the deal is structured to provide the city the lowest cost of borrowing by imposing a special tax assessment on the project in exchange for secondary backing from the Downtown TIF District thus enabling the District to obtain a AAA bond rating; and (3) HSW protects the District from having to draw from the Downtown TIF fund, by agreeing to use funds from a special tax assessment imposed on the project to cover any shortfall in tax revenues.

Once complete, this project will generate over $40 million in annual taxes to the District, with approximately $13.3 million contributed to the general fund annually after the debt service obligation. The assessed property value is expected to increase from $945,000 to $955,000,000, and it is estimated that the project will generate $5-10 million in one-time taxes paid.

Finally, HSW is fully committed to bringing the public benefits promised by this Project to the District and its residents. It is expected that the Project will provide 2,880 permanent jobs and 3,000 construction jobs. HSW will execute a First Source Agreement with the Department of Employment Service (DOES) that will ensure 51% of the new jobs the project creates will be filled by District residents. 20% of those newly created jobs will be filled by Ward 8 residents and there will be an emphasis on hiring Southwest DC residents. We also are working collaboratively with the District to create
a Workforce Intermediary that my colleague, Desa Sealy Ruffin, will describe. The affordable housing component of this project will be 30% of the total units, half of which will be affordable to families making $27,000 per year or less and the other half will be made available to families earning $54,000 or less. These tangible benefits will set a precedent and a benchmark for future public/private development projects across the District.

In closing, I ask that the Committee approve the Southwest Waterfront Bond Financing Act of 2008 without delay as the residents of Southwest have waited far too long to see this redevelopment begin. HSW is proud to be the District’s partner in this endeavor and we look forward to bringing the Project’s promised benefits to the District.

This concludes my testimony. I would be happy to answer any questions you may have.
Testimony

Larry White
Struever Bros. Eccles & Rouse

B17-591 "Southwest Waterfront Bond Financing Act of 2008"

Committee on Finance & Revenue
Council of the District of Columbia
May 16, 2008

Good morning Chairman Evans, Councilmember Wells and other members of the Committee. My name is Larry White and I am the Chief Operating Officer for Struever Bros. Eccles & Rouse, a partner of the Hoffman-Struever Waterfront LLC (HSW), the selected Master Developer of the Southwest Waterfront redevelopment project. I am pleased to appear before you to offer testimony in support of B17-591, "The Southwest Waterfront Bond Financing Act of 2008."

Struever Bros. Eccles & Rouse has a 34 year history of conquering complex, mixed-use urban projects. Many of our developments are and have been public-private partnerships, underscoring our belief in shared goals and shared investment in community revitalization. We have a particular expertise in waterfront developments, with projects on the Baltimore Harbor, the Hudson River, the Providence Waterfront, and now, the Washington Channel here in Washington DC.

Several of our recent project experiences relate directly to the financing options the District is pursuing for the Southwest Waterfront. At Harbor Point in Baltimore, we
are developing three million square feet on the waterfront, at the former Allied Chemical site for which the City of Baltimore is approving a TIF of $155 million. The nearby Four Seasons / Legg Mason Headquarters in Harbor East is approximately 2 million square feet. The City has provided two PILOTs in addition to infrastructure improvements totaling nearly $70 million. At our project in Yonkers, New York, the City is investing $160 million of infrastructure, parking improvements, and TIF for a 2.5 million square foot re-development on the Hudson River waterfront and City center. While these numbers represent our three largest and most recent publically assisted developments, we have a long history of successful financial partnerships with the cities in which we choose to develop our projects, with dozens of TIFs, PILOTS, and other public partnerships.

