

The information in this Preliminary Official Statement is not complete and may be changed. This Preliminary Official Statement is not an offer to sell the referenced Series 2025 Bonds and is not soliciting an offer to buy the Series 2025 Bonds in any state or other jurisdiction where the offer or sale is not permitted.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 23, 2025

NEW ISSUE BOOK-ENTRY-ONLY

Bond Ratings:  
Moody's: Aa1  
S&P: AAA  
See Part 1, "RATINGS" herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Series 2025A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2025A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel observes that interest on the Series 2025B Bonds is not excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Bond Counsel is also of the opinion that interest on the Series 2025 Bonds is exempt from all taxation of the District of Columbia, except estate, inheritance and gift taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2025 Bonds. See Part I, "TAX MATTERS."

\$1,490,595,000\*  
DISTRICT OF COLUMBIA  
(Washington, D.C.)



\$1,189,515,000\*  
Income Tax Secured Revenue and Refunding Bonds,  
Series 2025A  
(Tax-Exempt)

\$301,080,000\*  
Income Tax Secured Revenue Bonds,  
Series 2025B  
(Federally Taxable)

Dated: Date of delivery

Due: As shown on the inside cover page

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

The District of Columbia Income Tax Secured Revenue and Refunding Bonds, Series 2025A (Tax-Exempt) (the "Series 2025A Bonds") and the District of Columbia Income Tax Secured Revenue Bonds, Series 2025B (Federally Taxable) (the "Series 2025B Bonds," and together with the Series 2025A Bonds, the "Series 2025 Bonds") are issued by the District of Columbia (the "District") as Senior Bonds pursuant to the Income Tax Secured Bond Authorization Act of 2008, effective October 22, 2008, as amended (D.C. Law 17-254; D.C. Official Code §§ 47-340.26-36) (the "Act").

The issuance of the Series 2025 Bonds is authorized pursuant to (i) the Act and proceedings under the Act, including the "Fiscal Year 2025 Income Tax Secured Revenue Bond, General Obligation Bond and General Obligation and Income Tax Secured Bond Anticipation Note Issuance Authorization Emergency Approval Resolution of 2024," Resolution 25-636, effective September 17, 2024 (the "Approval Resolution"), (ii) the Amended and Restated Master Indenture of Trust between the District and Computershare Trust Company, N.A., successor in interest to Wells Fargo Bank, N.A., as trustee (the "Trustee"), restated as of December 1, 2019, with certain amendments effective on March 11, 2020, as the same may be further amended from time to time (the "Master Indenture"), and (iii) an Eleventh Supplemental Indenture of Trust between the same parties dated as of May 1, 2025 (the "Eleventh Supplemental Indenture," and together with the Master Indenture, as previously supplemented and amended, the "Indenture").

The proceeds of the Series 2025A Bonds will be used, together with other funds of the District, to (i) pay or reimburse the District for capital project expenditures under the District's capital improvements plan, (ii) refund the District's outstanding General Obligation Commercial Paper Bond Anticipation Notes, Series 2022A (the "Refunded GO CP 2022A BANs"), (iii) refund the Refunded Bonds (as defined herein), and (iv) pay the costs and expenses of issuing and delivering the Series 2025A Bonds.

The proceeds of the Series 2025B Bonds will be used, together with other funds of the District, to (i) pay or reimburse the District for capital project expenditures under the District's capital improvements plan, (ii) refund the District's Income Tax Secured Bond Anticipation Note, Series 2024B (Federally Taxable) (the "Refunded Income Tax Secured 2024B BANs"), and (iii) pay the costs and expenses of issuing and delivering the Series 2025B Bonds.

For more information on the purposes of the issuance of the Series 2025 Bonds, see Part 1, "THE SERIES 2025 BONDS – Purpose of the Issue." For more information on the Refunded GO CP 2022A BANs, the Refunded Bonds, and the Refunded Income Tax Secured 2024B BANs, see APPENDIX E hereto.

The Series 2025 Bonds, the Outstanding Bonds, and any Additional Bonds issued under the terms of the Indenture (collectively, the "Bonds"), will be payable from and equally and ratably secured by a security interest in and a statutory lien on the Trust Estate, consisting primarily of the Revenues, as defined in the Indenture and described herein (including all Available Tax Revenues received or to be received by the Collection Agent, as agent for the Trustee, the Trustee or the District). "Available Tax Revenues" means the sum of Available Business Franchise Tax Revenues and Available Income Tax Revenues generated and to be generated in any Fiscal Year of the District, as such terms are defined in the Indenture.

The Series 2025 Bonds are issuable as registered bonds without coupons in denominations of \$5,000 and integral multiples thereof. Interest on the Series 2025 Bonds will accrue from their date of issuance at the annual rates described on the inside cover page hereof and will be payable semi-annually on June 1 and December 1, commencing December 1, 2025. Certain maturities of the Series 2025 Bonds are subject to redemption prior to maturity as described herein.

Pursuant to the Act, the Bonds are special obligations of the District payable solely from the Trust Estate pledged under the Indenture. The Bonds are without recourse to the District, and are not a pledge of, and do not involve, the faith and credit or the taxing power of the District (other than the pledge of the Revenues made pursuant to the Indenture and the Act), do not constitute a debt of the District, and do not constitute lending of the public credit for private undertakings as prohibited by District law.

The Series 2025 Bonds are offered when, as and if issued by the District, subject to receipt of the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Washington, D.C., Bond Counsel to the District. The Office of the Attorney General for the District of Columbia will deliver an opinion as to certain legal matters pertaining to the District. Hawkins Delafield & Wood LLP, Washington, D.C., Disclosure Counsel to the District, will deliver an opinion regarding certain matters to the District and the Underwriters. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Squire Patton Boggs (US) LLP, Washington, D.C., and McKenzie & Associates, Washington, D.C. It is anticipated that the Series 2025 Bonds will be available for delivery in book-entry form through the facilities of DTC on or about May 15, 2025.

Wells Fargo Securities  
Bancroft Capital  
Barclays  
J.P. Morgan

Ramirez & Co., Inc.  
Raymond James  
Siebert Williams Shank  
Stern Brothers

May \_\_, 2025

\* Preliminary, subject to change.

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

**\$1,189,515,000\***

**Income Tax Secured Revenue and Refunding Bonds,  
Series 2025A  
(Tax-Exempt)**

<b>Maturity (June 1)*</b>	<b>Principal Amount*</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP**</b>
2026	\$48,755,000				
2027	37,480,000				
2028	45,715,000				
2029	100,000				
2030	10,735,000				
2031	19,835,000				
2032	61,955,000				
2033	32,165,000				
2034	46,580,000				
2035	39,925,000				
2036	51,315,000				
2037	47,940,000				
2038	56,355,000				
2039	43,275,000				
2040	45,435,000				
2041	47,710,000				
2042	50,095,000				
2043	52,600,000				
2044	55,360,000				
2045	58,125,000				
2046	61,180,000				
2047	64,240,000				
2048	67,450,000				
2049	70,825,000				
2050	74,365,000				

\* Preliminary, subject to change.

\*\* CUSIP is a registered trademark of the American Bankers Association (the “ABA”). CUSIP data herein is provided by CUSIP Global Services (“CGS”), which is managed on behalf of the ABA by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Series 2025 Bonds only at the time of issuance of the Series 2025 Bonds, and the District and the Underwriters do not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Series 2025 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2025 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of the Series 2025 Bonds.

**\$301,080,000\***  
**Income Tax Secured Revenue Bonds,**  
**Series 2025B**  
**(Federally Taxable)**

<b>Maturity (June 1)*</b>	<b>Principal Amount*</b>	<b>Interest Rate</b>	<b>Price</b>	<b>CUSIP**</b>
2026	\$ 6,765,000			
2027	7,830,000			
2028	8,175,000			
2029	100,000			
2030	100,000			
2031	100,000			
2032	8,555,000			
2033	8,980,000			
2034	9,450,000			
2035	9,950,000			
2036	10,485,000			
2037	11,055,000			
2038	11,670,000			
2039	12,330,000			
2040	13,035,000			
2041	13,785,000			
2042	14,625,000			
2043	15,515,000			
2044	16,455,000			
2045	17,455,000			
2046	18,520,000			
2047	19,655,000			
2048	20,860,000			
2049	22,135,000			
2050	23,495,000			

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## **DISTRICT OF COLUMBIA**

**Muriel Bowser**  
Mayor

### **EXECUTIVE OFFICERS**

Kevin Donahue	City Administrator
Paul Kihn	Deputy Mayor for Education
Nina Albert	Deputy Mayor for Planning and Economic Development
Wayne Turnage	Deputy Mayor for Health and Human Services
Lindsey Appiah	Deputy Mayor for Public Safety and Justice
Glen Lee	Chief Financial Officer
Carmen Pigler	Deputy Chief Financial Officer and Treasurer
Fitzroy Lee	Deputy Chief Financial Officer and Chief Economist
Keith J. Richardson	Deputy Chief Financial Officer for Tax and Revenue
Kimberly Williams	Deputy Chief Financial Officer for Financial Operations and Systems
Eric Cannady	Deputy Chief Financial Officer for Budget and Planning

### **OFFICE OF THE ATTORNEY GENERAL**

Brian Schwalb  
Attorney General

### **COUNCIL OF THE DISTRICT OF COLUMBIA**

Phil Mendelson, Chairman

Anita Bonds	At Large	Matthew Frumin	Ward 3
Christina Henderson	At Large	Janeese Lewis George	Ward 4
Kenyan R. McDuffie	At Large	Zachary Parker	Ward 5
Robert C. White, Jr.	At Large	Charles Allen	Ward 6
Brianne K. Nadeau	Ward 1	Wendell Felder	Ward 7
Brooke Pinto	Ward 2	Vacant	Ward 8

### **INVESTOR RELATIONS**

Office of Finance and Treasury  
1101 Fourth Street, S.W., Suite 850W  
Washington, D.C. 20024  
phone: (202) 727-6055  
e-mail: [dcinvestorrelations@dc.gov](mailto:dcinvestorrelations@dc.gov)  
[www.DCbonds.com](http://www.DCbonds.com)

### **FINANCIAL ADVISORS**

PFM Financial Advisors LLC  
Philadelphia, Pennsylvania

Phoenix Capital Partners, LLC  
Washington, D.C.

### **BOND COUNSEL**

Orrick, Herrington & Sutcliffe LLP  
Washington, D.C.

### **DISCLOSURE COUNSEL**

Hawkins Delafield & Wood LLP  
Washington, D.C.

**No Offering May Be Made Except by this Official Statement.** No dealer, broker, salesperson or other person has been authorized by the District or the Underwriters to give any information or to make representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriters.

**No Unlawful Offers or Solicitations.** The information in this Preliminary Official Statement is not complete and may be changed. This Preliminary Official Statement is not an offer to sell the Series 2025 Bonds and is not soliciting an offer to buy the Series 2025 Bonds in any jurisdiction where the offer or sale is not permitted.

**Use of this Official Statement.** This Official Statement is submitted in connection with the sale of the Series 2025 Bonds described herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract or agreement among the District, the Underwriters and the purchasers or owners of any offered Series 2025 Bonds. This Official Statement is being provided to prospective purchasers either in bound printed form (“Original Bound Format”) or in electronic format on the following websites: [www.muniOS.com](http://www.muniOS.com) and [www.DCbonds.com](http://www.DCbonds.com). This Official Statement may be relied upon only if it is in its Original Bound Format or if it is printed in full directly from such websites.

**Preparation of this Official Statement.** The information set forth herein has been furnished by the District and includes information obtained from other sources, all of which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied upon by any other party. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

**Order and Placement of Materials.** The order and placement of materials in this Official Statement, including the appendices hereto, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the cover page, the inside cover pages and the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2025 Bonds is made only by means of this entire Official Statement.

**Estimates and Forecasts.** The statements contained in this Official Statement and the appendices hereto that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “illustrate,” “example,” and “continue,” or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance upon forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date of this Official Statement, and the District assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material, which could affect the ability to fulfill some or all of the obligations under the Series 2025 Bonds.

**No Recommendation or Registration.** The Series 2025 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. The Series 2025 Bonds have not been registered with the Securities and Exchange Commission (“SEC”) under the Securities Act of 1933, as amended, in reliance upon the exemption contained in Section 3(a)(2) of such act, and the Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such act.

**Informational Purposes Only; No Incorporation by Reference Unless Expressly Stated Otherwise.** References to website addresses presented herein, including the District’s investor relations website or any other website containing information about the District, are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose, including for purposes of Rule 15c2-12 promulgated by the SEC.

## Summary

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

<b>Issuer:</b>	District of Columbia
<b>Issue:</b>	<p>\$1,189,515,000* aggregate principal amount of its Income Tax Secured Revenue and Refunding Bonds, Series 2025A (Tax-Exempt) (the “Series 2025A Bonds”)</p> <p>\$301,080,000* aggregate principal amount of its Income Tax Secured Revenue Bonds, Series 2025B (Federally Taxable) (the “Series 2025B Bonds,” and together with the Series 2025A Bonds, the “Series 2025 Bonds”)</p>
<b>Dated Date:</b>	It is anticipated that the Series 2025 Bonds will be available for delivery in book-entry form through the facilities of DTC in New York, NY on or about May 15, 2025.
<b>Denominations:</b>	\$5,000 and integral multiples thereof
<b>Interest:</b>	The Series 2025 Bonds will be dated the delivery date and bear interest at the rates set forth on the inside cover pages hereof, payable semi-annually, until their final payment or maturity, on June 1 and December 1, commencing December 1, 2025.
<b>Redemption:</b>	The Series 2025 Bonds are subject to redemption prior to maturity as described under “THE SERIES 2025 BONDS – Redemption” herein.
<b>Use of Proceeds:</b>	<p>The proceeds of the Series 2025A Bonds will be used, together with other funds of the District, to (i) pay or reimburse the District for capital project expenditures under the District’s capital improvements plan, (ii) refund the District’s outstanding General Obligation Commercial Paper Bond Anticipation Notes, Series 2022A (the “Refunded GO CP 2022A BANs”), (iii) refund the Refunded Bonds (as defined herein), and (iv) pay the costs and expenses of issuing and delivering the Series 2025A Bonds.</p> <p>The proceeds of the Series 2025B Bonds will be used, together with other funds of the District, to (i) pay or reimburse the District for capital project expenditures under the District’s capital improvements plan, (ii) refund the District’s Income Tax Secured Bond Anticipation Note, Series 2024B (Federally Taxable) (the “Refunded Income Tax Secured 2024B BANs”), and (iii) pay the costs and expenses of issuing and delivering the Series 2025B Bonds.</p> <p>For more information on the purposes of the issuance of the Series 2025 Bonds, see Part 1, “THE SERIES 2025 BONDS – Purpose of the Issue.” For more information on the Refunded GO CP 2022A BANs, the Refunded Bonds, and the Refunded Income Tax Secured 2024B BANs, see APPENDIX E hereto.</p>

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\* Preliminary, subject to change.

**Certain Key  
Definitions:**

*“Act”* means the Income Tax Secured Bond Authorization Act of 2008, effective October 22, 2008, as amended (D.C. Law 17-254; D.C. Official Code §§ 47-340.26-36).

*“Available Business Franchise Tax Revenues”* means the revenues resulting from the imposition of the Business Franchise Tax, including penalty and interest charges.

*“Available Income Tax Revenues”* means the revenues resulting from the imposition of the Income Tax, including penalty and interest charges.

*“Available Tax Revenues”* means the sum of the Available Business Franchise Tax Revenues and the Available Income Tax Revenues generated and to be generated in any Fiscal Year of the District.

*“Available Withholding Tax Revenues”* means, for each Fiscal Year, the amount of the withholding portion of the Available Income Tax Revenues, which amount is collected by the Collection Agent pursuant to the Collection Agreement.

*“Business Franchise Tax”* means the franchise tax imposed by the District on corporations and unincorporated businesses pursuant to sections 47-1807.02, 47-1808.03 and 47-1817.06 of the D.C. Official Code.

*“Collection Account”* means the account or accounts established and held by the Collection Agent pursuant to the Collection Agreement for the benefit of the Bondholders, into which the Collection Agent, on behalf of the Trustee, deposits the Available Tax Revenues in accordance with the provisions of the Act.

*“Collection Agent”* means the financial institution or institutions selected by the Chief Financial Officer as agent for the Trustee to receive Available Tax Revenues for deposit into the Collection Account of the District of Columbia Income Tax Secured Bond Fund in accordance with the Act and the Collection Agreement. The Collection Agent is Wells Fargo Bank, N.A.

*“Collection Agreement”* means the Collection Agreement by and between the Trustee and the Collection Agent relating to the Collection Account maintained by the Collection Agent on behalf of the Trustee pursuant to the Act.

*“Collection Period”* means the period commencing on the date four months prior to any Debt Service Payment Date and extending through, but not including, the respective Debt Service Payment Date.

*“Debt Service”* means interest, redemption premium, purchase price to the extent provided by District Officer’s Certificate, Sinking Fund Installments and (without duplication) principal payments due on or on account of Outstanding Senior Bonds and Outstanding Senior Obligations.



*“Debt Service Payment Date”* means the date any payment of Debt Service is due and payable.

*“First Month Requirement”* means one-third of the Full Requirement due for the current Collection Period.

*“Full Requirement”* means the aggregate amount of Debt Service due on a Debt Service Payment Date, plus any overdue Sinking Fund Installment; provided, however, that Debt Service on any Series of Bonds that constitutes Balloon Maturities shall be excluded if the District has previously provided written notice to the Trustee of either (x) its intent to refund such Balloon Maturities or (y) other action taken to refund such Balloon Maturities.

*“Income Tax”* means the income tax imposed on individuals by the District pursuant to section 47-1806.03 of the D.C. Official Code.

*“Income Tax Secured Bond Fund”* means the fund established pursuant to section 47-340.27 of the D.C. Official Code and the Act, and maintained under the Indenture.

*“Revenues”* means the following, collectively, except as otherwise may be provided with respect to a Series of Bonds by the Supplemental Indenture authorizing such Series:

- (i) All Available Tax Revenues received by the Collection Agent, the Trustee or the District.
- (ii) With respect to any particular Bonds, the proceeds of any draw on or payment under any Credit Facility which is intended for the payment of such Bonds, but only for purposes of such payment and not for purposes of the Additional Bonds test or other purposes of the Indenture.
- (iii) Any amounts received by the District pursuant to a Qualified Hedge after giving effect to any netting of amounts payable by the parties thereunder.
- (iv) Income and interest earned and gains realized in excess of losses suffered by any Fund (other than the Rebate Fund), Account (other than any Account in the Rebate Fund) or Subaccount held by the Trustee under the terms of the Indenture.
- (v) Any other revenues, fees, charges, surcharges, rents, proceeds or other income and receipts received by or on behalf of the District or by the Trustee, lawfully available for the purposes of the Indenture in accordance with the Act and deposited by or on behalf of the District or by the Trustee in any Fund (other than the Rebate Fund), Account (other than the Costs of Issuance Account and the Bond Proceeds Account) or Subaccount (other than any Subaccount in the Costs of Issuance Account and the Bond Proceeds Account) held by the Trustee under the terms of the Indenture, including any payments or collections received pursuant to enforcement actions, received from bankruptcy trustees or

through the Bankruptcy Courts, received as a result of garnished wages, received as collections of tax levies, including the release of liens at real estate closings, received as a result of closures of estates, received as a result of the sales of businesses or involving business licenses, and other collection activities as shall be collected by the Chief Financial Officer and forwarded to the Collection Agent or deposited in the Income Tax Secured Bond Fund upon reconciliation of accounts.

*“Second Month Requirement”* means one-third of the Full Requirement due in the current Collection Period plus any additional amount needed so that the total amount on deposit in the Debt Service Fund equals two-thirds of the Full Requirement for the current Collection Period.

*“Trust Estate”* means the following property:

- (i) All Revenues pledged pursuant to the Master Indenture.
- (ii) All right, title and interest of the District in and to Revenues, and all rights to receive the same by the Act including all of its right, title, and interest now owned or later acquired in and to the Available Tax Revenues, whether received or to be received, or held at the time, by a Collection Agent, custodian, or escrow agent or by District officials.
- (iii) Amounts on deposit from time to time, and any investment earnings thereon, in the Income Tax Secured Bond Fund, Funds (other than the Rebate Fund), Accounts (other than the Costs of Issuance Account and the Bond Proceeds Account) or Subaccounts (other than any Subaccount in the Costs of Issuance Account and the Bond Proceeds Account), held by the Trustee, and moneys and securities from time to time held by the Trustee under the terms of the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.
- (iv) Any and all other property of any kind from time to time by delivery or by writing specifically conveyed, pledged, assigned or transferred, as and for additional security for the Bonds and the Obligations, by the District or by anyone on its behalf or with its written consent in favor of the Trustee, which is authorized by the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.
- (v) Any and all cash and non-cash proceeds, products, rents, and profits from any of the Trust Estate described in paragraphs (i) through (iv) above, including, without limitation, those from the sale, exchange, transfer, collection, loss, damage, disposition, substitution or replacement of any of the foregoing.

**Security:**

The Indenture pledges the Trust Estate to the Trustee as security for the payment of the Bonds. The Trust Estate includes, among other things, all Revenues, consisting primarily of Available Income Tax Revenues and

Available Business Franchise Tax Revenues received or to be received by the Collection Agent, the Trustee, or the District.

The Act creates a statutory lien, by providing that a “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.” The Act further provides that “the holders of the bonds shall have a first lien on and pledge of the Available Tax Revenues superior to that of any other person, including holders of general obligation bonds or notes secured by the full faith and credit of the District.”

**Collection Agreement:**

Pursuant to a collection contract between the Collection Agent and the District, the Collection Agent collects and receives the Available Tax Revenues. Pursuant to the Indenture and the Act, the Collection Agent entered into the Collection Agreement with the Trustee to act as the Trustee’s agent and fiduciary to deposit the Available Tax Revenues upon receipt into the Collection Account created under the Indenture for the benefit of bondholders, maintained by and held with the Collection Agent. Each business day, the Collection Agent transfers the Available Tax Revenues from the Collection Account to the Revenue Account held by the Trustee under the Indenture. The Trustee, as described below under “Retention Procedures,” retains such funds to pay debt service on the Bonds. Amounts not required to pay debt service are transferred to the District.

**Retention Procedures:**

The Indenture provides that on each Business Day, all Available Tax Revenues received from the Collection Agent are deposited by the Trustee into the Revenue Account held under the Income Tax Secured Bond Fund. Amounts on deposit in the Revenue Account are withdrawn and transferred on a daily basis as follows:

Unless a Supplemental Indenture related to a Series of Bonds provides otherwise with respect to the Series of Bonds, beginning on the first day of the first month of each Collection Period, the Trustee shall transfer amounts on deposit in the Revenue Account to the Debt Service Fund until the amount on deposit is equal to the First Month Requirement. Beginning on the first day of the second month of each Collection Period, the Trustee shall resume or continue such transfers until the amount on deposit is equal to the Second Month Requirement. Beginning on the first day of the third month of each Collection Period, the Trustee shall resume or continue such transfers until the amount on deposit is equal to the Full Requirement for such Collection Period. Beginning on the first day of the fourth month of each Collection Period, if the amounts on deposit do not equal the Full Requirement for such Collection Period, the Trustee shall continue to transfer monies from the Revenue Account to the Debt Service Fund until the amount on deposit in the Debt Service Fund is equal to the Full Requirement for the Collection Period. To the extent that Debt Service includes principal, interest or premium on Bonds or Notes to be purchased or redeemed prior to maturity, such Debt Service may be paid through the Redemption Account, and the District may by District Officer’s

Certificate direct the Trustee in writing to transfer Revenues thereto, rather than to the Debt Service Fund.

**Non-Impairment  
Covenant:**

The District pledges and covenants and agrees with the holders of the Bonds that, subject to the provisions of the Financing Documents, the District will not:

- (i) Limit or alter the revenues pledged to secure the Bonds or the basis on which such revenues are collected or allocated, in a manner that would generate Available Tax Revenues below the levels required to pay or secure the payment of the Bonds;
- (ii) Impair the contractual obligations of the District to fulfill the terms of any agreement made with the holders of the Bonds, provided, however, that the District may modify the District Income Tax rates or the income subject to those rates only if the modification, if in effect, would not have reduced the ratio of (A) District Income Tax generated by Available Withholding Tax Revenues for any 12 consecutive month period during the 15 month period immediately preceding the calculation to (B) the Maximum Annual Debt Service on the Senior Bonds then Outstanding below 2.0;
- (iii) In any way impair the rights or remedies of the holders of the Bonds; and
- (iv) If Bonds are issued as Tax-Exempt Bonds, modify in any way the exemptions from taxation provided for in subsection (e) of § 47-340.29 of the D.C. Official Code and the 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.

Pursuant to the Act, the pledge and agreement of the District in the Indenture that is summarized above is included as part of the contract with the holders of the Bonds.

**Additional Bonds:**

The Indenture permits the issuance of Additional Bonds with a parity claim with the Series 2025 Bonds and the Outstanding Bonds on the Trust Estate upon the District's filing of a certificate of the Chief Financial Officer with the Trustee certifying (i) the Available Withholding Tax Revenues for a 12 consecutive month period of the immediately prior 18 months applicable to the Fiscal Year in which such Additional Bonds are to be issued or Senior Obligations are to be incurred, (ii) the Available Tax Revenues for the same 12 consecutive month period of the immediately prior 18 months that is used to calculate the Available Withholding Tax Revenues, and (iii) the Maximum Annual Debt Service that will be due on the Senior Bonds, including such Additional Bonds and the Senior Obligations, in any subsequent Fiscal Year, and showing that the amount in clause (i) at least equals 2 times the amount in clause (iii), and the amount in clause (ii) at least equals 3 times the amount in clause (iii).

In addition, Additional Bonds may be issued only upon receipt by the Trustee of a certificate of the Chief Financial Officer certifying that the issuance of

such Additional Bonds does not create a violation of the Debt Ceiling Act (as hereinafter defined) or of Section 603(b) of the Home Rule Act (as hereinafter defined). Solely for the purpose of determining whether Section 603(b) is violated, the Bonds, including the Additional Bonds to be issued, are treated as outstanding general obligation bonds.

The District may issue Subordinate Bonds or incur Subordinate Obligations pursuant to the Master Indenture at any time following receipt of written confirmation from each Rating Agency that its Rating on the Senior Bonds and Senior Obligations (to the extent that such obligations are rated) will not be lower than the Rating in effect prior to the issuance of the proposed Subordinate Bonds or Subordinate Obligations as a direct result of such issuance.

**Ratings:**

Moody's and S&P have assigned ratings of "Aa1" (negative outlook) and "AAA" (stable outlook), respectively, to the Series 2025 Bonds. See "RATINGS" herein.

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**Part 1  
of the  
Official Statement  
of the  
DISTRICT OF COLUMBIA  
(Washington, D.C.)  
relating to**

**\$1,490,595,000\*  
DISTRICT OF COLUMBIA  
(Washington, D.C.)**

**\$1,189,515,000\*  
Income Tax Secured Revenue and Refunding Bonds,  
Series 2025A  
(Tax-Exempt)**

**\$301,080,000\*  
Income Tax Secured Revenue Bonds,  
Series 2025B  
(Federally Taxable)**

**INTRODUCTION**

**General**

The District of Columbia (the “District”) has prepared this Official Statement in connection with the issuance and sale of (i) \$1,189,515,000\* aggregate principal amount of its Income Tax Secured Revenue and Refunding Bonds, Series 2025A (Tax-Exempt) (the “Series 2025A Bonds”) and (ii) \$301,080,000\* aggregate principal amount of its Income Tax Secured Revenue Bonds, Series 2025B (Federally Taxable) (the “Series 2025B Bonds,” and together with the Series 2025A Bonds, the “Series 2025 Bonds”).

This Official Statement consists of the cover page, the inside cover pages, the Tables of Contents, this Part 1, including the Appendices to this Part 1 (all of the foregoing are referred to collectively as “Part 1”) and the attached Part 2 (“Part 2”). Both this Part 1 and Part 2 are dated as of the date set forth on the cover page. Both Part 1 and Part 2 should be read in their entirety. Part 1 of this Official Statement contains information relating principally to the Series 2025 Bonds. Part 2 of this Official Statement contains information relating principally to the government and economic resources of the District, and includes certain financial and other information supplementing the most recent general purpose financial statements of the District, which can be found in the District’s Annual Comprehensive Financial Report (“ACFR”) for the fiscal year (“Fiscal Year”) ended September 30, 2024. The following portion of the ACFR for Fiscal Year 2024 is incorporated herein by reference: the information under the heading “Financial Section,” from pages 23-214, inclusive (collectively, the “Fiscal Year 2024 Financial Statements”). Unless otherwise indicated, the Office of the Chief Financial Officer of the District is the source of information presented in the tables included in Part 2. The District’s ACFR for Fiscal Year 2024 and the Fiscal Year 2024 Financial Statements can be found on the District’s investor relations website at [www.DCbonds.com](http://www.DCbonds.com), on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system or by registering with and logging onto the website of Digital Assurance Certification, L.L.C. (“DAC”) at [www.dacbonds.com](http://www.dacbonds.com). DAC is the disclosure dissemination agent for the District.

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

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\* Preliminary, subject to change.

***Investor Relations.*** In addition to the District's investor relations website ([www.DCbonds.com](http://www.DCbonds.com)), investor information, including the District's ACFRs, may be requested in writing from the Office of Finance and Treasury, 1101 Fourth Street, S.W., Suite 850W, Washington, D.C. 20024, by phone at (202) 727-6055 or by e-mail at [dcinvestorrelations@dc.gov](mailto:dcinvestorrelations@dc.gov). As disclosure dissemination agent for the District, DAC has agreed to promptly file on EMMA, upon receipt from the District, the District's annual financial information and notices of events that are required by the District's continuing disclosure undertakings. See "CONTINUING DISCLOSURE." Certain financial information with respect to the District may be obtained through DAC's website. Any such information speaks strictly as of its date, and the District has undertaken no obligation to update such information, other than in accordance with its continuing disclosure undertakings and applicable law. The District regularly updates its investor relations website ([www.DCbonds.com](http://www.DCbonds.com)) with information regarding prospective financings and other pertinent financial information.

## **GENERAL DESCRIPTION OF THE BONDS**

### **Authorization**

The Income Tax Secured Bond Authorization Act of 2008, effective October 22, 2008, as amended (D.C. Law 17-254; D.C. Official Code §§ 47-340.26-36) (the "Act") authorizes the issuance of (i) the Series 2025 Bonds, (ii) additional bonds with a parity claim issued in satisfaction of the tests for additional bonds under the Indenture ("Additional Bonds"), and (iii) Subordinate Bonds (collectively, together with all Outstanding Bonds, the "Bonds").

The Act currently authorizes the issuance of Bonds in an amount not to exceed \$15,561,503,000. As of March 1, 2025, the District has approximately \$5.00 billion of Senior Bonds Outstanding. Upon the issuance of the Series 2025 Bonds, approximately \$6.40 billion of Senior Bonds will be Outstanding (with approximately \$6.93 billion of remaining authorization under the Act).

The issuance of the Series 2025 Bonds is authorized pursuant to (i) the Act and proceedings under the Act, including the "Fiscal Year 2025 Income Tax Secured Revenue Bond, General Obligation Bond and General Obligation and Income Tax Secured Bond Anticipation Note Issuance Authorization Emergency Approval Resolution of 2024," Resolution 25-636, effective September 17, 2024 (the "Approval Resolution"), (ii) the Amended and Restated Master Indenture of Trust between the District and Computershare Trust Company, N.A., successor in interest to Wells Fargo Bank, N.A., as trustee (the "Trustee"), restated as of December 1, 2019, with certain amendments effective on March 11, 2020, as the same may be further amended from time to time (the "Master Indenture"), and (iii) an Eleventh Supplemental Indenture of Trust between the same parties dated as of May 1, 2025 (the "Eleventh Supplemental Indenture," and together with the Master Indenture, as previously supplemented and amended, the "Indenture").

The Series 2025 Bonds are being issued as Senior Bonds under the Indenture. The District has not issued any Subordinate Bonds.

**Purpose of the Issue\***

The proceeds of the Series 2025A Bonds will be used, together with other funds of the District, to (i) pay or reimburse the District for capital project expenditures under the District's capital improvements plan, (ii) refund the District's outstanding General Obligation Commercial Paper Bond Anticipation Notes, Series 2022A (the "Refunded GO CP 2022A BANs"), (iii) refund all or a portion of the District's General Obligation Bonds, Series 2015A (the "Refunded Series 2015A Bonds") and defease all or a portion of the District's Income Tax Secured Revenue Refunding Bonds, Series 2020D (Federally Taxable) (the "Refunded Series 2020D Bonds" and together with the Refunded Series 2015A Bonds, the "Refunded Bonds"), and (iv) pay the costs and expenses of issuing and delivering the Series 2025A Bonds.

The proceeds of the Series 2025B Bonds will be used, together with other funds of the District, to (i) pay or reimburse the District for capital project expenditures under the District's capital improvements plan, (ii) refund the District's Income Tax Secured Bond Anticipation Note, Series 2024B (Federally Taxable) (the "Refunded Income Tax Secured 2024B BANs"), and (iii) pay the costs and expenses of issuing and delivering the Series 2025B Bonds.

For more information on the Refunded GO CP 2022A BANs, the Refunded Bonds, and the Refunded Income Tax Secured 2024B BANs, see APPENDIX E hereto.

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\* Preliminary, subject to change.

## Sources and Uses of Funds

The estimated sources and uses of the proceeds of the Series 2025 Bonds are set forth below:

	<u>Series 2025A Bonds</u>	<u>Series 2025B Bonds</u>	<u>Total</u>
<b>Sources:</b>			
Principal Amount			
Original Issue Premium			
Other Funds of the District			
<b>Total Sources:</b>			
<b>Uses:</b>			
Deposit to Capital Projects Fund			
Deposit to Refunded Series 2020D Bonds Payment Fund			
Deposit to Refunded Series 2015A Bonds Payment Fund			
Deposit to Refunded GO CP 2022A BANs Payment Fund			
Deposit to the Refunded Income Tax Secured 2024B BANs Payment Fund			
Underwriters' Discount			
Costs of Issuance <sup>(1)</sup>			
<b>Total Uses:</b>			

- (1) Includes, among other items, Trustee fees, legal fees, financial advisory fees, rating agency fees, dissemination agent fees, Verification Agent fees, other fees and expenses incident to the issuance of the Series 2025 Bonds, printing costs, and rounding.

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## **Book-Entry-Only System**

The Series 2025 Bonds will be issued as fully registered bonds, registered in the name of Cede & Co., as Registered Bondholder and nominee for The Depository Trust Company (“DTC”), New York, NY. Beneficial ownership interests in the Series 2025 Bonds will be available in book-entry-only form. Purchasers of beneficial ownership interests in the Series 2025 Bonds will not receive certificates representing their interests in the Series 2025 Bonds purchased. For more information on DTC and the Book-Entry-Only System, see “APPENDIX C – Book-Entry-Only System.”

Principal of, premium, if any, and interest on the Series 2025 Bonds are payable, as long as the Series 2025 Bonds are in book-entry form, through a securities depository as described in APPENDIX C.

*None of the District, the Underwriters, or the Trustee has any responsibility or obligation to any Beneficial Owner (as defined in APPENDIX C) with respect to (i) the accuracy of any records maintained by DTC or any DTC participant, (ii) the distribution by DTC or any DTC participant of any notice that is permitted or required to be given to the owners of the Series 2025 Bonds, (iii) the payment by DTC or any DTC participant of any amount received with respect to the Series 2025 Bonds, (iv) any consent given or other action taken by DTC or its nominee as the owner of the Series 2025 Bonds or (v) any other related matter.*

## **THE SERIES 2025 BONDS**

### **General**

The Series 2025 Bonds will be dated the date of their respective delivery dates, and bear interest at the rates set forth on the inside cover pages hereof, payable semi-annually, until their final payment or maturity, on each June 1 and December 1, commencing December 1, 2025. Interest shall be computed on the basis of a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days each. The Series 2025 Bonds shall be issuable only as fully registered bonds in denominations of \$5,000 and multiples thereof.

Principal of and premium, if any, on the Series 2025 Bonds shall be payable to the registered owners upon the surrender of Series 2025 Bonds at the principal corporate trust office of the Trustee. Interest on the Series 2025 Bonds shall be payable by check or draft of the Trustee mailed to the respective Bondholders at their addresses as they appear on the Record Date (as defined below) on the registration books kept by the Trustee; provided, however, that in the case of a Securities Depository or Bondholder of \$1,000,000 or more in aggregate principal amount of Series 2025 Bonds, upon the written request of such Bondholder to the Trustee, received on or prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest when due shall be made by wire transfer of immediately available funds to the bank account number on file with the Registrar. Any such request shall remain in effect until revoked or revised by such Bondholder by an instrument in writing delivered to the Trustee. Principal, premium, if any, and interest on the Series 2025 Bonds shall be payable in lawful money of the United States of America.

“Record Date” shall mean the close of business on the fifteenth (15th ) day (whether or not a Business Day) of the calendar month next preceding each Series 2025A Interest Payment Date and Series 2025B Interest Payment Date, as applicable.

If the date for payment of the principal of, premium, if any, or interest on any of the Series 2025 Bonds shall be other than a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

## Redemption\*

### *Optional Redemption\**

Series 2025A Make Whole Redemption.\* The Series 2025A Bonds are subject to redemption prior to maturity, at the option of the District, from their date of issuance to and including June \_\_, 20\_\_, in whole or in part, at any time (the “Series 2025A Make-Whole Call Date”), at the Series 2025A Make-Whole Redemption Price (as defined below).

The “Series 2025A Make-Whole Redemption Price” is the greater of (x) one hundred percent (100%) of the Amortized Value (as defined below) of the Series 2025A Bonds to be redeemed or tendered; or (y) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2025A Bonds to be redeemed or tendered from and including the Series 2025A Make-Whole Call Date to the maturity date of such Series 2025A Bonds, not including any portion of those payments of interest accrued and unpaid as of the Series 2025A Make-Whole Call Date, discounted to the Series 2025A Make-Whole Call Date on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at a discount rate equal to the greater of (a) the Applicable Tax-Exempt Bond Rate (as defined below) minus \_\_\_\_ basis points; or (b) zero basis points; plus, in each case, accrued interest on such Series 2025A Bonds to the Series 2025A Make-Whole Call Date.

“Amortized Value” means the product of the principal amount of the Series 2025A Bonds to be redeemed or tendered and the price of such Series 2025A Bonds expressed as a percentage, calculated based on the industry standard method of calculating bond prices, with a delivery date equal to the Series 2025A Make-Whole Call Date, a maturity date equal to the maturity date of such Series 2025A Bonds and a yield equal to the yield of such Series 2025A Bonds as shown on the inside cover page of this Official Statement.