We have brought this experience to our partnership with PN Hoffman and the District of Columbia. For the past year, the Hoffman-Struever Waterfront team and the District have been working to define and maximize the public benefits of the Southwest Waterfront Development while still maintaining the financial viability of the project. The resulting development will be financeable and successful, and will provide a very aggressive public benefits package, including affordable housing, environmentally sustainable practices and design, community hiring, enhanced access to the waterfront, and neighborhood amenities including a major public park. Hoffman-Struever Waterfront has committed to a LEED-Silver certification level on all new building construction. The overall project has been accepted into the LEED Neighborhood Development Pilot Program, and will be designed to its Gold standard. This commitment to environmentally responsible development is a hallmark characteristic of Struever Bros. projects, and we
will work with our partners and the District of Columbia to integrate these ideals into the Southwest Waterfront.

The development will be staged in three separate phases. All phases will include construction of multiple buildings, garages, public spaces, and much needed bulkheads and piers. We will begin the entitlement process on the entire Southwest Waterfront site promptly after LDA execution and Phase 1A is anticipated to be approved and ready for permitting by our settlement date. Construction should commence in the summer of 2010, and the final Phase II is expected to be completed by 2017.

We appreciate the partnership with the District in bringing this section of Washington's waterfront to economic life and public vitality, and we look forward to working with you all to manifest its full potential. Thank you.
Testimony of Desa Sealy Ruffin, President
Gotham Development

B17-591 “Southwest Waterfront Bond Financing Act of 2008”

Committee on Finance & Revenue
Council of the District of Columbia
May 16, 2008

Good morning Chairman Evans, Councilmember Wells and other members of the Committee. My name is Desa Sealy Ruffin and I am the President and CEO of Gotham Development, a real estate development firm that specializes in the creation of distinctive urban residences and the transformation of the communities in which they are located. Gotham Development is one of the Local, Small, Disadvantaged, Business Enterprise (LSDBE) partners of the Hoffman-Struever Waterfront LLC (HSW). I am pleased to appear before you to offer testimony in support of B17-591, “The Southwest Waterfront Bond Financing Act of 2008.”

HSW’s proposed vision will dramatically transform the Southwest Waterfront into a truly world-class waterfront destination, building upon the existing waterfront community. I, and HSW’s other LSDBE partners, E.R. Bacon Development and Triden Development, have been part of HSW since our team first got together more than two years ago to create our proposal to the District to serve as Master Developer for the Southwest Waterfront. It was our collective dream to implement this extraordinary project and we worked long and hard, with many late nights, calling upon the expertise and collegiality of our team members to crystallize our vision and our proposal.
It is thrilling that HSW was selected by the District from among 17 national teams, to serve as Master Developer, and I am proud and excited to be a part of this unique public/private partnership. Being an equity partner in this $1.5 billion project presents a tremendous opportunity for me and my firm to increase exponentially our development expertise, our financial capacity and our ability to take on and lead large developments of our own in the future. The HSW partnership attests to the true value of the LSDBE program. Gotham Development and my LSDBE colleagues have a real seat at the HSW table. Our team’s success in creating a strong partnership among firms of many sizes and talents is a demonstration that this program works. HSW is supporting LSDBE firms to successfully compete in the development world and to be part of one of the most exciting developments in the District and, I would venture to say, in the nation. I want to personally thank Mayor Fenty, the Council and Erik Moses, Director of the Department of Small and Local Business Development, for their leadership and tireless work on behalf of the LSDBE program and the many LSDBE firms that are becoming major players in the District because of their efforts and commitment. HSW is steadfastly committed to 20% LSDBE ownership in the Master Development Entity and 20% development participation by LSDBE team members.

A project of the magnitude of the Southwest Waterfront redevelopment also provides huge opportunities for other local, small and disadvantaged businesses in the many fields that make up the real estate arena – contractors, designers, caterers, shop owners, property managers, office suppliers, landscapers and many, many more. All those firms will be provided opportunities to be a part of this exciting project.
HSW takes very seriously our commitment to meet our 35% LSDBE contracting requirement, with preference given to Wards 6, 7 and 8. We have worked hard to develop strong and meaningful relationships with the Ward 8 Business Council and the Ward 7 Business and Professional Association, in addition to the stakeholders in Ward 6, to think and plan ahead to assure maximum opportunities for businesses located East of the River. We look forward to a long and productive relationship with these organizations and with Erik Moses and his excellent staff.