“Applicable Tax-Exempt Bond Rate” means the “Interpolated AAA Yields” rate for the maturity date of each Series 2025A Bonds to be redeemed or tendered, as published by the Municipal Market Data (“MMD”) at least five calendar days, but not more than 60 calendar days, prior to the Series 2025A Make-Whole Call Date of the Series 2025A Bonds to be redeemed or tendered, or if no such rate is established for the applicable maturity date, the “Interpolated AAA Yields” rate for the published maturities closest to the applicable maturity date.

Should the MMD no longer publish the “Interpolated AAA Yields” rate, then the Applicable Tax-Exempt Bond Rate will equal the “BVAL Muni AAA Monthly Callable Yields” rate for the maturity date (made available by Bloomberg at the close of each business day). In the further event that Bloomberg no longer publishes the “BVAL Muni AAA Monthly Callable Yields” rate, the Applicable Tax-Exempt Bond Rate will be determined by a verification agent appointed by the District, based upon the rate per annum equal to the semiannual equivalent yield to maturity for those tax-exempt general obligation bonds rated in the highest rating category by Moody's and S&P, with a maturity date equal to the maturity date of such Series 2025A Bonds having characteristics (other than the ratings) most comparable to those of such Series 2025A Bonds in the judgment of the verification agent. The verification agent's determination of the Applicable Tax-Exempt Bond Rate shall be final and binding in the absence of manifest error.

The Series 2025A Make-Whole Redemption Price will be determined by a verification agent, investment banking firm or financial advisor (which verification agent, investment banking firm or financial advisor shall be retained by the District at the expense of the District) in order to calculate such Series 2025A Make-Whole Redemption Price. The Trustee and the District may conclusively rely on such verification agent's, investment banking firm's or financial advisor's determination of such Series 2025A Make-Whole Redemption Price and will bear no liability for such reliance.

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\* Preliminary, subject to change.

Series 2025A Par Call Redemption.\* The Series 2025A Bonds maturing prior to June \_\_, 20\_\_, are not subject to optional redemption. The Series 2025A Bonds maturing on or after June \_\_, 20\_\_, shall be subject to redemption prior to maturity, in whole or in part in any authorized denomination on any date on or after June \_\_, 20\_\_, at the option of the District, at the redemption price of 100% of the principal amount thereof, together with accrued interest to the redemption date.

Series 2025B Make Whole Redemption.\* The Series 2025B Bonds are subject to redemption prior to maturity, at the option of the District, from their date of issuance to and including June \_\_, 20\_\_, in whole or in part, at any time, at the Series 2025B Make-Whole Redemption Price (as defined below).

The “Series 2025B Make-Whole Redemption Price” is the greater of (x) 100% of the principal amount of the Bonds to be redeemed and (y) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2025B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2025B Bonds are to be redeemed, discounted to the date on which the Series 2025B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined below) plus .\_\_% for Series 2025B Bonds maturing June \_\_, 20\_\_, to and including June \_\_, 20\_\_; .\_\_% for Series 2025B Bonds maturing June \_\_, 20\_\_, to and including June \_\_, 20\_\_; and \_\_% for Series 2025B Bonds maturing June \_\_, 20\_\_; plus in each case, accrued and unpaid interest on the Series 2025B Bonds to be redeemed on the redemption date.

For purpose of determining the Series 2025B Make-Whole Redemption Price, the following definitions apply:

“Treasury Rate” means, with respect to any redemption date for any particular Series 2025B Bond, the greater of:

(A) the yield to maturity as of such redemption date of the United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days but no more than 45 calendar days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to maturity; provided, however, that if the period from the redemption date to maturity is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used; all as will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the District at the District’s expense and such determination shall be conclusive and binding on the owners of the Series 2025B Bonds, and

(B) the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue (defined below), assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price (defined below), as calculated by the Designated Investment Banker (defined below).

“Comparable Treasury Issue” means, with respect to any redemption date for a particular Series 2025B Bond, the United States Treasury security or securities selected by the Designated Investment Banker that has an actual or interpolated maturity comparable to the remaining average life of the Series 2025B Bond to be redeemed.

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\* Preliminary, subject to change.

“Comparable Treasury Price” means, with respect to any redemption date for a particular Series 2025B Bond, (i) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations (defined below), the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

“Designated Investment Banker” means one of the Reference Treasury Dealers appointed by the District.

“Reference Treasury Dealer” means each of the four firms, specified by the District, from time to time, that are primary United States government securities dealers in the City of New York, New York (each a “Primary Treasury Dealer”); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the District will substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date for a particular Series 2025B Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 P.M., New York City time, on the third Business Day preceding such redemption date.

Any Series 2025B Make-Whole Redemption Price of Series 2025B Bonds to be redeemed pursuant to the provisions described under this section will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the District to calculate such redemption price. The District may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Series 2025B Par Call Redemption.\* The Series 2025B Bonds maturing on or after June \_\_, 20\_\_, shall be subject to redemption prior to maturity, in whole or in part in any authorized denomination on any date on or after June \_\_, 20\_\_, at the option of the District, at the redemption price of 100% of the principal amount thereof, together with accrued interest to the redemption date.

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\* Preliminary, subject to change.



*Mandatory Sinking Fund Redemption\**

Series 2025A Bonds. The Series 2025A Bonds, maturing on June \_\_, 20\_\_, shall be subject to mandatory sinking fund redemption at par plus accrued interest to the redemption date, without premium on June 1, in the years and amounts as follows:

Year

Sinking Fund Installment Amount

\*\*

\*\* Maturity

Series 2025B Bonds. The Series 2025B Bonds, maturing on June \_\_, 20\_\_, shall be subject to mandatory sinking fund redemption at par plus accrued interest to the redemption date, without premium on June 1, in the years and amounts as follows:

Year

Sinking Fund Installment Amount

\*\*

\*\* Maturity

**Notice of Redemption**

The District shall give written notice (at least thirty (30) days prior to the redemption date) to the Trustee of its election to redeem Series 2025 Bonds and the notice shall contain (i) the redemption date, (ii) the CUSIP number, (iii) the Series, and (iv) the aggregate principal amount of the Series 2025 Bonds of each maturity and interest rate of the Series 2025 Bonds to be redeemed.

The Trustee shall send a notice of redemption by electronic means or shall mail a copy of such notice, postage prepaid, no less than thirty (30) days before the redemption date, to the Bondholders, at their last address appearing upon the registry books provided, that while the Series 2025 Bonds are registered in book-entry-only form in the name of Cede & Co. or other nominee of DTC, any notice of redemption with respect to such bonds shall only be sent to DTC. The Trustee shall give notice, in the name of the District, of the redemption of such Series 2025 Bonds, which notice shall specify (i) the maturities and interest rate of the Series 2025 Bonds to be redeemed, (ii) the redemption date, (iii) the Redemption Price, (iv) the place or places where amounts due upon such redemption will be payable, (iv) if less than all of the Series 2025 Bonds of any like Series and maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2025 Bonds so to be redeemed, and (v) in the case of Series 2025 Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount to be redeemed. Failure to provide by electronic means or to mail any such notice to any particular Bondholder shall not affect the validity of the proceedings for the redemption of Series 2025 Bonds not owned by such Bondholder, and failure of any Bondholder to receive such notice shall not affect the validity of the proposed redemption of Series 2025 Bonds. Any notice of optional redemption of the Series 2025 Bonds may be made conditional upon receipt by the Trustee or the Paying Agent of moneys sufficient to pay the Redemption Price of the Series 2025 Bonds.

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\* Preliminary, subject to change.

## **Selection of Bonds to be Redeemed in Partial Redemption**

*General.* If less than all of the Outstanding Bonds of a particular Series and maturity are to be redeemed, except to the extent the related Supplemental Indenture shall require that Bonds of such Series and maturity are to be redeemed on a pro rata basis, the Trustee shall assign to each such Outstanding Bond a distinctive number for each amount representing the lowest authorized denomination of the principal amount of such Bond and shall select by lot, using such method of lottery selection as it shall deem proper in its discretion, as many numbers as shall equal the principal amount of such Bonds to be redeemed. For purposes of this process, Bonds or portions thereof which have theretofore been selected by lot for redemption shall not be deemed to be Outstanding.

*Series 2025A Bonds.* While the Series 2025A Bonds are registered in book-entry-only form in the name of Cede & Co. or other nominee of DTC, partial redemptions of such bonds will be selected for redemption, in accordance with DTC procedures, by lot. See APPENDIX C – “BOOK-ENTRY-ONLY SYSTEM.”

*Series 2025B Bonds.* While the Series 2025B Bonds are registered in book-entry-only form in the name of Cede & Co. or other nominee of DTC, partial redemptions of the Series 2025B Bonds will be treated by DTC as a “pro rata pass-through distribution of principal” in accordance with DTC rules and procedures. It is the District’s intent that the redemption allocations made by DTC, the DTC participants, and such other intermediaries that may exist between the District and the beneficial owners be made on a “pro rata pass-through distribution of principal” basis. However, neither the District nor the Underwriters can provide any assurance that DTC, the DTC participants, or any other intermediaries will allocate redemptions among beneficial owners on such basis. If the DTC operational arrangements do not allow for the redemption of the Series 2025B Bonds on a “pro rata pass-through distribution of principal” basis, then the Series 2025B Bonds will be selected for redemption, in accordance with DTC procedures, by lot. See APPENDIX C – “BOOK-ENTRY-ONLY SYSTEM.”

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## ANNUAL DEBT SERVICE SCHEDULE

The table below sets forth (i) the debt service requirements for the District's Income Tax Secured Revenue Bonds currently Outstanding under the Indenture, (ii) the debt service requirements for the Series 2025 Bonds, and (iii) total debt service on all of the foregoing. For more information on the District's outstanding indebtedness, see Part 2, "INDEBTEDNESS."

### District of Columbia Income Tax Secured Revenue Bonds<sup>(1)</sup> (\$ in millions)

<b>Fiscal Year Ending (Sept. 30)</b>	<b>Debt Service on Currently Outstanding Bonds<sup>(2)</sup></b>	<b>Debt Service on Currently Outstanding Bonds (Net of Federal Subsidies)<sup>(2),(3)</sup></b>	<b>Debt Service on Series 2025 Bonds</b>	<b>Total Debt Service on Bonds Outstanding Following Issuance of Series 2025 Bonds (Net of Federal Subsidies)<sup>(2),(3)</sup></b>
2025	\$484.0	\$482.5		\$482.5
2026	470.3	468.7		468.7
2027	423.1	422.3		422.3
2028	442.0	442.0		442.0
2029	429.1	429.1		429.1
2030	452.5	452.5		452.5
2031	468.9	468.9		468.9
2032	460.1	460.1		460.1
2033	428.3	428.3		428.3
2034	391.0	391.0		391.0
2035	383.4	383.4		383.4
2036	390.2	390.2		390.2
2037	357.3	357.3		357.3
2038	320.7	320.7		320.7
2039	241.2	241.2		241.2
2040	237.2	237.2		237.2
2041	234.0	234.0		234.0
2042	234.0	234.0		234.0
2043	234.0	234.0		234.0
2044	234.0	234.0		234.0
2045	183.0	183.0		183.0
2046	116.3	116.3		116.3
2047	116.3	116.3		116.3
2048	56.3	56.3		56.3
2049	-	-		-
2050	-	-		-
2051	-	-		-
2052	-	-		-
<b>TOTALS<sup>(4)</sup></b>	<b>\$7,787.4</b>	<b>\$7,783.5</b>		<b>\$7,783.5</b>

1. Outstanding debt service as of the close of business on [September 30, 2024].
2. Debt service amounts include sinking fund installments for the District's Income Tax Secured Revenue Bonds, Series 2010D (Federally Taxable – Qualified School Construction Bonds ("QSCBs") – Direct Pay to Issuer) (the "Series 2010 QSCBs").
3. Debt service net of federal subsidies for the Series 2010 QSCBs. The Series 2010 QSCBs assume an effective 94.3% subsidy on interest payments (100% subsidy rate, net of 5.7% sequestration as of October 1, 2021). For more information on the District's receipt of funds from the federal government, the possible effects of sequestration on such funding, and the federal offset program, see Part 2, "Budgeting and Financial Procedures – Federal Funding" and "Financial Information – Federal Revenues."
4. Amounts may not total due to rounding.

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### Limited Obligation

Pursuant to the Act, the Bonds are special obligations of the District payable solely from the Trust Estate pledged under the Indenture.

**The Bonds are without recourse to the District, and are not a pledge of, and do not involve, the faith and credit or the taxing power of the District (other than the pledge of the Available Tax Revenues made by the Indenture and the Act), do not constitute a debt of the District, and do not constitute lending of the public credit for private undertakings as prohibited by District law.**

Pursuant to the Master Indenture, the District pledges the Trust Estate to the Trustee for the payment of, and as security for the payment of, the Principal Installments and Redemption Price of and interest on the Bonds and payments due under any Credit Facilities, Liquidity Facilities and/or Qualified Hedges to the extent provided by a Supplemental Indenture, in each case in accordance with their terms and the provisions of the Master Indenture and subject to the provisions of the Master Indenture permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth in the Master Indenture, and in each case subject to the provisions regarding priority of payment as between Senior Bonds and Senior Obligations, and Subordinate Bonds and Subordinate Obligations. With respect to Bonds issued under the Master Indenture, the District does not, as of the date hereof, have any outstanding Credit Facilities, Liquidity Facilities, or Qualified Hedges.

The Act creates a statutory lien, by providing that a “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.” The Act further provides that “the holders of the bonds shall have a first lien on and pledge of the Available Tax Revenues superior to that of any other person, including holders of general obligation bonds or notes secured by the full faith and credit of the District.” The Act and the Indenture pledge to the Trustee and grant a security interest in Available Tax Revenues “whether received or to be received, or held at the time, by the Collection Agent, the Trustee, a custodian, or escrow agent or by District officials.”

In the opinion of Bond Counsel, the Indenture creates the valid pledge of the Trust Estate that it purports to create.

Thus, the Trustee will have for the benefit of bondholders a security interest in and a statutory lien on the Available Tax Revenues received or to be received by the Collection Agent, the Trustee, or the District, regardless of where the Available Tax Revenues are held at any moment in time.

The full faith and credit of the United States is not pledged for the payment of the principal of or interest on the Bonds, nor is the United States responsible or liable for the payment thereof.

See also “– Non-Impairment Covenant” and “– Additional Bonds” below.

### Pledged Taxes

The District levies two major types of income taxes: the Income Tax (individual) and the Business Franchise Tax (collectively, the “Pledged Taxes”). The Pledged Taxes are the two sources of the Available Tax Revenues pledged as part of the Trust Estate.

## Income Tax

The District imposes the Income Tax on individuals domiciled within the District of Columbia at any time during a tax year or who maintain a place of abode within the District of Columbia for an aggregate of 183 days or more during a tax year. The Income Tax rates in the District are set forth in Table 6 below.

Taxpayers may receive tax credits, including for taxes paid on income to another state or political subdivision and, in certain circumstances, for some amounts paid as real property taxes to the District.

Employers in the District of Columbia are required to withhold for each payroll period a portion of each District of Columbia resident employee's income (for those employees who do not otherwise make estimated tax payments) and pay it directly to the District as an estimated prepayment of the Income Tax that such employee is expected to owe at the end of the year. Amounts withheld by employers are referred to in the following tables as "withholding" amounts; the Income Taxes paid directly by District of Columbia resident employees to the District are referred to herein as "non-withholding."

The tables below illustrate the growth and decline of various District of Columbia employment sectors over time, the unemployment rate over time for the District of Columbia, the distribution of Income Tax collections by income level, and the sources of income of District of Columbia residents.

**Table 1. Employment in the District of Columbia By Industry**  
(Annual Average Data)<sup>(1), (2), (3), (4)</sup>  
(in thousands)

<b>Calendar Year</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Federal Government	197.2	198.9	193.2	190.6	193.3
District Government	38.4	38.5	38.4	38.8	39.6
Public Transportation	4.2	4.1	4.0	4.0	3.9
Trade, Trans. & Utilities	29.0	29.1	30.3	30.3	30.2
Financial Activities	28.7	26.6	26.3	26.0	25.4
Professional & Business Services	166.7	166.8	174.1	175.8	173.1
Other Private	279.4	272.3	292.9	301.1	303.9
<b>Total Service-Providing</b>	<b>727.5</b>	<b>720.2</b>	<b>742.7</b>	<b>750.4</b>	<b>753.7</b>
<b>Total Goods-Producing</b>	<b><u>16.0</u></b>	<b><u>16.2</u></b>	<b><u>16.4</u></b>	<b><u>16.1</u></b>	<b><u>15.6</u></b>
<b>Total Non-Farm</b>	<b><u>743.6</u></b>	<b><u>736.3</u></b>	<b><u>759.2</u></b>	<b><u>766.6</u></b>	<b><u>769.4</u></b>

<sup>(1)</sup> Reflects place of employment, not place of residence.

<sup>(2)</sup> Not seasonally adjusted. Data may not equal totals due to independent rounding. Industry classification is based on the North American Industry Classification System ("NAICS").

<sup>(3)</sup> Data includes all full-time and part-time employees who received pay for any part of the pay period that includes the 12th of the month.

<sup>(4)</sup> Proprietors, self-employed individuals, unpaid family and volunteer workers, military personnel, internationally stationed workers, and private household workers are excluded.

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

**Table 2. Unemployment Rates<sup>(1), (2)</sup>**

<u>Calendar Year</u>	<u>District</u>	<u>Washington, PMSA</u>	<u>U.S.</u>
2020	8.0%	6.5%	8.1%
2021	6.8	4.6	5.4
2022	4.7	2.9	3.6
2023	4.8	2.6	3.6
2024	5.2	3.1	4.0
January 2024	5.1	2.9	4.1
January 2025	5.6	3.1	4.4

<sup>(1)</sup> Not seasonally adjusted. Annual rates are an average of monthly rates for the given year.

<sup>(2)</sup> The increase in unemployment rates shown for 2020 reflects the impact of COVID-19 on employment in the District, the metropolitan area, and the United States as a whole.

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

**Table 3. Personal Income Tax Filers and Liability by Income Level<sup>(1)</sup>  
(Fiscal Year 2024)**

<u>Income Level</u>	<u>Number of Filers</u>	<u>Percentage of Total Filers</u>	<u>Percentage of Total Income Taxes</u>
\$100,001 and higher	110,052	31.2%	82.5%
\$75,001 - \$100,000	38,981	11.1	7.5
\$50,001- \$75,000	55,807	15.8	6.3
\$25,001- \$50,000	67,931	19.3	3.3
\$10,001 - \$25,000	43,988	12.5	0.4
\$10,000 and lower	<u>36,047</u>	<u>10.2</u>	<u>0.0</u>
<b>Total</b>	<b>352,806</b>	<b>100.0%</b>	<b>100.00%</b>

<sup>(1)</sup> Figures may not equal due to rounding.

Source: District's ACFR for Fiscal Year 2024, Statistical Section, Exhibit S-2H.

**Table 4. Sources of Income of District Residents<sup>(1)</sup>**

<u>Source of Income</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024<sup>(3)</sup></u>
Net earnings	66.3%	67.1%	68.4%	68.3%	68.8%
Dividends, interest, and rents	16.5%	16.2%	17.9%	18.6%	18.4%
Transfer payments <sup>(2)</sup>	17.2%	16.7%	13.7%	13.1%	12.8%

<sup>(1)</sup> Each of the years listed is a calendar year. Figures may not equal due to rounding. Data for 2020-2023 has been revised

<sup>(2)</sup> Transfer payments consist largely of government benefits received by individuals, including retirement and disability insurance benefits (e.g., workers' compensation), medical benefits (e.g., Medicare), income maintenance benefits (e.g., Supplemental Security Income benefits, family assistance payments and food stamps) and unemployment insurance compensation.

<sup>(3)</sup> Based on preliminary data for 2024.

Source: U.S. Department of Commerce, Bureau of Economic Analysis and the District's Office of Revenue Analysis.

## **Business Franchise Tax**

The Business Franchise Tax consists of two taxes: the corporate franchise tax and the unincorporated business franchise tax.

The District imposes a corporate franchise tax on income derived by corporations (including trusts, associations, and partnerships classified as corporations for purposes of federal income taxation) from sources within the District of Columbia at a rate of 8.25%, less certain tax credits.

For other nonexempt businesses, the District imposes an unincorporated business franchise tax on income from sources within the District of Columbia exceeding \$12,000, less certain deductions. Excluded businesses include those (i) that by law, customs, or ethics cannot be incorporated or can be incorporated only as a professional corporation under District law, (ii) in which more than 80% of the gross income is derived from the personal services actually rendered by the individuals or the members of the partnership or other entity in the conducting or the carrying on of a trade or a business and in which capital is not a material income-producing factor, (iii) that are engaged in by a blind person, (iv) certain qualified high technology companies, which are instead taxed at a rate of 6%, and (v) that arise solely by reason of the purchase, holding, or sale of, or the entering, maintaining, or terminating of positions in, stocks, securities, or commodities for the taxpayer's own account (with certain additional limitations on such exclusion).

## **Collections of Pledged Taxes**

Tables 5 through 11 show historical and projected collections of Pledged Taxes. Tables 5, 7, and 8 show historical collections of Pledged Taxes on a modified accrual basis of accounting, while Tables 9-11 show historical or projected collections of Pledged Taxes, as applicable, on a cash basis of accounting. The differences between the modified accrual basis of accounting used for budgetary purposes and the cash basis of accounting explain the slight disparities between certain figures included in such tables.

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The following table sets forth information relating to the collections of Pledged Taxes in Fiscal Years 2015 through 2024.

**Table 5. Collections of Pledged Taxes<sup>(1), (2)</sup>**  
Fiscal Years 2015 – 2024  
(Modified accrual basis of accounting, \$ in millions)

<b>Collections of Pledged Taxes</b>								
<b>Individual Income Tax</b>								
<b>Fiscal Year</b>	<b>Total Annual Personal Income<sup>(3)</sup></b>	<b>Withholding</b>	<b>% of Total</b>	<b>Non-Withholding</b>	<b>% of Total</b>	<b>Business Franchise</b>	<b>% of Total</b>	<b>Total Taxes</b>
2015	49,742	\$1,553	67%	\$315	14%	\$448	19%	\$2,316
2016	52,191	1,627	66	280	11	556	23	2,463
2017	54,159	1,767	70	192	8	554	22	2,513
2018	56,396	1,822	69	245	9	575	22	2,642
2019	57,511	1,943	66	356	12	643	22	2,942
2020	60,846	2,061	66	317	10	728	23	3,105
2021	65,429	2,200	63	443	13	863	25	3,506
2022	67,776	2,424	59	693	17	991	24	4,108
2023	72,525	2,629	63	419	10	1,126	27	4,175
2024	76,007	2,846	67	293	7	1,133	26	4,272

(1) All data in this table is on a Fiscal Year basis.

(2) Amounts and percentages may not total due to rounding.

(3) The source for the “Total Annual Personal Income” data contained in this column is the U.S. Bureau of Economic Analysis (BEA). Data for 2015 to 2023 has been revised.

Source: District of Columbia Office of the Chief Financial Officer, except as otherwise noted.

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The following table sets forth information relating to the rates of Pledged Taxes in Fiscal Years 2016 through 2025.

**Table 6. Rates of Pledged Taxes  
Fiscal Years 2016 – 2025**

	Individual Tax Rates									Business (Incorporated and Unincorporated)
	\$0- \$10,000	\$10,001- \$40,000	\$40,001- \$60,000	\$60,001- \$350,000	\$60,001- \$250,000	\$250,001- \$500,000	\$350,001- \$1Million	\$500,001- \$1Million	Greater than \$1Million	
<b>2016</b>	4.00%	6.00%	6.50%	8.50%	-	-	8.75%	-	8.95%	9.200%
<b>2017</b>	4.00	6.00	6.50	8.50	-	-	8.75	-	8.95	9.000
<b>2018</b>	4.00	6.00	6.50	8.50	-	-	8.75	-	8.95	8.250
<b>2019</b>	4.00	6.00	6.50	8.50	-	-	8.75	-	8.95	8.250
<b>2020</b>	4.00	6.00	6.50	8.50	-	-	8.75	-	8.95	8.250
<b>2021</b>	4.00	6.00	6.50	8.50	-	-	8.75	-	8.95	8.250
<b>2022</b>	4.00	6.00	6.50	-	8.50%	9.25%	-	9.75%	10.75	8.250
<b>2023</b>	4.00	6.00	6.50	-	8.50	9.25	-	9.75	10.75	8.250
<b>2024</b>	4.00	6.00	6.50	-	8.50	9.25	-	9.75	10.75	8.250
<b>2025</b>	4.00	6.00	6.50	-	8.50	9.25	-	9.75	10.75	8.250

Source: District of Columbia Office of Tax and Revenue.

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District of Columbia Tax Revision Commission. Pursuant to the D.C. Official Code, a Tax Revision Commission was established for the purpose of preparing comprehensive tax recommendations to the Council and the Mayor. The Tax Revision Commission is made up of 11 members, with the Mayor and Council Chair each appointing five members and the Chief Financial Officer (the “CFO”) serving *ex officio*. The appointees must be experts in the field of taxation (such as tax lawyers or public finance economists), community representatives (such as leaders of a public-interest group, labor union, civic association, or a tenant or housing association), representatives of one or more important sectors of the business community (such as real estate, banking, retail, or high technology).

The Tax Revision Commission held several meetings over the course of the last several years and has issued interim reports. On July 11, 2024, the Commission released its revised package of recommendations, called the Chairman's Mark. The first version of the draft was released in January 2024. The Commission did not vote on final recommendations. Any such recommendations and associated legislation would not become law until adopted by the Council and signed by the Mayor and any recommendation or legislation to reduce the rate of Pledged Taxes would be subject to the non-impairment covenant contained in the Indenture and described herein. On October 9, 2024, the D.C. Tax Revision Commission met and the Chairman withdrew the draft Chairman's Mark from consideration. On October 12, 2024, the Director of the Tax Revision Commission issued a Memorandum on the research and policy development process to date and staff recommendations. No further action has been taken by the DC Tax Revision Commission. See “– Non-Impairment Covenant” below.

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The table below shows, for the two sources of Available Tax Revenues pledged under the Indenture, a comparison of actual and original approved budget amounts for Fiscal Years 2015 through 2024.

**Table 7. Collections of Pledged Taxes – Approved Budget to Actual**  
(Modified accrual basis of accounting, \$000s)

<u>Fiscal Year</u>	<u>Approved Budget</u>	<u>Actual</u>	<u>Difference</u>	<u>% Difference</u>
2015	\$2,234,006	\$2,315,843	\$81,837	3.7%
2016	2,307,388	2,464,330	156,942	6.8%
2017	2,357,020	2,512,522	155,502	6.6%
2018	2,490,923	2,641,587	150,664	5.8%
2019	2,652,860	2,941,982	289,122	10.9%
2020	2,789,756	3,104,933	315,177	11.3%
2021	2,871,349	3,506,270	634,921	22.1%
2022	3,378,614	4,108,313	729,700	21.6%
2023	4,000,308	4,174,533	174,225	4.4%
2024	4,153,779	4,271,954	118,175	2.8%

Source: District of Columbia Office of Tax and Revenue.

The table below shows, for the two sources of Available Tax Revenues pledged, historical debt service coverage on the District's Income Tax Secured Revenue Bonds issued under the Indenture for Fiscal Years 2015 through 2024.

**Table 8. Historical Debt Service Coverage**  
(Modified accrual basis of accounting, \$000s)

<u>Fiscal Year</u>	<u>Available Tax Revenues</u>	<u>Debt Service</u>	<u>Coverage</u>
2015	\$2,315,843	\$343,513	6.74x
2016	2,464,330	267,857	9.20x
2017	2,512,522	319,842	7.86x
2018	2,641,587	348,040	7.59x
2019	2,941,982	345,082	8.53x
2020	3,104,933	357,133	8.69x
2021	3,506,270	362,505	9.67x
2022	4,108,313	367,623	11.18x
2023	4,174,533	461,590	9.04x
2024	4,271,954	509,068	8.39x

Source: District's ACFR for Fiscal Year 2023, Statistical Section, Exhibit S-3B.

The Home Rule Act requires the Chief Financial Officer (the “CFO”) to submit quarterly estimates of all revenues of the District to the Mayor and Council. On February 28, 2025, the CFO submitted an estimate for Fiscal Years 2025 through 2029 (the “February 2025 Revenue Estimate”). Based on the February 2025 Revenue Estimate, the District currently estimates that the following amounts of Available Tax Revenues will be collected by the Collection Agent in the Fiscal Years shown below:

**Table 9. Projected Available Tax Revenues**  
(\$000s)

<b>Available Income Tax Revenues</b>				<b>Available Business Franchise Tax Revenues</b>	<b>Total Available Tax Revenues</b>
<b>Fiscal Year</b>	<b>Withholding Only</b>	<b>Non-Withholding</b>	<b>Total</b>		
2025	\$2,961,322	\$320,402	\$3,281,725	\$1,131,332	\$4,413,057
2026	2,941,484	316,679	3,258,162	1,097,899	4,356,061
2027	3,025,827	342,959	3,368,786	1,123,956	4,492,741
2028	3,119,350	354,646	3,473,995	1,123,605	4,597,600
2029	3,213,688	365,102	3,578,790	1,124,494	4,703,284

Source: Estimates of Available Tax Revenues are based on the February 2025 Revenue Estimate. Amounts may not total due to rounding.

**Table 10 Assumptions**

The information included in Table 10 – Projected Debt Service Coverage is based on a number of assumptions, which are set forth as follows:

- Debt service amounts in the column titled “Debt Service for All Outstanding Bonds” exclude debt service on the Series 2025 Bonds and include debt service on all outstanding bonds, including the Refunded Bonds. Debt service amounts in the columns titled “Total Debt Service for All Outstanding Bonds and the Estimated Series 2025 Bonds,” and “Debt Service for Total Bonds in District CIP through 2029” include debt service on the Refunded Bonds and estimated new money debt service on the Series 2025 Bonds.
- Debt service amounts in the columns referenced in the preceding bullet include interest amounts that do not assume the expected qualified school construction bonds (“QSCBs”) direct subsidy payments anticipated to be paid to the District by the United States Treasury in connection with the Series 2010D QSCBs. The debt service for QSCBs would otherwise reflect an assumed federal government sequester reduction in the subsidy payments due to the District of 5.7%.
- Debt service amounts in the columns referenced in the preceding bullet include sinking fund installments for the Series 2010D QSCBs.
- Debt service amounts in the column titled “Debt Service for Total Bonds in District CIP through 2029” include debt service on the Refunded Bonds and include the projected new money debt service on the Series 2025 Bonds and debt service for future bonds calculated using assumed interest rates ranging from (i) 4.65% in Fiscal Year 2026, 4.75% in Fiscal Year 2027 and 5.00% in Fiscal Years 2028 and 2029 for tax-exempt bonds and (ii) 5.50% in Fiscal Year 2026, 5.60% in Fiscal Year 2027 and 5.85% in Fiscal Years 2028 and 2029 for taxable bonds, which accounts for estimated debt service on total Income Tax Secured Revenue and General Obligation bonds proposed to be issued to finance the

District's Capital Improvements Plan through Fiscal Year 2028 (approximately \$1,398 million in Fiscal Year 2026, \$1,112 million in Fiscal Year 2027, \$1,154 million in Fiscal Year 2028) (see Part 2, "DISTRICT BUDGET AND FINANCIAL PLAN – Capital Budgeting and Financing").

- Debt service coverage for maximum annual debt service ("MADS") is based on the preceding assumptions, and the projected Available Withholding Tax Revenues and projected Total Available Tax Revenues to occur in the year of maximum annual debt service, assuming a 1% annual growth rate after Fiscal Year 2029.

**Other Table 10 Considerations\***

- As indicated herein, a portion of the proceeds of the Series 2025 Bonds are expected to be used to refund all or a portion of certain of the District's outstanding Income Tax Secured Revenue Bonds and General Obligation Bonds. The determination of which such bonds will be refunded depends on market conditions at the time of bond pricing. As such, Table 10 is preliminary and subject to change in all respects.
- Table 10 reflects debt service amounts on the District's Income Tax Secured Revenue Bonds. Table 10 does not show any debt service amounts on the District's General Obligation Bonds. If, based on market conditions, the District refunds General Obligation Bonds with Income Tax Secured Revenue Bonds, the project debt service coverage in Table 10 may be lower than currently reflected. Assuming all of the District's General Obligation Bonds that have been identified as refunding candidates are, in fact, refunded with Income Tax Secured Revenue Bonds, debt service coverage in Table 10 under the heading of "Total CIP Projected Debt Service Coverage" and in the row entitled "MADS" could be reduced from 4.60x to 4.50x (Withholding Only) and from 6.78x to 6.63x (Total Available Tax Revenues). Table 10 will be updated in the final Official Statement to reflect the actual results of the bond pricing.

For more information on the purposes of the issuance of the Series 2025 Bonds, see Part 1, "THE SERIES 2025 BONDS – Purpose of the Issue."

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**Table 10. Projected Debt Service Coverage\***  
(\$000s)

<b>Outstanding Bonds Debt Service Coverage<sup>(1)</sup></b>				<b>Outstanding and Series 2025 Bonds Debt Service Coverage<sup>(1)</sup></b>				<b>Total CIP Projected Debt Service Coverage<sup>(1)</sup></b>		
<b>Fiscal Year</b>	<b>Debt Service for All Outstanding Bonds<sup>(2)</sup></b>	<b>Withholding Only<sup>(3),(4)</sup></b>	<b>Total Available Tax Revenues<sup>(4)</sup></b>	<b>Estimated Debt Service for Series 2025 Bonds</b>	<b>Total Debt Service for All Outstanding Bonds and Estimated Series 2025 Bonds<sup>(5)</sup></b>	<b>Withholding Only<sup>(3),(4)</sup></b>	<b>Total Available Tax Revenues<sup>(4)</sup></b>	<b>Debt Service for Total Bonds in District CIP through 2029<sup>(5)</sup></b>	<b>Withholding Only<sup>(3)</sup></b>	<b>Total Available Tax Revenues<sup>(4)</sup></b>
2025	\$484,008	6.12x	9.12x	\$ 0	\$484,008	6.12x	9.12x	\$484,008	6.12x	9.12x
2026	470,251	6.26x	9.26x	103,013	573,264	5.13x	7.60x	622,794	4.72x	6.99x
2027	423,077	7.15x	10.62x	103,014	526,092	5.75x	8.54x	623,768	4.85x	7.20x
2028	442,012	7.06x	10.40x	103,018	545,030	5.72x	8.44x	677,763	4.60x	6.78x
2029	429,131	7.49x	10.96x	60,941	490,072	6.56x	9.60x	652,662	4.92x	7.21x
MADS <sup>(6)</sup>	484,008	6.12x	9.12x	103,020	573,264	5.13x	7.60x	677,763	4.60x	6.78x

1. The debt service coverage ratios shown are calculated based on projected Available Income Tax Revenues that are net of income tax revenues refunded.
2. Debt service amounts in the column titled "Debt Service for All Outstanding Bonds" exclude debt service on the Series 2025 Bonds and include debt service on all outstanding bonds.
3. The pledge of Available Tax Revenues made by the Act and the Indenture are of all such tax revenues collected. Refunds of taxes are paid when due by the District from its General Fund.
4. The debt service coverage ratio shown here is the ratio of Available Withholding Income Tax Revenues to debt service. See Table 9 above.
5. Debt service amounts in the columns titled "Total Debt Service for All Outstanding Bonds and the Series 2025 Bonds," and "Debt Service for Total Bonds in District CIP through 2029" does include debt service on the Refunded Bonds and estimated debt service on the Series 2025 Bonds.
6. MADS under the column heading "Debt Service for All Outstanding Bonds" occurs in Fiscal Year 2025. MADS under the column heading "Estimated Debt Service for Series 2025 Bonds" occurs in Fiscal Year 2043. MADS under the column heading "Total Debt Service for All Outstanding Bonds and Series 2025 Bonds" occurs in Fiscal Year 2026. MADS under the column heading "Debt Service for Total Bonds in District CIP through 2029" occurs in Fiscal Year 2028.

Source: The figures in this table are based on the data in Table 9 above and the February 2025 Revenue Estimate. Amounts may not total due to rounding.

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\* Preliminary, subject to change.

## **Collection Agreement**

Pursuant to a collection agreement between the Collection Agent and the District, the Collection Agent collects and receives Available Tax Revenues, as well as certain other miscellaneous Revenues. Pursuant to the Indenture and the Act, the Collection Agent entered into the Income Tax and Business Franchise Tax Collection Agreement, dated as of March 1, 2009 (the “Collection Agreement”), with the Trustee to act as the Trustee’s fiduciary and agent to deposit the Available Tax Revenues plus certain other miscellaneous Revenues upon receipt into one or more Collection Accounts created under the Indenture and maintained by and held with the Collection Agent. Each business day, the Collection Agent transfers the Available Tax Revenues plus certain other miscellaneous Revenues from the Collection Account to the Revenue Account held by the Trustee under the Indenture. The Trustee, in accordance with the retention procedures described below, applies such funds to pay debt service on the Bonds. Amounts not required to be set aside and pay debt service are transferred to the District.

In Fiscal Year 2024, 85.4% of Available Tax Revenues received by the Collection Agent were in the form of direct electronic transfer or receipt of checks. As shown in Table 11, the distribution of collections was (i) 46.3% from withholding of individual income taxes by employers, (ii) 17.6% from estimated quarterly tax payments made by individuals, (iii) 16.9% from corporations, and (iv) 4.6% from unincorporated businesses.

Available Tax Revenues received by the District accompanying annual income and franchise tax returns (in the form of checks) are transferred to the Collection Agent upon receipt for deposit in the Collection Account. Such payments constituted approximately 14.6% of Available Tax Revenues collected in Fiscal Year 2024. Any delinquent Available Tax Revenues collected by the District, as well as certain other miscellaneous Revenues, are required to be transferred to the Collection Agent as well.

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The following table shows the amount of Available Tax Revenues collected in the last three Fiscal Years by the District and the Collection Agent.