In addition to opportunities for LSDBE businesses, HSW also is fully committed to hiring local residents so we can meet or exceed the requirement of 51% of new hires from the District with 20% of those hires filled by Ward 8 residents. We are also working with the District and DC Appleseed to establish a groundbreaking Workforce Intermediary Program, in partnership with Deputy Mayor's Office and the Department of Employment Services. Together we will establish a 501(c)(3) Workforce Intermediary, with initial funding by HSW in the amount of $1 million. The mission of the Workforce Intermediary is to connect District residents seeking jobs with training, supportive services and apprenticeship and pre-apprenticeship programs targeted specifically to the new jobs that will be generated by the Southwest Waterfront redevelopment. The Workforce Intermediary also will connect with HSW and its subcontractors to identify the potential new jobs and to give shape and focus to the training, so that job seekers who complete the training are prepared for the actual jobs that will be available.

The Workforce Intermediary will start its work well in advance of the construction start to assure that there is ample time and coordination to train and prepare District residents to take on real jobs at the end of their training. These workers will
continue to be supported, as needed, in the early stages of their employment to establish
and maintain solid relationship with their employers to ensure success. This is a very
exciting new initiative for the District which will serve as a model for future development
and hopefully will live on past the Southwest Waterfront project. I am proud to be a part
of this groundbreaking effort.

The Southwest Waterfront Bond Financing Act is a critical component to the
redevelopment of the Southwest Waterfront. Without Council’s support for the public
infrastructure financing, we cannot move ahead to implement our collective vision and to
realize the extraordinary array of benefits to District resident and local businesses, as
committed to by HSW. I urge this Committee and the Council to favorably pass this
legislation.

This concludes my testimony. I am happy to answer any questions.
PUBLIC HEARING

ON


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

Councilmember Jack Evans, Chairman

May 16, 2008; 10:00 AM
John A. Wilson Building, Council Chambers

Testimony of
John Ross
Senior Advisor to the Chief Financial Officer
For Economic Development Finance

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. I am John Ross, Senior Advisor to the Chief Financial Officer for Economic Development. I am pleased to testify today on Bill 17-0591, the Southwest Waterfront Bond Financing Act of 2008.

The proposed bill approves the issuance of up to $198 million in TIF/PILOT debt to pay for infrastructure and other costs related to the development of the Southwest Waterfront Project. It also creates a TIF/PILOT Area and a Special Assessment District to support debt service for these bonds and approves the use of tax increment from the Downtown TIF Area to pay debt service on the bonds, if sufficient project revenues are unavailable.

Through a land disposition resolution currently before council, the District would also contribute the land assessed at approximately $95 million to the project developers. This, in addition to the TIF/PILOT, would bring the total subsidy to this project to approximately $293 million.

First, let me say that the OCFO strongly supports the development of Southwest Waterfront. This is an important opportunity to revitalize a large, underutilized urban parcel and to enhance the other development projects along and near the river in
Southeast and Southwest. We have been and will continue to work with the Mayor and the Council to support a development that contributes to the long-term revitalization of this greatly underutilized part of the city, in a manner that is fiscally prudent for the city.

That said, this project is not sufficiently developed at this time for the OCFO to provide reliable and timely estimates of its fiscal impact on the budget. This legislation requests that the Council approve a financing of almost $200 million before the area is zoned, before the land disposition agreement is complete, before the final size and configuration of the development is known, before the developer brings any equity and debt commitments to the project, and before the amount of TIF/PILOT funds actually needed for the project can be estimated.

The OCFO has provided the Council with a Fiscal Impact Statement based on preliminary concept plans, as well as preliminary tax estimates and feasibility studies. In our Fiscal Impact Statement we state that, based on the information in the legislation and the executed non-binding Term Sheet, funds are sufficient in the District’s FY 2008 and FY 2009 budgets to implement the legislation. However, the fiscal impact on the District’s FY 2009 – FY 2012 budget and financial plan will be up to $4 million per year, beginning in 2010, as currently collected sales taxes are transferred from the
general fund to support the project. Because the LDA, the Financing Agreement and the negotiations with current leaseholders are not complete, we cannot say if there will be other impacts during the planning period.