**Table 11. Collections of Pledged Taxes, as received by Collection Agent and by District <sup>(1), (2)</sup>**  
**Fiscal Years 2022 – 2024**

(Cash basis of accounting, \$ in millions)

	<b>Fiscal Year 2022</b>		<b>Fiscal Year 2023</b>		<b>Fiscal Year 2024</b>	
	<u>Amount</u>	<u>% of total</u>	<u>Amount</u>	<u>% of total</u>	<u>Amount</u>	<u>% of total</u>
<b><u>Received Directly by the Collection Agent</u></b>						
Withholding	\$2,277	48.8%	\$2,376	50%	\$2,304	46.3%
Individual Estimated	1,158	24.8	923	19.4	875	17.6%
Corporate Estimated	764	16.4	868	18.3	839	16.9%
Unincorporated Estimated	<u>284</u>	<u>6.1</u>	<u>235</u>	<u>4.9</u>	<u>230</u>	<u>4.6%</u>
<b>Total</b>	<b>\$4,483</b>	<b>96.1%</b>	<b>\$4,402</b>	<b>92.6%</b>	<b>4,248</b>	<b>85.4%</b>
<b><u>Received Initially by the District</u></b>						
Withholding (D.C. Resident Employees) <sup>(3)</sup>	\$76	1.6%	\$84	1.8%	\$86	1.7%
Withholding	46	1.0	191	3.9	466	9.4%
Individual payments with returns	33	0.7	1	0.0	(3)	-0.1%
Corporate payments with returns	25	0.5	77	1.5	171	3.4%
Unincorporated payments with returns	<u>4</u>	<u>0.1</u>	<u>9</u>	<u>0.2</u>	<u>9</u>	<u>0.2%</u>
<b>Total</b>	<b>\$184</b>	<b>3.9%</b>	<b>\$362</b>	<b>7.4%</b>	<b>\$728</b>	<b>14.6%</b>
<b>All payments</b>	<b>\$4,667</b>	<b>100%</b>	<b>\$4,764</b>	<b>100%</b>	<b>\$4,977</b>	<b>100%</b>
<b>Collections transferred to Trustee</b>	<b>\$4,675<sup>(4)</sup></b>		<b>\$4,739<sup>(5)</sup></b>		<b>\$4,970<sup>(6)</sup></b>	

1. The differences between the “All Payments” row in Table 11 and the corresponding amounts in the “Actual” column in Table 7 – “Collections of Pledged Taxes – Approved Budget to Actual,” and the “Total Taxes” column in Table 5 – “Collections of Pledged Taxes,” are principally attributable to the netting out of refunded amounts in Tables 5 and 7 and, to a lesser extent, to cash versus modified accrual accounting.
2. Amounts may not total due to rounding and subsequent reconciliation of receipts and transfers.
3. Since the withholding liability for resident D.C. employees is owed to the District itself, the liability has been customarily paid via accounting transactions that do not require the use of cash, *i.e.*, the District has not issued a disbursement check to itself. The District continues to manually transfer these withholding amounts to the Collection Agent.
4. Fiscal Year 2022 cumulative transfers are as of September 30, 2022. There is a variance of approximately \$8.0 million, which is due to timing difference between bank transfer dates and the District’s General Ledger posting dates.
5. Fiscal Year 2023 cumulative transfers are as of September 30, 2023. There is a variance of approximately \$25 million, which is due to timing difference between bank transfer dates and the District’s General Ledger posting dates.
6. Fiscal Year 2024 cumulative transfers are as of September 30, 2024. There is a variance of approximately \$6.4 million, which is due to timing difference between bank transfer dates and the District’s General Ledger posting dates.

Source: District of Columbia Office of Tax and Revenue.

The District has an automated, integrated tax system that identifies delinquent payments of District taxes as the result of tax returns filed with a balance due, audit adjustments or the Office of Tax and Revenue (“OTR”) discovery process. The system automatically generates bills to be sent to the delinquent taxpayer, which results in a voluntary payment by the taxpayer, payments obtained by OTR compliance activities, or payments arranged by third party vendors sent to the District by the taxpayer.



## **Retention Procedures**

The Indenture provides that on each Business Day, all Available Tax Revenues received from the Collection Agent are deposited by the Trustee into the Revenue Account held under the Income Tax Secured Bond Fund. Amounts on deposit in the Revenue Account are withdrawn and transferred on a daily basis as follows:

Unless a Supplemental Indenture related to a Series of Bonds provides otherwise with respect to the Series of Bonds, beginning on the first day of the first month of each Collection Period, the Trustee shall transfer amounts on deposit in the Revenue Account to the Debt Service Fund until the amount on deposit is equal to the First Month Requirement. Beginning on the first day of the second month of each Collection Period, the Trustee shall resume or continue such transfers until the amount on deposit is equal to the Second Month Requirement. Beginning on the first day of the third month of each Collection Period, the Trustee shall resume or continue such transfers until the amount on deposit is equal to the Full Requirement for such Collection Period. Beginning on the first day of the fourth month of each Collection Period, if the amounts on deposit do not equal the Full Requirement for such Collection Period, the Trustee shall continue to transfer monies from the Revenue Account to the Debt Service Fund until the amount on deposit in the Debt Service Fund is equal to the Full Requirement for the Collection Period. To the extent that Debt Service includes principal, interest or premium on Bonds or Notes to be purchased or redeemed prior to maturity, such Debt Service may be paid through the Redemption Account, and the District may by District Officer's Certificate direct the Trustee in writing to transfer Revenues thereto, rather than to the Debt Service Fund.

## **Non-Impairment Covenant**

Pursuant to the Act and the Indenture, the District has pledged and covenanted and agreed with the holders of the Bonds that the District will not:

- (i) limit or alter the revenues pledged to secure the Bonds or the basis on which such revenues are collected or allocated, in a manner that would generate Available Tax Revenues below the levels required to pay or secure the payment of the Bonds;
- (ii) impair the contractual obligations of the District to fulfill the terms of any agreement made with the holders of the Bonds, provided, however, that the District may modify the District Income Tax rates or the income subject to those rates only if the modification, if in effect, would not have reduced the ratio of (A) District Income Tax generated by Available Withholding Tax Revenues for any 12 consecutive month period during the 15 month period immediately preceding the calculation to (B) the Maximum Annual Debt Service on the Senior Bonds then Outstanding below 2.0;
- (iii) in any way impair the rights or remedies of the holders of the Bonds; and
- (iv) if Bonds are issued as Tax-Exempt Bonds, modify in any way the exemptions from taxation provided for in subsection (e) of § 47-340.29 of the D.C. Official Code and the 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.

Pursuant to the Act, the pledge and agreement of the District in the Indenture that is summarized above is included as part of the contract with the holders of the Bonds.

## **Additional Bonds**

The Indenture permits the issuance of additional Senior Bonds with a parity claim with the Series 2025 Bonds and the Outstanding Bonds on the Trust Estate upon the District's filing of a certificate of the Chief Financial Officer with the Trustee certifying (i) the Available Withholding Tax Revenues for a 12 consecutive month period of the immediately prior 18 months applicable to the Fiscal Year in which such Additional Bonds are to be issued or Senior Obligations are to be incurred, (ii) the Available Tax Revenues for the same 12 consecutive month period of the immediately prior 18 months that is used to calculate the Available Withholding Tax Revenues, and (iii) the Maximum Annual Debt Service that will be due on the Senior Bonds, including such Additional Bonds and the Senior Obligations, in any subsequent Fiscal Year, and showing that the amount in clause (i) at least equals 2 times the amount in clause (iii), and the amount in clause (ii) at least equals 3 times the amount in clause (iii). The satisfaction of the preceding conditions is referred to herein as the "Additional Bonds Test."

In addition, Additional Bonds may only be issued upon receipt by the Trustee of a certificate of the Chief Financial Officer certifying that the issuance of such Additional Bonds does not create a violation of the Debt Ceiling Act (as defined herein) or of Section 603(b) of the Home Rule Act. Solely for the purpose of determining whether Section 603(b) is violated, the Bonds, including the Additional Bonds to be issued, are treated as outstanding general obligation bonds. See "– Statutory Debt Limitations" herein.

The District may issue Subordinate Bonds or incur Subordinate Obligations pursuant to the Master Indenture at any time following receipt of written confirmation from each Rating Agency that its Rating on the Senior Bonds and Senior Obligations (to the extent that such obligations are rated) will not be lower than the Rating in effect prior to the issuance of the proposed Subordinate Bonds or Subordinate Obligations as a direct result of such issuance. Pursuant to the Act and the Indenture, the payment of debt service on Subordinate Bonds and Subordinate Obligations is subordinate to the payment of debt service on Senior Bonds and Senior Obligations. Subordinate Bonds and Subordinate Obligations are not equally and ratably secured with Senior Bonds and Senior Obligations by the Trust Estate.

## **Statutory Debt Limitations**

In 2009, the District passed the Limitation on Borrowing and Establishment of the Operating Cash Reserve Act of 2008, effective March 25, 2009, as amended (D.C. Law 17-360; D.C. Official Code §47-334 *et seq.*) (the "Debt Ceiling Act") imposing a further limit on the issuance of any District general obligation bonds, Treasury capital-project loans, tax-supported revenue bonds, notes or other debt instruments secured by revenues derived from taxes, fees, or other general revenues of the District, or its agencies and authorities, pursuant to the District's power to tax and impose fees, including TIF Bonds and PILOT Notes (as hereinafter defined), certificates of participation and lease purchase financing obligations (collectively, with the exceptions noted in the Debt Ceiling Act, "Tax-Supported Debt"), but excluding revenue bonds, notes, or other debt instruments issued for the purpose of funding water and sewer facilities, as described in section 490(a) of the Home Rule Act, and bonds, notes, or other debt instruments paid or secured by revenues from the Master Settlement Agreement with tobacco companies, federal grants, or revenues from the operation of public enterprises, so long as those enterprises are fully self-supporting, if such issuance would result in total debt service in the Fiscal Year of issuance, or any of the three succeeding Fiscal Years, on all outstanding Tax-Supported Debt exceeding 12% of annual District General Fund expenditures and transfers in any applicable Fiscal Year, as contained in the most recently enacted District budget (the "Debt Ceiling").

As of March 1, 2025, the District had approximately \$13.09 billion of Tax-Supported Debt outstanding. See Part 2, "INDEBTEDNESS – Summary of Tax-Supported Debt" and Table 14 therein. Following the issuance of the Series 2025 Bonds, the District will have approximately \$13.52 billion of Tax-Supported Debt outstanding, the debt service on which will produce a Debt Ceiling percentage of approximately 10.029% in Fiscal Year 2025 and will not exceed 12% in each of the next five Fiscal Years, which will comply with the Debt Ceiling Act.

## **LITIGATION**

There is no litigation pending in any court or, to the knowledge of the Office of the Attorney General for the District of Columbia, threatened, which may have the effect of restraining or enjoining the issuance, delivery or payment of the Series 2025 Bonds or the performance of the obligations of the District or the Mayor under the Indenture, the Series 2025 Bonds, the Approval Resolution, or the Act or which in any way contests or may call into question the validity or enforceability of (a) the Series 2025 Bonds or the pledge of the Trust Estate for their payment or (b) the Act or the Approval Resolution or the obligations of the District or the Mayor thereunder.

There is no litigation pending in any court, or to the knowledge of the Office of the Attorney General for the District of Columbia, threatened, which would have a material adverse impact on the District's ability to repay the Series 2025 Bonds or the District's long-term financial condition.

## **TAX MATTERS**

### **General**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025A is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Series 2025A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel observes that interest on the Series 2025A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel observes that interest on the Series 2025B Bonds is not excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Bond Counsel is also of the opinion that interest on the Series 2025 Bonds is exempt from all taxation of the District, except estate, inheritance and gift taxes. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX A hereto.

As used herein, "U.S. Holder" means a Beneficial Owner of a Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a Beneficial Owner of a Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Bonds (including their status as U.S. Holders or Non-U.S. Holders).

### **Series 2025A Bonds**

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2025A Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2025A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2025A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2025A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations

and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2025A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2025A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2025A Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2025A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2025A Bonds. Prospective purchasers of the Series 2025A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2025A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2025A Bonds ends with the issuance of the Series 2025A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 2025A Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2025A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2025A Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

#### **For U.S. Holders of Series 2025A Bonds**

To the extent the issue price of any maturity of the Series 2025A Bonds is less than the amount to be paid at maturity of such Series 2025A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2025A Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2025A Bonds which is excluded from gross income for federal income tax purposes and exempt from all taxation of the District of Columbia, except estate, inheritance and gift taxes. For this purpose, the issue price of a particular maturity of the Series 2025A Bonds is the first price at which a substantial amount of such maturity of the Series 2025A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2025A Bonds accrues daily over the term to maturity of such

Series 2025A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted U.S. federal income tax basis of such Series 2025A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2025A Bonds. Beneficial Owners of the Series 2025A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2025A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2025A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2025A Bonds is sold to the public.

Series 2025A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Series 2025A Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Series 2025A Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s U.S. federal income tax basis in a Series 2025A Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Series 2025A Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Payments on the Series 2025A Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of Series 2025A Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the Series 2025A Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2025A Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a U.S. Holder’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. Holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

### **For Non-U.S. Holders of Tax-Exempt Bonds**

Subject to the discussion below addressing backup withholding tax requirements, payments of principal of, and interest on, any Series 2025A Bond to a Non-U.S. Holder, generally will not be subject to any federal withholding tax.

Subject to the discussion below addressing backup withholding tax requirements, any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Issuer) or other disposition of a Series 2025A Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Issuer) or other disposition and certain other conditions are met.

Under current U.S. Treasury Regulations, payments of principal and interest on any Series 2025A Bond to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the Beneficial Owner of the Series 2025A Bond for a financial institution holding the Series 2025A Bond on behalf of the Beneficial Owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a Beneficial Owner

provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury.

## **Series 2025B Bonds**

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to holders of the Series 2025B Bonds that acquire their Series 2025B Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series 2025B Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose “functional currency” is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Series 2025B Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Series 2025B Bonds pursuant to this offering for the issue price that is applicable to such Series 2025B Bonds (i.e., the price at which a substantial amount of the Series 2025B Bonds are sold to the public) and who will hold their Series 2025B Bonds as “capital assets” within the meaning of Section 1221 of the Code.

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Series 2025B Bonds in light of their particular circumstances.

## **For U.S. Holders of Series 2025B Bonds**

*Interest.* Interest on the Series 2025B Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Series 2025B Bonds is less than the amount to be paid at maturity of such Series 2025B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2025B Bonds) by more than a de minimis amount, the difference may constitute original issue discount (“OID”). U.S. Holders of Series 2025B Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Series 2025B Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Series 2025B Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series 2025B Bond.

*Sale or Other Taxable Disposition of the Series 2025B Bonds.* Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the District or other disposition of a Series 2025B Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a 2025B Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the 2025B Bonds, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the 2025B Bond (generally, the purchase price paid by the U.S. Holder for the Series 2025B Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Series 2025B Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Series 2025B Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Series 2025B Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

*Defeasance of the Series 2025B Bonds.* If the District defeases any Series 2025B Bond, the Series 2025B Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the Series 2025B Bond.

*Information Reporting and Backup Withholding.* Payments on the Series 2025B Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Series 2025B Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2025B Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2025B Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. Holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

#### **For Non-U.S. Holders of Series 2025B Bonds**

*Interest.* Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders," payments of principal of, and interest on, any Series 2025B Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation described in Section 881(c)(3)(C) of the Code and (2) a bank which acquires such Series 2025B Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the Beneficial Owner of the Series 2025B Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

*Disposition of the Series 2025B Bonds.* Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the District or a deemed retirement due to defeasance of the Series 2025B Bond) or other disposition of a Series 2025B Bond generally will not be subject to U.S.

federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition and certain other conditions are met.

*Information Reporting and Backup Withholding.* Subject to the discussion below under the heading “Foreign Account Tax Compliance Act (“FATCA”)—U.S. Holders and Non-U.S. Holders,” under current U.S. Treasury Regulations, payments of principal and interest on any Series 2025B Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the Beneficial Owner of the Series 2025B Bond or a financial institution holding the Series 2025B Bonds on behalf of the Beneficial Owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a Beneficial Owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury.

#### **Foreign Account Tax Compliance Act (“FATCA”)—U.S. Holders and Non-U.S. Holders of Series 2025B Bonds**

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Series 2025B Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain “passthru” payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term “foreign passthru payments.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Series 2025B Bonds in light of the holder’s particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Series 2025B Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

#### **FINANCIAL ADVISORS**

PFM Financial Advisors LLC, Philadelphia, Pennsylvania, and Phoenix Capital Partners, LLC, Washington, D.C., serve as financial advisors to the District in connection with the issuance of the Series 2025 Bonds. The Financial Advisors have not undertaken to make an independent verification of, or to assume responsibility for, the accuracy, completeness or fairness of the information contained in the Official Statement.



## **VERIFICATION OF MATHEMATICAL CALCULATIONS**

Terminus Analytics (the “Verification Agent”) will verify from the information provided to them the mathematical accuracy, as of the date of delivery of the Series 2025 Bonds, of the computations contained in the provided schedules to determine that the amount to be deposited to the Refunded 2015A Bonds Payment Fund and the Refunded Series 2020D Bonds Payment Fund pursuant to the Indenture will be sufficient to pay, when due, the principal, or Redemption Price of and interest on the Refunded Bonds, as applicable. The Verification Agent will express no opinion on any of the assumptions provided to it.

## **LEGAL INVESTMENT IN DISTRICT OBLIGATIONS**

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

## **LEGAL MATTERS**

The validity of the Series 2025 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Washington, D.C., Bond Counsel to the District. Complete copies of the proposed form of Bond Counsel opinion are set forth as APPENDIX A hereto.

Certain legal matters will be passed on for the District by the Office of the Attorney General for the District of Columbia. Hawkins Delafield & Wood LLP, Washington, D.C., Disclosure Counsel to the District, will deliver an opinion regarding certain matters to the District and the Underwriters. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Squire Patton Boggs (US) LLP, Washington, D.C., and McKenzie & Associates, Washington, D.C.

## **CONTINUING DISCLOSURE**

The District will undertake in a Continuing Disclosure Agreement to assist the Underwriters in complying with the provisions of Rule 15c2-12 (the “Rule”), promulgated by the SEC, by providing annual financial information, operating data, and event notices required by the Rule. As described in APPENDIX D, such undertaking requires the District to provide only limited information at specified times. DAC is disclosure dissemination agent for the District. The District’s continuing disclosure filings are available at [www.emma.msrb.org](http://www.emma.msrb.org).

During the previous five years, the District did not timely file certain event notices when due. In one instance, the late filing related to the incurrence of financial obligations, which were issued as “District of Columbia Income Tax Secured Bond Anticipation Notes.” Such notice was due to be filed in connection with the District’s continuing disclosure agreements for certain of its Income Tax Bonds. The notice was filed on June 8, 2021, but was due to be filed no later than April 8, 2021. In another instance, the late filing related to a notice of defeasance in connection with certain of the District’s outstanding General Obligations Bonds. Such notice was filed on August 23, 2024, but was due to be filed no later than December 20, 2023. In other instances, the District timely filed its annual financial information and operating data but inadvertently did not associate such filings with all specific relevant outstanding obligations. The District has taken action to correct such issue. The foregoing descriptions of non-compliance by the District with its continuing disclosure undertakings should not be construed as an acknowledgement by the District that any such instance was material.

## **RATINGS**

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("S&P") have assigned ratings of "Aa1" (negative outlook) and "AAA" (stable outlook), respectively, to the Series 2025 Bonds.

A rating, including any related outlook with respect to potential changes in such rating, reflects only the view of the rating agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2025 Bonds. An explanation of the procedure and methodology used by each rating agency and the significance of the ratings may be obtained from Moody's Investors Service, Inc., 7 World Trade Center, New York, New York 10007; and Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041. Such ratings may be changed at any time and no assurance can be given that they will not be revised, downgraded or withdrawn entirely by any such rating agencies. Any such downgrade, revision or withdrawal of a rating may have an effect on the market price of or market for the Series 2025 Bonds.

## **UNDERWRITING**

The obligations of the Underwriters, as represented by Wells Fargo Bank, National Association, to purchase the Series 2025 Bonds are subject to certain terms and conditions set forth in the Bond Purchase Agreement relating to such bonds, dated May \_\_, 2025, among the District and the Underwriters.

The Underwriters have agreed to purchase the Series 2025A Bonds from the District at an aggregate price of \$\_\_\_\_\_, reflecting the aggregate principal amount of the Series 2025A Bonds of \$\_\_\_\_\_, [plus/minus net original issue premium/discount] of \$\_\_\_\_\_, and less the Underwriters' discount of \$\_\_\_\_\_.

The Underwriters have agreed to purchase the Series 2025B Bonds from the District at an aggregate price of \$\_\_\_\_\_, reflecting the aggregate principal amount of the Series 2025B Bonds of \$\_\_\_\_\_, less the Underwriters' discount of \$\_\_\_\_\_.

The Series 2025 Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial public offering prices, and such initial offering prices may be changed from time to time, by the Underwriters.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the District, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities, and instruments.

In addition, the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the District as underwriters) for the distribution of the Series 2025 Bonds at the

original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

Wells Fargo Securities, one of the Underwriters for the Series 2025 Bonds, is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Series 2025 Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2025 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2025 Bonds that such firm sells.

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## **EXECUTION OF OFFICIAL STATEMENT**

This Official Statement has been approved by the District for distribution to prospective purchasers of the Series 2025 Bonds.

DISTRICT OF COLUMBIA

By: \_\_\_\_\_  
Name: Glen Lee  
Title: Chief Financial Officer

**APPENDIX A**  
**FORM OF APPROVING OPINION OF BOND COUNSEL**

May \_\_, 2025

District of Columbia  
John A. Wilson Building  
1350 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004

\$ \_\_\_\_\_  
**District of Columbia**  
**Income Tax Secured**  
**Revenue and Refunding Bonds**  
**Series 2025A**

\$ \_\_\_\_\_  
**District of Columbia**  
**Income Tax Secured**  
**Revenue Bonds**  
**Series 2025B (Federally Taxable)**

Ladies and Gentlemen:

We have acted as bond counsel to the District of Columbia (the “District”) in connection with the issuance by the District of its Income Tax Secured Revenue and Refunding Bonds, Series 2025A in the aggregate principal amount of \$ \_\_\_\_\_ (the “Series 2025A Bonds”) and its Income Tax Secured Revenue Bonds, Series 2025B (Federally Taxable) in the aggregate principal amount of \$ \_\_\_\_\_ (the “Series 2025B Bonds”, and together with the Series 2025A Bonds, the “Series 2025 Bonds”), pursuant to the District of Columbia Home Rule Act, as amended (the “Home Rule Act”), the Income Tax Secured Bond Authorization Act of 2008, D.C. Law 17-254, effective October 22, 2008, as amended (the “Act”), and the Fiscal Year 2025 Income Tax Secured Revenue Bond, General Obligation Bond and General Obligation and Income Tax Secured Bond Anticipation Note Issuance Authorization Emergency Approval Resolution of 2024,” Resolution 25-636, effective September 17, 2024 (the “Approval Resolution,” and together with the Home Rule Act and the Act, the “Authorization Act”), and the Amended and Restated Master Indenture of Trust, restated as of December 1, 2019, with certain amendments effective on March 11, 2020 (the “Master Indenture”), as previously supplemented and as further supplemented by a Eleventh Supplemental Indenture of Trust between the District and the Trustee, dated as of May 1, 2025 (the “Eleventh Supplemental Indenture,” and together with the Master Indenture, the “Indenture”), each by and between the District and Computershare Trust Company, N.A., successor in interest to Wells Fargo Bank, N.A., as trustee (the “Trustee”). Terms used but not defined herein are defined in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate of the District, dated the date hereof (the “Tax Certificate”), certificates of the District, the Trustee and others, opinions of counsel to the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series 2025 Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted, or events do occur, or any other matters come to our attention after original delivery of the Series 2025 Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2025 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than the District and that each such document constitutes a valid and bind agreement of such party. We have assumed, without

undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Authorization Act, the Indenture and the Tax Certificate, including, without limitation, covenants and agreements, compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2025A Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2025 Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against corporate bodies in the District of Columbia. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the documents described in the second paragraph hereof. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series 2025 Bonds and express no opinion or conclusion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Series 2025 Bonds have been duly authorized, constitute the valid and binding limited obligations of the District and are enforceable in accordance with their terms. The Series 2025 Bonds are payable as to principal and interest thereon solely from the revenues and receipts pledged thereto, including the Available Tax Revenues, pursuant to the Indenture.

2. The Indenture has been duly authorized, executed and delivered by, and constitutes the valid and binding obligation of the District. The Indenture creates a valid pledge, to secure the payment of the principal and interest on the Series 2025 Bonds, of the Available Tax Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture (except the Rebate Fund, the Costs of Issuance Account and the Bond Proceeds Account), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

3. Interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986 (the "Code"). We observe that interest on the Series 2025B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Series 2025A Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Series 2025A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the Series 2025 Bonds is exempt from all taxation by the District, except estate, inheritance and gift taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2025 Bonds.

Very truly yours,

## APPENDIX B

### SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE INDENTURE

#### Summary of Certain Definitions

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

**Account or Accounts** means any account or accounts, as the case may be, established and created pursuant to the Indenture, but does not include any escrow or other fund or account established or created pursuant to the provisions of the Indenture relating to the defeasance of Bonds.

**Accumulation Account** means the Accumulation Account established in the Debt Service Fund by the Indenture.

**Act** means the Income Tax Secured Bond Authorization Act of 2008, effective October 22, 2008 (D.C. Law 17-254; D.C. Official Code §§ 47-340.26-36), as amended.

**Additional Senior Bonds** means additional Senior Bonds issued pursuant to the Master Indenture.

**Adjustable Rate** means a variable, adjustable or similar interest rate or rates to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds, for which the method of computing such variable interest rate is specified in the Supplemental Indenture authorizing such Bonds; provided, that the related Supplemental Indenture shall specify (i) whether a Qualified Hedge is to be applicable to such Adjustable Rate Bonds and, if not, or to the extent not so applicable, a Contractual Maximum Interest Rate, and (ii) the method or methods for determining the Adjustable Rate and the frequency of change thereof; provided further, that the method or methods for determining the Adjustable Rate may include the selection of such rate by an indexing agent or remarketing agent as provided in an agreement between the District and such agent, the utilization of an index or indices as described in the related Supplemental Indenture, the utilization of an auction as described in the related Supplemental Indenture, or such other standard or standards set forth by the District in the related Supplemental Indenture or any combination of the foregoing; and provided further, that the Adjustable Rate may never exceed any Contractual Maximum Interest Rate related thereto or, if none, the Legal Maximum Interest Rate (the “rate cap”), but, if the District so elects in the applicable Financing Documents, the excess of interest on any Adjustable Rate Bond calculated at the rate (the “stated rate”) set forth for such Adjustable Rate Bond (without the limitation of the rate cap) over interest on the Adjustable Rate Bond calculated at the rate cap shall constitute a debt of the District owed to the owner of the related Adjustable Rate Bond but solely during periods when the rate cap shall exceed the stated rate.

**Adjustable Rate Bond** means any Bond which bears an Adjustable Rate, provided that a Bond the interest rate on which shall have been fixed for the remainder of the term thereof shall no longer be an Adjustable Rate Bond.

**Amortized Value**, when used with respect to Investment Obligations purchased at a premium above or a discount below par, means the value at any given date, as calculated by the District, obtained by dividing the total premium or discount at which such Investment Obligations were purchased by the number of interest payment dates remaining to maturity on such Investment Obligations after such purchase and by multiplying the amount so calculated by the number of interest payment dates having passed since the date of such purchase; and (i) in the case of Investment Obligations purchased at a premium, by deducting the product thus obtained from the purchase price, and (ii) in the case of Investment Obligations purchased at a discount, by adding the product thus obtained to the purchase price.

**Ancillary Bond Facility** means, collectively, each Credit Facility, each Liquidity Facility, and each Qualified Hedge.

**Ancillary Facility Providers** means, collectively, each Credit Facility Provider, each Liquidity Facility Provider, and each Qualified Hedge Provider.

**Annual Debt Service** means the amount of payments required to be made for principal of and interest on all Bonds, including mandatory sinking fund redemptions, and on all Obligations and to be made by the District, in each case to the extent secured by the Indenture, scheduled to come due within a specified Fiscal Year, computed as follows:

(a) In determining the amount of principal to be funded in each year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Bonds (other than Short-Term/Demand Obligations) in accordance with any amortization schedule established by the governing documents setting forth the terms of such Bonds, including, as a principal payment, the Compounded Amounts of any Capital Appreciation Bonds or Convertible Capital Appreciation Bonds maturing or scheduled for redemption in such year; and in determining the amount of interest to be funded in each year, (i) interest payable at a fixed rate shall (except to the extent any other subsection of this definition applies) be assumed to be made at such fixed rate and on the required funding dates, and (ii) such amount of interest shall not include interest to the extent it is to be paid from a direct subsidy payment expected to be received from the United States Treasury relating to “Build America Bonds” issued pursuant to 54AA of the Code, or any other interest subsidy or similar payments made by the Federal government.

(b) Adjustable Rate Bonds shall be deemed to bear interest at the Assumed Rate.

(c) If all or any portion of an Outstanding Series of Bonds constitute Balloon Maturities, unissued Program Bonds or Short-Term/Demand Obligations, then, for purposes of determining Annual Debt Service, each maturity that constitutes a Balloon Maturity, unissued Program Bonds or Short-Term/Demand Obligations shall, unless otherwise provided in the Supplemental Indenture pursuant to which such Bonds are authorized or unless provision (d) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Balloon Maturity, unissued Program Bonds or Short-Term/Demand Obligations were issued, and extending not later than 30 years from the date such Balloon Maturity, unissued Program Bonds or Short-Term/Demand Obligations were originally issued; the interest rate used for such computation shall be the rate or rates which were assumed by the District in the District’s Budget for such Fiscal Year to be borne by Adjustable Rate Bonds during such Fiscal Year or (2) the actual rate or rates borne during such Fiscal Year on Adjustable Rate Bonds Outstanding during the 12 calendar months preceding the date of calculation and such calculation shall be certified to the Trustee by an Authorized Representative of the District; with respect to any Series of Bonds only a portion of which constitutes Balloon Maturities, unissued Program Bonds or Short-Term/Demand Obligations, the remaining portion shall be treated as described in (a) above or such other provision of this definition as shall be applicable, and with respect to that portion of a Series that constitutes Balloon Maturities, all funding requirements of principal and interest becoming due in any year other than the stated maturity of the Balloon Indebtedness shall be treated as described in (a) above or such other provision of this definition as shall be applicable.

(d) Any maturity of Bonds that constitutes a Balloon Maturity as described in provision (d) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Annual Debt Service is made, shall be assumed to become due and payable on the stated maturity date, and provision (c) above shall not apply thereto, unless there is delivered to the entity making the calculation of Annual Debt Service a certificate of the Chief Financial Officer stating (i) that the District intends to refinance such maturity, (ii) the probable terms of such refinancing and (iii) that the debt capacity of the District is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Maturity



shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating Annual Debt Service; provided that such assumption shall not result in an interest rate lower than that which would be assumed under provision (c) above and shall be amortized over a term of not more than 30 years from the expected date of refinancing.

(e) In any computation relating to the issuance of additional Bonds required by the Master Indenture, there shall be excluded from the computation of Annual Debt Service principal of and interest on indebtedness for which funds are, or are reasonably expected to be, available for and which are irrevocably committed and deposited to make such payments, including without limitation any such funds in an escrow account.

**Assumed Interest Rate** means, for Adjustable Rate Bonds, (i) a fixed rate payable by the District under a related Qualified Hedge plus the fixed component of interest on the related Bonds, if any, not included in the payments to be made under the Qualified Hedge by the Qualified Hedge Provider, (ii) for any Qualified Hedge that shall provide for payments from the District that result in a capped rate on the Adjustable Rate Bonds, such capped rate, or (iii) for any Adjustable Rate Bonds that shall not be the subject of a Qualified Hedge, the greater of (1) the rate or rates which were assumed by the District in the District's Budget for such Fiscal Year to be borne by Adjustable Rate Bonds during such Fiscal Year or (2) the actual rate or rates borne during such Fiscal Year on Adjustable Rate Bonds Outstanding during the 12 calendar months preceding the date of calculation. The calculation set forth in clause (iii) shall be certified to the Trustee by an Authorized Representative of the District.

**Authorized Delegate** means the Chief Financial Officer, the Treasurer, or any Deputy Mayor in the executive office of the Mayor to whom the Mayor has delegated any of the Mayor's functions under the Act pursuant to § 1-204.22(6) of the D.C. Official Code.

**Authorized Representative** means the Chief Financial Officer or his designee.

**Available Business Franchise Tax Revenues** means the revenues resulting from the imposition of the Business Franchise Tax, including penalty and interest charges.

**Available Income Tax Revenues** means the revenues resulting from the imposition of the Income Tax, including penalty and interest charges.

**Available Tax Revenues** means the sum of the Available Business Franchise Tax Revenues and the Available Income Tax Revenues generated and to be generated in any fiscal year of the District.

**Available Withholding Tax Revenues** means, for each Fiscal Year, the amount of the withholding portion of the Available Income Tax Revenues, which amount is collected by the Collection Agent pursuant to the Collection Agreement.

**BABs Direct Subsidy Payments** means the direct subsidy payments received by the District from the United States Treasury (or the Federal Government) in an amount equal to a percentage of the interest paid on Build America Bonds.

**Build America Bond or BABs** means any taxable bond issued by the District pursuant to Section 54AA of the Code, or any successor thereto, for which either (1) the District receives direct subsidy payments in an amount equal to a percentage of the interest paid on such bond, or (2) the holder of such bond receives a tax credit in an amount equal to a percentage of the interest paid on such bond.

**Balloon Maturities** means, with respect to any Series of Bonds 50% or more of the principal of which matures on the same date or within a Fiscal Year, that portion of such Series which matures on such date or within such Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be

reduced by the amount of such Bonds scheduled to be amortized by prepayment or redemption prior to their stated maturity date. Commercial paper, bond anticipation notes, Option Bonds, Fixed Tender Bonds and other Short Term/Demand Obligations shall not constitute Balloon Maturities.

**Beneficiaries** means (i) Bondholders, (ii) Credit Facility Providers and Liquidity Facility Providers as to which there are Senior Obligations or Subordinate Obligations outstanding, and (iii) Qualified Hedge Providers as to which there are Qualified Hedges outstanding.

**Bond or Bonds** means, collectively, Senior Bonds, Subordinate Bonds, and any other Bonds, notes, or other obligations, including refunding bonds, notes, bond anticipation notes, commercial paper and other obligations, in one or more series, issued pursuant to the Master Indenture.

**Bondholder** means any person who shall be the registered owner of any Outstanding Bond or Bonds.

**Bond Payment Date** means each date on which Principal Installments of and/or interest on Bonds are due and payable by the District.

**Bond Proceeds Fund** means the Fund by that name established by the Indenture.

**Bond Year** means a twelve-month period commencing on the first day of the District's Fiscal Year in any calendar year and ending on the last day of such Fiscal Year.

**Business Day** means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in Washington, D.C., New York, New York, or any city in which the principal office of the Trustee, any Credit Facility Provider (if applicable) or any Liquidity Facility Provider (if applicable) is located are authorized or required by law or executive order to remain closed, or (iii) during any period that a Qualified Hedge is applicable to the Bonds, a day on which commercial banks and foreign exchange markets are not open for business (including dealings in foreign exchange and foreign currency deposits) in Washington, D.C., or New York, New York and do not settle payments.

**Business Franchise Tax** means the franchise tax imposed on corporations and unincorporated businesses pursuant to Sections 47-1807.02, 47-1808.03 and 47-1817.06 of the D.C. Official Code, as amended.

**Capital Appreciation Bonds** means the Bonds of any Series so designated in a Supplemental Indenture and including all Convertible Capital Appreciation Bonds; provided, however, that the term "Capital Appreciation Bonds" shall only be used with respect to Bonds the interest on which is payable only at maturity (with respect to Convertible Capital Appreciation Bonds, on the related Current Interest Commencement Date rather than at maturity) or earlier redemption or acceleration of maturity in amounts determined by reference to the Compounded Amount of each Bond.

**Capital Project Fund** means the fund by that name maintained by the District, separate and apart from the General Fund.

**Capital Projects** means the payment of the cost of acquiring, undertaking or financing capital projects authorized by § 1-204.90 of the D.C. Official Code for general governmental and enterprise purposes, including reimbursing amounts temporarily advanced from the General Fund of the District, any enterprise fund, or other fund or account of the District.

**Chief Financial Officer** means the Chief Financial Officer of the District.

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

**Code** means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

**Collection Account** means the account or accounts established and held by the Collection Agent pursuant to the Collection Agreement for the benefit of the Bondholders, into which the Collection Agent, on behalf of the Trustee, shall deposit the Available Tax Revenues in accordance with the provisions of the Act.

**Collection Agent** means the financial institution or institutions acting as agent for the Trustee and selected by the Chief Financial Officer to receive Available Tax Revenues for deposit into the Collection Account of the District of Columbia Income Tax Secured Bond Fund in accordance with Section 47-304.27(c) of the D.C. Official Code and the Collection Agreement; the Collection Agent also may serve as Trustee.

**Collection Agreement** means the Collection Agreement by and between the Trustee and the Collection Agent relating to the Collection Account maintained by the Collection Agent on behalf of the Trustee pursuant to the Act.

**Collection Period** means the period commencing on the date four months prior to any Debt Service Payment Date and extending through, but not including, the respective Debt Service Payment Date.

**Compounded Amount** means, on any date and with respect to any particular Capital Appreciation Bond or Convertible Capital Appreciation Bond, the initial principal amount at issuance of such Bond plus accretion of principal, based on compounding on each Compounding Date to the date of maturity thereof (with respect to a Capital Appreciation Bond) or to the Current Interest Commencement Date (with respect to a Convertible Capital Appreciation Bond) at the same interest rate as shall produce a compound amount on such date of maturity or Current Interest Commencement Date, as applicable, equal to the principal amount thereof on such date; provided, that Compounded Amount on any day which is not a Compounding Date shall be determined on the assumption that the Compounded Amount accrues in equal daily amounts between Compounding Dates.

**Compounding Date** means the date on which interest on a Capital Appreciation Bond or Convertible Capital Appreciation Bond is compounded and added to principal in the form of Compounded Amount, as set forth in the related Supplemental Indenture.

**Contractual Maximum Interest Rate** means, with respect to any particular Adjustable Rate Bond, a numerical rate of interest, which shall be set forth in the Supplemental Indenture authorizing such Bond, that as a matter of contract shall be the maximum rate at which such Bond may bear interest at any time; provided, that the Contractual Maximum Interest Rate may not exceed the Legal Maximum Interest Rate.

**Convertible Capital Appreciation Bonds** means Bonds which, on or prior to the Current Interest Commencement Date, have the characteristics of Capital Appreciation Bonds and, after the Current Interest Commencement Date, have the characteristics of Current Interest Bonds, in each case with such further terms and conditions as may be designated therefor in the Supplemental Indenture authorizing such Bonds.

**Corporate Trust Office** means the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, or such other address as the Trustee may designate from time to time by notice to the District, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the District).

**Costs of Issuance** means any item of expense directly or indirectly payable or reimbursable by the District and related to the authorization, sale, or issuance of Bonds, including, but not limited to, underwriting fees, discounts and expenses, rating agency fees, legal fees, accounting fees, financial advisory fees, trustee and paying agent fees, collection agent fees, bond insurance and other credit enhancement fees, liquidity enhancement fees, printing costs and expenses.