Beyond the financial plan period, the budget will be impacted by an inclusion of up to $20 million. Because the legislation proposes to use the Downtown TIF Area to back the bonds, one year of debt service must be available in the budget. Since the current legislation could lead to a taxable issuance, the amount needed could be as high as $20 million.

The bonds may be issued in phases over a number of years, depending on how fast the overall development is completed. It is not possible to estimate at this time precisely how much of that $20 million will actually be required for debt service payments or when it must be budgeted. The budgeted funds would be non-lapsing, would be used if revenues from the Downtown TIF Area become necessary, and would be replenished if used. Any replenishment would also have to be budgeted.
Conclusion

Funds are sufficient in the District’s FY 2008 and FY 2009 budgets to implement this legislation. There are, however, issues that the Council may want to consider when reviewing this legislation.

1) **Overall debt capacity of the city.** As indicated in the OCFO’s letter to council on June 20, 2007, the District’s borrowing capacity is limited. The letter recommended a maximum of $1.5 billion in economic development debt. So far, issued, authorized, and proposed economic development debt issuances have now reached approximately $1.4 billion, including this project. Committing $198 million for this project at this time means TIF, PILOT, and Revenue bond debt for other projects may not be available.

2) **Committing to a level of subsidy for the project early in the process.** Because the developer does not yet have debt or equity commitments, we cannot know for sure the scale of the project financing gap. Therefore, we are essentially putting our equity in before a market assessment of how much private equity is available. Investors generally look at the returns on the overall project, and decide how much they are willing to invest. An alternative approach would be that the District could assess how much the project needs after the Developer knows exactly how much equity investors are willing to put in.
3) Prioritizing projects. There are many large and small economic development projects in the pipeline. The Council may want to consider prioritizing them rather than making decisions on a first-come first-serve basis.

Thank you for this opportunity to comment. I would be glad to answer any questions you may have.
May 16, 2008

The Honorable Jack Evans
Chair, Committee on Finance & Revenue
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, DC 20004

Dear Chairman Evans:

In my capacity as Managing Member of the SW Waterfront, LLC ("SWW") and on behalf of SWW, I am providing this letter in support of, and respectfully request the Committee and the Council support, the Southwest Waterfront Bond Financing Act of 2008 (B17-591). In our view, the legislation to authorize the issuance of bonds to finance the public infrastructure for Southwest Waterfront redevelopment project is vital to the success and viability of the District’s plan for a world class waterfront district for our City.

SWW is a joint venture consisting of JBG/SW Waterfront Investor, Flagship LLC, Manglen Limited Partnership and Brookland Four Points Redevelopment, LLC. The constituent members have leased portions of the Southwest Waterfront since the initial redevelopment thereof. We firmly believe that master planning and coordinated redevelopment of the area provides the greatest likelihood for achieving the maximum benefits to the District in terms of tax revenue, community and social benefits, and public enhancements for the area as a whole. To succeed in a venture of this nature, District support for necessary public infrastructure is critical. In short, the time for redevelopment of the Southwest Waterfront area is now and we are enthusiastic about being part of this redevelopment initiative.

SWW and the Hoffman-Struever Waterfront LLC (HSW), the selected Master Developer of the Southwest Waterfront, entered into a Term Sheet in December 2007 which describes key elements of a transaction whereby SWW’s current leasehold interests will be exchanged for ninety-nine year leases on improved development sites upon which two hotels and retail will be constructed. The projects on the new SWW leaseholds will be developed concurrently with an approved initial phase of the HSW project and in accordance with an approved master plan for the Southwest Waterfront. Since the selection of the Master Developer last year, we have been working closely and effectively with HSW to reach a final agreement and hope to do so by mid-summer of this year.