**Costs of Issuance Account** means the Costs of Issuance Account established pursuant to the Indenture.

**Council** means the Council of the District of Columbia.

**Credit Facility** means each irrevocable letter of credit, bond insurance policy, surety bond, loan agreement, or other agreement, facility or insurance or guaranty arrangement issued or extended by a bank, a trust company, a national banking association, a state chartered bank, or any other entity approved by the District, pursuant to which the District is entitled to obtain moneys to pay, in the Currency in which the Bonds of such Series are payable, the principal or Redemption Price of Bonds due in accordance with their terms plus accrued interest thereon to the date of payment thereof in accordance herewith and with the Supplemental Indenture authorizing such Bonds, whether or not the District is in default under the Indenture; provided, that use of a Credit Facility shall not result, at the time of delivery of the Credit Facility, in a reduction in the Rating of any Bonds Outstanding; and provided further, that a substitute Credit Facility may be obtained from time to time (i) which shall contain the same material terms as set forth in the Credit Facility for which substitution is made, and (ii) will not, in and of itself, result in a Rating of the related Bonds lower than those which then prevailed.

**Credit Facility Provider** means the Person that has executed a Credit Facility with the District, or otherwise has provided a Credit Facility at the request of the District, for the benefit of any of the Bonds.

**Currency** means Dollars or Foreign Currency or Currency Unit.

**Currency Unit** means a composite currency or currency unit the value of which is determined by reference to the value of the currencies of any group of countries.

**Current Interest Bonds** means Bonds that bear interest which is not compounded but is payable on a current basis on established dates prior to maturity.

**Current Interest Commencement Date** means the date established prior to the issuance of each Series of Convertible Capital Appreciation Bonds, on which the semiannual compounding of interest ceases and on and after such date interest is payable currently on the Compounded Amounts on the next ensuing interest payment dates.

**Debt** means, collectively, Senior Debt and Subordinate Debt.

**Debt Service** means interest, redemption premium, purchase price to the extent provided by District Officer's Certificate, Sinking Fund Installments and (without duplication) principal payments due on or on account of Outstanding Senior Bonds and Outstanding Senior Obligations.

**Debt Service Fund** means the Fund by that name established by the Indenture.

**Debt Service Payment Date** means the date any payment of Debt Service is due and payable.

**Defeasance Notice** shall have the meaning provided in the Indenture.

**Defeasance Obligations** means any of the following which are not callable or redeemable at the option of the issuer thereof, if and to the extent the same are at the time legal for the investment of the District's funds:

- (i) Government Obligations; and
- (ii) Defeased Municipal Obligations.

**Defeased Municipal Obligations** means any bonds or other obligations of any state or territory of the United States of America, of the District, or of any agency, instrumentality or local governmental unit of any

such state or territory or District which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(i) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest Rating category of any Rating Agency; or

(ii) (a) which are fully secured as to principal, interest and redemption premium, if any, by an escrow consisting only of cash or Government Obligations, which escrow may be applied only to the payment of such principal and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (b) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, or other nationally recognized verification agent, to pay principal and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

**District** means the District of Columbia.

**Dollar** means a dollar or other equivalent unit in such coin or currency of the United States as at the time of payment is legal tender for the payment of public and private debts.

**Eleventh Supplemental Indenture** means the Eleventh Supplemental Indenture of Trust dated as of May 1, 2025, between the District and the Trustee, which supplements the Master Indenture, and authorizes and secures the Series 2025A Bonds and the Series 2025B Bonds.

**Event of Default** shall have the meaning described under the heading “Events of Default” below.

**Federal Agency Obligations** means bonds, notes, debentures, or other obligations or securities issued by an “AAA” (or equivalent) rated federal government agency or instrumentality.

**Financing Costs** means, with respect to any Bonds, all Costs of Issuance and any other fees, discounts, expenses and costs related to structuring, issuing, securing, marketing and maintaining the Bonds, including, without limitation, all costs incurred by the District with respect to the Financing Documents, not otherwise provided for payment thereof under the Indenture, redemption premiums and other costs of redemption.

**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 any Series of the Bonds, including contracts or agreements for an escrow agent, Trustee, Collection Agent, registrar, paying agent, underwriting, legal services, accounting, financial advisory services, bond insurance or other credit enhancement or liquidity agreements, printing, or placement of any investment or obligation or program of investment, including any offering document, contract based on interest rate, currency, cash flow, or other basis, including Qualified Hedges, and any required supplements to any such documents.

**First Month Requirement** means one-third of the Full Requirement due for the current Collection Period.

**Fiscal Year** means the fiscal year of the District beginning October 1 of each calendar year.

**Fitch** means Fitch Ratings, and its successors and assigns.

**Fixed Tender Bond** means any Bond, not constituting an Adjustable Rate Bond, which by its terms must be tendered by the Bondholder thereof for purchase by or for the account of the District prior to the stated maturity thereof or for purchase thereof.

**Foreign Currency** means a currency issued by the government of any country other than the United States or a composite currency or currency unit the value of which is determined by reference to the values of the currencies of any group of countries.

**Full Requirement** means the aggregate amount of Debt Service due on a Debt Service Payment Date, plus any overdue Sinking Fund Installment; provided, however, that Debt Service on any Series of Bonds that constitutes Balloon Maturities shall be excluded if the District has previously provided written notice to the Trustee of either (x) its intent to refund such Balloon Maturities or (y) other action taken to refund such Balloon Maturities.

**Fund or Funds** means the Income Tax Secured Bond Fund established by the Act and any fund or funds, as the case may be, established and created pursuant to the Indenture or account or accounts thereof, but does not include any escrow or other fund or account established or created pursuant to the provisions of the Indenture relating to the defeasance of Bonds.

**General Fund** means that fund of the District created by §450 of the Home Rule Act.

**Government Obligations** means direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America and which are entitled to the full faith and credit thereof.

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

**Income Tax** means the income tax imposed on individuals pursuant to Section 47-1806.03 of the D.C. Official Code, as amended.

**Income Tax Secured Bond Fund** means the fund established pursuant to Section 47-340.27 of the D.C. Official Code and the Act, and maintained under the Indenture.

**Indenture** means the Amended and Restated Master Indenture of Trust, restated as of December 1, 2019, with certain amendments effective on March 11, 2020, by and between the District and the Trustee, as amended or supplemented from time to time.

**Interest Account** means the Interest Account established in the Debt Service Fund by the Indenture.

**Investment Obligations** means and include any of the following securities, if and to the extent the same are at the time legally permissible for District to invest:

- (i) U.S. Government Obligations;
- (ii) Federal Agency Obligations;
- (iii) Defeased Municipal Obligations;
- (iv) Municipal Obligations;
- (v) Prime commercial paper of a corporation incorporated under the laws of any state of the United States of America, rated “P-1”, “A-1” or “F1” by at least two of Moody’s, Standard & Poor’s and Fitch, respectively;

(vi) Banker's acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, rated "P 1", "A 1" or "F1" by Moody's, Standard & Poor's or Fitch, respectively;

(vii) Shares in diversified open-end, no-load money market mutual funds, with a rating of "AAAm" or "AAAm-G" or the equivalent by Moody's, Standard & Poor's or Fitch, that do not hold investments not permitted pursuant to the District's Investment Policy. Such funds must be registered under the Investment Company Act of 1940 and meet the requirements imposed under its Rule 2(a)-7;

(viii) Federally insured or collateralized certificates of deposit issued by banks (which may include the Trustee) which are state chartered banks, federally chartered banks or foreign banks with domestic offices. Collateralized certificates of deposit shall be collateralized by obligations described in clause (i) or (ii) above, which such obligations at all times have a market value (exclusive of accrued interest) at least equal to a minimum of one hundred and two percent (102%) of such bank deposits so secured, including interest;

(ix) Repurchase agreements relating to securities of the type specified in clauses (i) and (ii) above, provided that such securities in an amount at least equal to a market value at all times of at least one hundred and two percent (102%) of the amount of the agreements shall be delivered as security for such agreements to the account of the Trustee to be held therein during the term of the agreements; and

(x) Any other obligations conforming to any District guidelines for investment, including its Investment Policy, so long as such obligations are rated at least in the two highest Rating Categories of each of the Rating Agencies.

**Investment Policy** means such policy adopted by the Chief Financial Officer and the Treasurer, as such policy may be modified from time to time.

**Legal Maximum Interest Rate** means the highest rate of interest or highest true interest cost that by law may be borne by any Bonds.

**Liquidity Facility** means an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, line of credit or other agreement or arrangement issued or extended by a bank, a trust company, a national banking association, state chartered bank or other entity approved by the District, pursuant to which the District is entitled to obtain moneys upon the terms and conditions contained therein for the purchase or redemption of Bonds tendered for purchase or redemption in accordance with the terms hereof and of the Supplemental Indenture authorizing such Bond; provided, that the use of the Liquidity Facility shall not result, at the time of delivery of the Liquidity Facility, in a reduction in the Rating of any Bonds Outstanding; and provided further that a substitute Liquidity Facility (A) may be obtained from time to time (i) which shall contain the same material terms as set forth in the Liquidity Facility for which substitution is made, and (ii) will not, in and of itself, result in a Rating of the related Bonds lower than those which then prevailed, and (B) such a substitute Liquidity Facility must be obtained at any time to replace the then existing Liquidity Facility in the event that the Rating of the related Bonds is or is expected, at the sole determination of the Chief Financial Officer of the District, to be reduced as a result of rating activity related to the existing Liquidity Facility.

**Liquidity Facility Provider** means the Person that has executed a Liquidity Facility with the District, or otherwise has provided a Liquidity Facility at the request of the District, for the benefit of any of the Bonds.

**Master Indenture** means the Amended and Restated Master Indenture of Trust, restated as of December 1, 2019, with certain amendments effective on March 11, 2020, by and between the District and the Trustee, as amended or supplemented from time to time.

**Maturity Amount** means the Compounded Amount of any Capital Appreciation Bond as of the stated maturity thereof.

**Maximum Annual Debt Service** means the maximum Annual Debt Service with respect to any specified indebtedness for any Fiscal Year during the term of such indebtedness.

**Moody's** means Moody's Investors Service, and its successors and assigns.

**Municipal Obligations** means bonds, notes and other indebtedness of any state or local government which are rated in either of the two highest rating categories (without regard to gradation) by Moody's, Standard & Poor's or Fitch, respectively.

**Obligations** means all Senior Obligations and all Subordinate Obligations.

**Opinion of Bond Counsel** means an opinion signed by a firm or firms of attorneys of recognized standing in the field of law relating to municipal bonds designated as bond counsel from time to time by the Chief Financial Officer and satisfactory to the Trustee.

**Opinion of Counsel** means an opinion signed by an attorney or firm of attorneys of recognized standing (who may be counsel to the District) selected by the District.

**Option Bond** means any Bond which by its terms may be tendered by and, at the option of the Bondholder thereof, for redemption by the District prior to the stated maturity thereof or for purchase thereof, or the maturity of which may be extended by and at the option of the Bondholder thereof.

**Original Principal Amount** means the Compounded Amount of any Capital Appreciation Bond as of the date of original issuance, as set forth in the applicable Supplemental Indenture.

**Outstanding**, when used with reference to the Bonds as a whole or the Bonds of a Series, means, as of any date, the Bonds or Bonds of such Series, as the case may be, theretofore or thereupon being delivered and issued under the provisions of the Indenture, except:

- (i) any Bonds canceled by or surrendered for cancellation to the Trustee at or prior to such date;

- (ii) Bonds for the payment or redemption of which moneys or Defeasance Obligations equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee in trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision shall have been made for the giving of such notice, and provided further that if such notice is conditional, it is no longer subject to rescission;

- (iii) Bonds deemed to have been paid as provided in the Section of the Indenture relating to defeasance of Bonds;

- (iv) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture;

- (v) Option Bonds tendered or deemed tendered in accordance with the provisions of the Supplemental Indenture authorizing such Bonds on the applicable tender date, if the purchase price thereof and interest thereon shall have been paid or amounts are available and set aside for such payment as provided in such Supplemental Indenture, except to the extent such tendered Option Bonds are held by the District or a Credit Facility Provider or a Liquidity Facility Provider and/or thereafter may be resold pursuant to the terms thereof and of such Supplemental Indenture; and



(vi) as may be provided with respect to such Bonds by the Supplemental Indenture authorizing such Bonds;

provided, however, that in determining whether the Bondholders of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver, Bonds owned by the District shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which an authorized representative of the Trustee actually knows to be so owned shall be so disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes the pledgee's right so to act with respect to such Bonds and that the pledgee is not the District.

In determining whether Bondholders of the requisite principal amount of Outstanding Bonds have given any requisite demand, authorization, direction, notice, consent or waiver hereunder, the principal amount of a Convertible Capital Appreciation Bond or a Capital Appreciation Bond that shall be deemed Outstanding for such purposes shall be the Compounded Amount thereof except as otherwise provided in the Master Indenture.

**Outstanding Debt** means any tax-supported indebtedness of the District outstanding at any time, including any outstanding general obligation bonds and bond anticipation notes issued by the District, and certificates of participation issued on behalf of the District, but, unless expressly authorized by Council resolution, the term "Outstanding Debt" shall not include tax increment financing, payment in lieu of taxation debt, nor shall such term include revenue anticipation notes.

**Paying Agent** means any paying agent for the Bonds of any Series, and its successor or successors and any other corporation which may be substituted in its place pursuant to the Indenture.

**Person or Persons** means an individual, partnership, limited liability partnership, corporation, limited liability company, trust, unincorporated organization, a government or agency or political subdivision or branch thereof.

**Principal Account** means the Principal Account established in the Debt Service Fund by the Indenture.

**Principal Installment** means, as of any date with respect to any Series, so long as any Bonds of such Series are Outstanding, the sum of (i) the principal amount and Compounded Amount (but only at the maturity of such Bonds unless otherwise provided in the Master Indenture) of Bonds of such Series (including the principal amount of Option Bonds tendered for payment and not purchased) due (or so tendered for payment and not purchased) on such date for which no Sinking Fund Installments have been established, and (ii) the unsatisfied balance (determined as provided in the Indenture) of any Sinking Fund Installments due on such date for Bonds of such Series, together with the premiums, if any, payable upon the redemption of such Bonds by application of such Sinking Fund Installments.

**Program** means a financing program identified in a Supplemental Indenture, including but not limited to a bond anticipation note or commercial paper program, (a) which is authorized and the terms thereof approved by a resolution adopted by the District and the items required under the Indenture have been filed with the Trustee, (b) wherein the District has authorized the issuance, from time to time, of notes, commercial paper or other indebtedness in an authorized amount, and (c) the authorized amount of which has met the additional Bonds test set forth in the Master Indenture and the Outstanding amount of which may vary from time to time, but not exceed the authorized amount.

**QSCBs or Qualified School Construction Bonds** shall mean any taxable bond issued by the District pursuant to the provision of Section 54F of the Code, or any successor thereto, for which either (1) the District receives direct subsidy payments in an amount equal to a percentage of the interest paid on such bond, or (2) the holder of such bond receives a tax credit in an amount equal to a percentage of the interest paid on such bond.

**QSCBs Direct Subsidy Payments** means the amount of any subsidy, with respect to interest on the District of Columbia's \$32,945,000 Income Tax Secured Revenue Bonds, Series 2010D (Federally Taxable - Qualified School Construction Bonds - Direct Pay to Issuer), due or to become due to the District that is payable by the United States Treasury (or the Federal Government) pursuant to the provisions of Sections 54F and 6431(f) of the Code.

**Qualified Hedge** means, if and to the extent from time to time permitted by law, (A) (i) any financial arrangement (a) which is entered into by the District with an entity that is a Qualified Hedge Provider at the time the arrangement is entered into, (b) which is a cap, floor or collar, forward rate, future rate, swap (such swap may be based on an amount equal either to the principal amount of such Bonds as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Bonds), asset, index, Currency, price or market-linked transaction or agreement, other exchange or rate protection transaction agreement, other similar transaction (however designated), or any combination thereof, or any option with respect to any of the foregoing, executed by the District, and (c) which has been designated as a Qualified Hedge with respect to such Bonds in a written determination signed by an Authorized Representative and delivered to the Trustee, and (ii) any Liquidity Facility, including any letter of credit, line of credit, policy of insurance, surety bond, guarantee or similar instrument securing the obligations of the District under any financial arrangement described in clause (i) above; and (B) or any Qualified Hedge entered into to replace the then existing Qualified Hedge in the event that the Rating of the related Bonds is or is expected, at the sole determination of the Chief Financial Officer of the District, to be reduced as a result of credit rating activity related to the existing Qualified Hedge.

**Qualified Hedge Provider** means (i) a Person whose long-term obligations, other unsecured long-term obligations, financial program rating, counterparty rating, or claims paying ability are rated, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose long-term debt obligations, other unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated, at the time of the execution of such Qualified Hedge, either (a) at least as high as the third highest Rating Category of each Rating Agency, but in no event lower than any Rating Category designated by any such Rating Agency for the Bonds, subject to such Qualified Hedge (without reference to bond insurance, if any), or (b) any such lower Rating Categories which each such Rating Agency indicates in writing to the District and the Trustee will not, by itself, result in a reduction or withdrawal of its Rating (without reference to bond insurance, if any) on the Outstanding Bonds, and (ii) a Person whose payment obligations under an interest rate exchange agreement are subject to collateralization requirements that, as evidenced in writing to the District and the Trustee by each Rating Agency, will not, by itself, result in a reduction or withdrawal of its Rating (without reference to bond insurance, if any) on the Outstanding Bonds.

**Rating** means a rating published by a Rating Agency with respect to any or all Bonds. Any provision of the Indenture that specifies that an action may not be taken if it shall result in a reduction, suspension or withdrawal of the Rating of the Bonds, with respect to any Bonds that are the subject of a Credit Facility, means the Rating of such Bonds without taking into account the credit enhancement provided by such Credit Facility.

**Rating Agency** means each nationally recognized statistical rating organization then maintaining a rating on the Bonds at the request of the District.

**Rating Category** means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

**Rebate Account** means the Rebate Account of the Rebate Fund established pursuant to the Master Indenture.

**Rebate Amount** means, with respect to a Series of Bonds, the amount computed as described in the Tax Certificate.

**Rebate Fund** means the Fund by that name established by the Master Indenture.

**Record Date** means with respect to each payment of principal and premium of and interest on each Bond, the date specified as the “record date” therefor in the Supplemental Indenture authorizing such Bond.

**Redemption Account** means the Redemption Account of the Redemption Fund established pursuant to the Master Indenture.

**Redemption Fund** means the Fund by that name established by the Master Indenture.

**Redemption Price** means, when used with respect to a Bond (other than a Convertible Capital Appreciation Bond or a Capital Appreciation Bond), or a portion thereof to be redeemed, the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof, pursuant to the Indenture and the applicable Supplemental Indenture, but, when used with respect to a Convertible Capital Appreciation Bond or a Capital Appreciation Bond, “Redemption Price” means the Compounded Amount on the date of redemption of such Bond or portion thereof plus the applicable premium, if any.

**Refunding Bonds** means all Bonds authenticated and delivered on original issuance pursuant to the Indenture or thereafter authenticated and delivered in lieu of or in substitution for any such Bonds issued pursuant to the Indenture and the applicable Supplemental Indenture.

**Registrar** means the District or any bank, trust company, or national banking association designated to serve in this capacity by the Chief Financial Officer, and may be the Trustee.