In closing, SWW fully supports this important legislation and the vital role that public financing will and should play in the redevelopment of the Southwest Waterfront. This
financing is critical for the public infrastructure so that the full benefits of this project to the District and the citizens of the City can be realized. SWW is proud to be part of this redevelopment and looks forward to working with the District and HSW to create a world class waterfront for this great City.

Thank you for the opportunity to submit written testimony in support of B17-591 for the public record.

Sincerely,

[Signature]

Benjamin Jacobs
Managing Member
SW Waterfront LLC
May 13, 2008

The Honorable Jack Evans  
Chair, Committee on Finance and Revenue  
Council of the District of Columbia  
1350 Pennsylvania Avenue, NW  
Washington DC 20004

Dear Councilman Evans:

I am writing to urge Council support of The Southwest Waterfront Bond Financing Act, to provide the necessary authority for public financing of the Southwest Waterfront infrastructure.

As one of the two ANC6D Commissioners whose jurisdiction includes the Southwest Waterfront, I represent residents of the Southwest who will be most directly impacted by the redevelopment. We have been hearing about redevelopment plans for more than 15 years and are eager for the project to start.

We understand that approval of the Bond Financing Act is only one step, albeit a critical one, in the redevelopment process. The Master Developer, Hoffman-Struever Waterfront LLC, has demonstrated its commitment to a thorough design process with full community participation, and we know that there will be ample opportunity for input from residents of the Southwest in finalizing the development’s master plan, design and program. This revitalization effort cannot proceed, however, without the funds to redevelop the Southwest Waterfront infrastructure.

We support the redevelopment of the Southwest Waterfront, we support the Master Developer and our shared vision and we support the Southwest Waterfront Bond Financing Act currently before the Council for consideration.

Respectfully,

Max Skolnik  
Commissioner & Treasurer, ANC 6D
From: Julius Ware II [mailto:juliusware@comcast.net]
Sent: Friday, May 16, 2008 11:27 AM
To: sbacon@erbacondevelopment.com
Cc: 'Evans, Jack'; sgrant@dccouncil.us; clong@dccouncil.us
Subject: RE: The Southwest Waterfront Bond Financing Act

Date 5/16/2008

The Honorable Jack Evans
Chair, Committee on Finance and Revenue
The Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington DC 20004

Dear Committee Chair Evans,

I am writing in my capacity as president of the Ward 7 Business and Professional Association (W7BPA) to urge Council support of The Southwest Waterfront Bond Financing Act, to authorize the issuance of bonds to finance the public portion of the infrastructure at the Southwest Waterfront.

This project has been a long time coming and our Ward 7 community of stakeholders, business owners to include 50plus LSDBE/CBEs is very excited about the possibilities of being a part of the sweeping economic revitalizations of this waterfront community. The billion dollar development will generate significant opportunities for our businesses, jobs and training for our residents. The RFP language mandates 35% of all goods and services must be acquired from LSDBE firms. Preference should be given to the more than 300 businesses in Ward 7 to include the 50 plus LSDBE/CBE, as well as Wards 6 and 8. Naturally we would be interested in language amended to include 40% for Wards 7 and 8. These business opportunities total approximately $350 million. In addition, there will be almost 6,000 jobs in construction and after completion, in operating the development. Clearly, this project, although in Ward 6, will have a major impact on the economic development of Ward 7 and the financial well being of our businesses and citizens.

Ward 7 businesses while eager to take advantage of these opportunities are still smarting from the lack of inclusion on the stadium project where our members received less than 2% of all work

We are pleased that Hoffman-Struever is committed to launching a ground-breaking Workforce Intermediary Program and including the W7BPA and the Ward 8 Business Council on the steering team and initial board make-up, with $1 million in funding, to
connect DC residents, including those from Ward 7, with jobs, and the hard and soft skills needed to assure successful employment.

We have established good relationships with several members of the Hoffman-Strueve team, Elinor R. Bacon of E.R. Bacon Development, LLC in particular since they were selected as Master Developer and very hopeful with our prospects moving forward. The W7BPA has grown in relevance and the strongest advocate for Ward 7 business inclusion and participation on all DC projects. Continuing that success at the Southwest Waterfront is a major goal of ours.

We understand that approval of the Bond Financing legislation is a critical step in the redevelopment process. We urge you to pass the legislation for the benefit of our businesses and residents, in addition to the project’s overall benefit to the District. We are convinced Hoffman-Struever is serious about maximizing Ward 7 participation and look to build on our blossoming relationship. The revitalization effort cannot proceed without the funds to redevelop the infrastructure.

We support the redevelopment of the Southwest Waterfront, the Master Developer and the vision for a world class waterfront in Southwest DC particularly as it is juxtaposed with the opening of National Harbor. We thus urge support for the Southwest Waterfront Bond Financing Act that currently is before the Council for consideration.

Sincerely Yours,

Julius Ware II
President

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"Nearly all men can stand adversity, but if you want to test a man's character, give him power." – Abraham Lincoln
May 13, 2008

The Honorable Jack Evans
Chair, Committee on Finance and Revenue
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington DC 20004

Dear Council Member Evans:

I am writing to urge Council support of The Southwest Waterfront Bond Financing Act, to provide the necessary authority for public financing of the Southwest Waterfront infrastructure.

Spirit and Odyssey Cruises (now jointly owned by Entertainment Cruises) have been operating at the Southwest Waterfront since 1987 and 1996 respectively. As long term businesses we are fully committed to the Southwest Waterfront and excited about the opportunity that the redevelopment offers to expand our business, provide additional services to the public, and jobs to district residences.

We understand that approval of the Bond Financing legislation is a critical step in the redevelopment process. We have talked at length with The Master Developer, Hoffman-Struever, and are convinced that they can bring to fruition the vision that so many of us have had for the waterfront, for such a long time. This effort cannot proceed however, without the funds to redevelop the infrastructure.

We support the redevelopment of the Southwest Waterfront, we support the Master Developer and our shared vision for a world class waterfront, and we support the Southwest Waterfront Bond Financing Act currently before the Council for consideration.

Sincerely Yours,

Sal Naso
Vice President and General Manager
Entertainment Cruises
Washington DC
Dear Council Members:

Thank you for this opportunity to discuss the upcoming development of the Southwest Waterfront. My name is Pamela DeWees. I am a native Washingtonian and have been a member of the Capital Yacht Club for 15 years. I have served on the Board of Directors, as the Treasurer, and am currently the Chairperson of our Redevelopment Committee. I am joined here today by two members of our Board of Directors, Mr. Scott Berg and Mr. Tom Des Jardins.

Capital Yacht Club was established in 1892 by nine DC residents aboard a boat that was moored in the Washington Channel. Their mission statement was to support and enhance the Washington, DC boating community. One hundred and sixteen years later we remain on the Washington Channel and still subscribe to that mission. As a gateway destination for boaters visiting Washington, DC, we successfully cater to the mega yachts as well as the world circum-navigating families in small sailboats, on a shoestring budget.

We understand that approval of the Bond Financing legislation is a critical step in the redevelopment process. While we are not versed in the esoteric world of District financing, we believe that the redevelopment is in the best interest of Washington, DC and urge the City Council to support of The Southwest Waterfront Bond Financing Act, to provide the necessary authority for public financing of the Southwest Waterfront infrastructure.

As stakeholders with a real property interest, we embrace the concept of a world-class waterfront. We are currently negotiating with the master developer, P.N. Hoffman in an effort to achieve that goal. In a nutshell, our objective is to remain a viable, contributing, active member of the Southwest Waterfront Community for, at least, another 116 years while continuing to provide services to our members, mega yachts, mom and pop sailboats, local yachtsmen, and the D.C. community at large.

Sincerely Yours,

Pam DeWees
Chairman, Capital Yacht Club Redevelopment Committee