**Resolution** means a resolution of the Council authorizing the issuance of one or more Series of Bonds.

**Revenue Account** means the Revenue Account of the Income Tax Secured Bond Fund established by the Master Indenture.

**Revenues** means the following, collectively, except as otherwise may be provided with respect to a Series of Bonds by the Supplemental Indenture authorizing such Series:

1. All Available Tax Revenues received by the Collection Agent, the Trustee or the District.
2. With respect to any particular Bonds, the proceeds of any draw on or payment under any Credit Facility which is intended for the payment of such Bonds, but only for purposes of such payment and not for purposes of the additional Bonds test or other purposes of the Indenture.
3. Any amounts received by the District pursuant to a Qualified Hedge after giving effect to any netting of amounts payable by the parties thereunder.
4. Income and interest earned and gains realized in excess of losses suffered by any Fund (other than the Rebate Fund), Account (other than any Account in the Rebate Fund) or Subaccount held by the Trustee under the terms of the Indenture.
5. Any other revenues, fees, charges, surcharges, rents, proceeds or other income and receipts received by or on behalf of the District or by the Trustee, lawfully available for the purposes of the Indenture in accordance with the Act and deposited by or on behalf of the District or by the Trustee in any Fund (other than the Rebate Fund), Account (other than the Costs of Issuance Account and the Bond Proceeds Account) or Subaccount (other than any Subaccount in the Costs of Issuance Account and the Bond Proceeds Account) held by the

Trustee under the terms of the Indenture, including any payments or collections received pursuant to enforcement actions, received from bankruptcy trustees or through the Bankruptcy Courts, received as a result of garnished wages, received as collections of tax levies, including the release of liens at real estate closings, received as a result of closures of estates, received as a result of the sales of businesses or involving business licenses, and other collection activities as shall be collected by the Chief Financial Officer and forwarded to the Collection Agent or deposited in the Income Tax Secured Bond Fund upon reconciliation of accounts.

**Second Month Requirement** means one-third of the Full Requirement due in the current Collection Period plus any additional amount needed so that the total amount on deposit in the Debt Service Fund equals two-thirds of the Full Requirement due for the current Collection Period.

**Senior Bonds** means the Bonds, Additional Bonds, notes, or other obligations, including refunding bonds, notes, bond anticipation notes, commercial paper and other obligations, in one or more series, issued pursuant to the Master Indenture and designated as such. Senior Bonds constitute “Parity Bonds” as defined in the Act.

**Senior Debt** means Senior Bonds and Senior Obligations.

**Senior Hedge Obligations** means, as allocated to each Series of Senior Bonds pursuant to the terms of the related Supplemental Indenture, fixed and scheduled payments by the District under Qualified Hedges. Senior Hedge Obligations shall not include, among other things, any costs, indemnities, termination payments or similar non-recurring amounts, or any amortization of any thereof.

**Senior Obligations** means, collectively, all Senior Reimbursement Obligations and Senior Hedge Obligations.

**Senior Reimbursement Obligations** means, as allocated to each Series of Senior Bonds pursuant to the terms of the related Supplemental Indenture, fixed and scheduled payments due from the District to any Credit Facility Provider or any Liquidity Facility Provider, as provided by the Indenture. Senior Reimbursement Obligations may include, among other things, reimbursements of direct-pay letters of credit to be drawn on each principal and/or interest payment date.

**Serial Bonds** means Bonds which have no Sinking Fund Installments.

**Series** means all of the Bonds authenticated and delivered on original issuance identified pursuant to the Supplemental Indenture as a separate series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to the Indenture, regardless of variations in maturities, principal amount, interest rate or other provisions.

**Series 2025A Bonds** means the District of Columbia Income Tax Secured Revenue and Refunding Bonds, Series 2025A, authorized to be issued pursuant to the Eleventh Supplemental Indenture.

**Series 2025AB Bonds** means, collectively, the Series 2025A Bonds and Series 2025B Bonds.

**Series 2025B Bonds** means the District of Columbia Income Tax Secured Revenue Bonds, Series 2025B (Federally Taxable), authorized to be issued pursuant to the Eleventh Supplemental Indenture.

**Short Term/Demand Obligations** means Option Bonds, Fixed Tender Bonds, bond anticipation notes, and commercial paper, or any other Series of Bonds issued pursuant to the Indenture, the payment of principal of which is either (a) payable on demand by or at the option of the Holder at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Annual Debt Service, or (b) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or

term either (i) through the issuance of additional Short-Term/Demand Obligations pursuant to a commercial paper, auction Bond or other similar Program, or (ii) through the issuance of long-term Bonds pursuant to a bond anticipation note or similar Program.

**Sinking Fund Installment** means, when used with respect to any Series of Bonds, the amount of principal or Compounded Amount, as the case may be, due prior to maturity on Bonds of a given maturity on any particular due date as specified in the Supplemental Indenture pursuant to which such Series was issued.

**Standard & Poor's** means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors and assigns.

**Standby Purchase Agreement** means an agreement by and between the District and another Person pursuant to which such Person is obligated to purchase Option Bonds or Fixed Tender Bonds tendered for purchase.

**Standby Purchase Agreement Provider** means that party that has entered into a Standby Purchase Agreement with the District.

**Subaccount or Subaccounts** means any subaccount or subaccounts, as the case may be, established or created pursuant to the Indenture or any Supplemental Indenture, including but not limited to any subaccount of a subaccount, that does not include any escrow or other fund or account established or created pursuant to the provisions of the Indenture relating to the defeasance of Bonds.

**Subordinate Bonds** means Bonds, notes, or other obligations, including refunding bonds, notes, bond anticipation notes, commercial paper and other obligations, in one or more series, issued pursuant to the Master Indenture and designated as such.

**Subordinate Debt** means Subordinate Bonds and Subordinate Obligations.

**Subordinate Hedge Obligations** means fixed and scheduled payments by the District under Qualified Hedges. Subordinate Hedge Obligations shall not include, among other things, any costs, indemnities, termination payments or similar non-recurring amounts, or any amortization of any thereof, as allocated to each Series of Subordinate Bonds pursuant to the terms of the related Supplemental Indenture.

**Subordinate Obligations** means, collectively, all Subordinate Reimbursement Obligations and Subordinate Hedge Obligations.

**Subordinate Reimbursement Obligations** means, as allocated to each Series of Subordinate Bonds pursuant to the terms of the related Supplemental Indenture, fixed and scheduled payments due from the District to any Credit Facility Provider or any Liquidity Facility Provider, as provided by the Indenture. Subordinate Reimbursement Obligations shall include, among other things, reimbursements of direct-pay letters of credit to be drawn on each principal and/or interest payment date.

**Supplemental Indenture** means any indenture supplemental to or amendatory of the Master Indenture or any Supplemental Indenture in accordance with the Master Indenture.

**Taxable Bonds** means Bonds of a Series the interest on which is included in gross income for federal income tax purposes.

**Tax Certificate** means the document executed by the District with respect to each Series of Bonds containing representations and certifications to support the exclusion of the interest on such Bonds under the Code.

**Tax Exempt Bonds** means Bonds of a Series the interest on which, in the opinion of Bond Counsel, on the date of original issuance thereof, is excluded from gross income for federal income tax purposes.

**Term Bonds** means Bonds having a single stated maturity date for which Sinking Fund Installments are specified in a Supplemental Indenture.

**Treasurer** means the Treasurer of the District of Columbia.

**Trust Estate** means the following property:

- (i) All Revenues pledged pursuant to the Master Indenture.
- (ii) All right, title and interest of the District in and to Revenues, and all rights to receive the same by the Act including all of its right, title, and interest now owned or later acquired in and to the Available Tax Revenues, whether received or to be received, or held at the time, by a Collection Agent, custodian, or escrow agent or by District officials.
- (iii) Amounts on deposit from time to time, and any investment earnings thereon, in the Income Tax Secured Bond Fund, Funds (other than the Rebate Fund), Accounts (other than the Costs of Issuance Account and the Bond Proceeds Account) or Subaccounts (other than any Subaccount in the Costs of Issuance Account and the Bond Proceeds Account), held by the Trustee, and moneys and securities from time to time held by the Trustee under the terms of the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.
- (iv) Any and all other property of any kind from time to time hereafter by delivery or by writing specifically conveyed, pledged, assigned or transferred, as and for additional security hereunder for the Bonds and the Obligations, by the District or by anyone on its behalf or with its written consent in favor of the Trustee, which is authorized by the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.
- (v) Any and all cash and non-cash proceeds, products, rents, and profits from any of the Trust Estate described in paragraphs (i) through (v) above, including, without limitation, those from the sale, exchange, transfer, collection, loss, damage, disposition, substitution or replacement of any of the foregoing.

**Trustee** means the bank, trust company or national banking association appointed by the Chief Financial Officer pursuant to the Indenture to act as trustee thereunder, and its successor or successors and any other bank, trust company or national banking association which may at any time be substituted in its place pursuant to the provisions of the Indenture.

## **Summary of Certain Provisions of the Master Indenture**

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

### **The Pledge**

The Trust Estate, subject to the Section of the Indenture relating to compensating the Trustee, is pledged to the Trustee for the payment and as security for the payment of the Principal Installments and Redemption Price of and interest on the Bonds and payments due under any Credit Facilities, Liquidity Facilities and/or Qualified Hedges to the extent provided by a Supplemental Indenture, in each case in accordance with their terms and the provisions of the Indenture and subject to the provisions of the Indenture permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth in the Indenture and in each case subject to the provisions regarding priority of payment as between Senior Bonds and Senior Obligations and Subordinate Bonds and Subordinate Obligations. Nothing contained in the Indenture shall prevent (i) a Credit Facility, Liquidity Facility, or Qualified Hedge from being provided with respect to any particular Bonds and not others, (ii) different reserves being provided with respect to Bonds and other Bonds or with respect to particular Bonds than are provided for other Bonds, or (iii) different reserves being provided with respect to particular Senior Obligations than are provided for other Senior Obligations, or being provided with respect to particular Subordinate Obligations than are provided for other Subordinate Obligations. To the fullest extent provided by the Act and other applicable law, this pledge shall be valid and binding, and the Trust Estate shall immediately be subject to the lien of this pledge, without any physical delivery thereof or further act, the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District without regard to whether such parties have notice thereof, and a security interest in the Trust Estate shall be valid, binding and perfected whether or not any statement, document, or instrument relating to the security interest is recorded or filed.

Pursuant to the Act, the Available Tax Revenues shall constitute “dedicated taxes and fees” and “available revenues” within the meaning of section 490(n) of the Home Rule Act. As such, the holders of the Bonds shall have a first lien on and pledge of the Available Tax Revenues superior to that of any other person, including holders of general obligation bonds or notes secured by the full faith and credit of the District pursuant to section 482 of the Home Rule Act.

### **Establishment of Fund and Accounts**

(1) The Act creates the Income Tax Secured Bond Fund as a non-lapsing special fund separate and apart from the General Fund of the District, which shall be held and administered by the Trustee, except for the Collection Account which shall be held and administered by the Collection Agent as agent for the Trustee. In addition, the following Funds and Accounts, which shall be held and administered by the Trustee, are established:

- (i) Bond Proceeds Fund which shall include:
  - (A) Costs of Issuance Account; and
  - (B) Bond Proceeds Account.
- (ii) Income Tax Secured Bond Fund, which shall include a Revenue Account.
- (iii) Debt Service Fund.
- (iv) Redemption Fund.

- (v) Rebate Fund, which shall include a Rebate Account for each Series of Bonds or for more than one Series of Bonds that are treated as a single issue of bonds under the Code as specified in the applicable Tax Certificate.

(2) The District may establish and create such other Accounts in the Funds, or such other Subaccounts in any Account, as may be authorized pursuant to any Supplemental Indenture, including a Supplemental Indenture authorizing a Series of Bonds, and deposit therein such amounts as may from time to time be held for the credit of any Account or Subaccount.

(3) Amounts held by the Trustee at any time in the Funds or any Accounts and Subaccounts established pursuant to the Indenture, as the case may be, shall be held in trust in separate accounts and subaccounts of the District and shall be applied only in accordance with the provisions of the Indenture, the Resolution and the Act.

### **Bond Proceeds Fund**

#### **Costs of Issuance Account**

If determined by the District in connection with the issuance of a Series of Bonds, there shall be deposited in the Costs of Issuance Account amounts, if any, determined to be deposited therein pursuant to a Supplemental Indenture. If the District shall not have determined, as evidenced by written direction to the Trustee, to deposit amounts in a Costs of Issuance Account, such amounts if any, determined to be disbursed for Costs of Issuance pursuant to a Supplemental Indenture shall be disbursed upon issuance of a Series of Bonds to such Persons as directed in writing to the Trustee by the District.

Amounts on deposit in the Costs of Issuance Account or any Subaccount thereof, shall be applied to the payment of Costs of Issuance of Bonds, upon written certification by an Authorized Representative:

- (i) setting forth the amount to be paid, the person or persons to whom such payment is to be made (which may be or include the District) and, in reasonable detail, the purpose of such withdrawal; and
- (ii) stating that the amount to be withdrawn from the Costs of Issuance Account or any Subaccount thereof is a proper charge thereon and that such charge has not been the basis of any previous withdrawal.

Any amounts on deposit in the Costs of Issuance Account or any Subaccount thereof and determined to be no longer required, to pay Costs of Issuance of a Series of Bonds shall be transferred to the District for deposit into the Capital Project Fund.

#### **Bond Proceeds Account; Capital Project Fund**

There shall be deposited in the Bond Proceeds Account the amount of bond proceeds which are required to be deposited therein pursuant to the Master Indenture, any Supplemental Indenture, and any other amounts available therefor under the Indenture and determined by the District to be deposited therein from time to time, all of which amounts shall be immediately transferred for deposit in the Capital Project Fund.

In the case of proceeds of a Series of Tax Exempt Bonds, any amount of such proceeds remaining in the Capital Project Fund following the third anniversary of the issuance of such Bonds, and not required for application in accordance with the applicable Supplemental Indenture, shall be transferred, together with the investment earnings thereon, to (A) the Debt Service Fund and/or (B) the Redemption Fund, in each case as shall be directed in writing by the District; provided, however, that the Trustee shall not be required to make such transfers if it has received an Opinion of Bond Counsel that provides that the retention of such amounts in the Capital Project Fund for an alternate use or application of such excess proceeds (or retention for longer than



three years) will not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes.

### **Income Tax Secured Bond Fund**

All Available Tax Revenues shall be deposited upon receipt in the Collection Account maintained by the Collection Agent.

Each Business Day, all Available Tax Revenues received from the Collection Agent shall be deposited by the Trustee into the Revenue Account held under the Income Tax Secured Bond Fund. All other Revenues, upon receipt by the Trustee, shall be deposited into the Revenue Account; provided, however, that the proceeds of any draw on or payment under any Credit Facility which is intended for the payment of a Bond may be applied directly to such payment or deposited directly to the Debt Service Fund for such purpose. In addition, there shall be deposited in the Revenue Account all other amounts required by the Indenture to be so deposited. Amounts on deposit from time to time in the Revenue Account shall be withdrawn and transferred on a daily basis in the following order of priority:

FIRST: Unless a Supplemental Indenture related to a Series of Bonds provides otherwise with respect to the Series of Bonds, beginning on the first day of the first month of each Collection Period, the Trustee shall transfer amounts on deposit in the Revenue Account to the Debt Service Fund until the amount on deposit is equal to the First Month Requirement. Beginning on the first day of the second month of each Collection Period, the Trustee shall resume or continue such transfers until the amount on deposit is equal to the Second Month Requirement. Beginning on the first day of the third month of each Collection Period, the Trustee shall resume or continue such transfers until the amount on deposit is equal to the Full Requirement for such Collection Period. Beginning on the first day of the fourth month of each Collection Period, if the amounts on deposit do not equal the Full Requirement for such Collection Period, the Trustee shall continue to transfer monies from the Revenue Account to the Debt Service Fund until the amount on deposit in the Debt Service Fund is equal to the Full Requirement for the Collection Period. To the extent that Debt Service includes principal, interest or premium on Bonds or Notes to be purchased or redeemed prior to maturity, such Debt Service may be paid through the Redemption Account, and the District may by District Officer's Certificate direct the Trustee in writing to transfer Revenues thereto, rather than to the Debt Service Fund.

SECOND: To pay or provide for the payment of amounts due and payable under Credit Facilities, Liquidity Facilities and Qualified Hedges not otherwise required to be funded pursuant to paragraph FIRST above, until such amounts shall be fully paid or otherwise provided for from this or any other source.

THIRD: To the payment of Subordinate Bonds and Subordinate Obligations, if any, the terms of which shall be set forth in a Supplemental Indenture.

FOURTH: Upon the written direction by the District, the Trustee, may transfer:

- (i) to the Redemption Fund, amounts to be used to redeem Bonds; or
- (ii) to the Redemption Fund, or the appropriate Fund or Account established pursuant to a Supplemental Indenture, amounts to be used to purchase Bonds in accordance with the Master Indenture or as provided pursuant to a Supplemental Indenture.

FIFTH: As soon as practicable, released to the District for deposit to the unrestricted balance of the General Fund of the District, free and clear of the lien of the Indenture, to be applied for any lawful purpose of the District.

Purchases of Bonds with amounts in the Revenue Account shall be made upon the written direction of an Authorized Representative, with or without advertisement and with or without notice to other Bondholders.

Such purchases shall be made at such price or prices as determined by such written instructions. If Sinking Fund Installments have been established for the maturities of Bonds purchased by the District, then the Trustee, upon written instructions from an Authorized Representative, shall credit the principal amount purchased against future Sinking Fund Installments in direct chronological order, unless instructed otherwise in writing by an Authorized Representative at the time of such purchase.

### **Debt Service Fund**

There shall be transferred from the Revenue Account to the Debt Service Fund, the amounts required to be so transferred pursuant to paragraph FIRST above. Moneys on deposit in the Debt Service Fund shall be used to pay Debt Service.

There also shall be deposited into the Debt Service Fund, if necessary, the following:

- (i) Such amount determined by the applicable Supplemental Indenture representing accrued interest received upon the sale of a Series of Bonds;
- (ii) BABs Direct Subsidy Payments; and
- (iii) QSCBs Direct Subsidy Payments.

The Trustee shall pay from the Debt Service Fund, to the Persons entitled thereto, (a) the interest on Senior Bonds as and when due and payable, in the Currency in which the Bonds of such Series are payable, and (b) the interest component of Senior Obligations at the times, in the manner and on the other terms and conditions as determined by the District and set forth in written directions of an Authorized Representative delivered to the Trustee; provided, however, that amounts deposited to the Debt Service Fund pursuant to clause (i), (ii) or (iii) above shall not be used to pay the interest component of Senior Obligations; and provided further, that if the amount available shall not be sufficient to pay in full all such interest due on the same date, then from such available amount the Trustee shall make such payments under Senior Bonds and Senior Obligations ratably, according to the amounts due on such date, without any discrimination or preference. With respect to Adjustable Rate Bonds, upon payment of interest thereon, any difference between the Assumed Interest Rate and the Adjustable Rate, shall be transferred from the Debt Service Fund to the Revenue Account and applied in accordance with the terms of the Master Indenture.

There also shall be deposited into the Debt Service Fund, if necessary, amounts transferred from the Redemption Fund pursuant to the Master Indenture for the payment of Principal Installments of any Senior Bonds.

The Trustee shall pay from the Debt Service Fund, to the Persons entitled thereto, (a) each Principal Installment for the Senior Bonds (including the Redemption Price payable upon mandatory redemption from Sinking Fund Installments) as and when due and payable, in the Currency in which the Senior Bonds of such Series are payable, and (b) the principal component of Senior Obligations at the times, in the manner and on the other terms and conditions as determined by the District and set forth in written directions of an Authorized Representative delivered to the Trustee; and provided that if the amount available shall not be sufficient to pay in full all such Principal Installments and principal due on the same date, then from such available amount the Trustee shall make such payments under Senior Bonds and Senior Obligations ratably, as determined by an Authorized Representative as evidenced in a written instrument delivered to the Trustee, according to the amounts due on such date, without any discrimination or preference.

In the event of the refunding of any Bonds, the Trustee shall, upon the written direction of an Authorized Representative delivered to the Trustee, withdraw from the Debt Service Fund all or any portion of amounts accumulated therein with respect to the Bonds to be refunded and deposit such amounts as provided in such

written direction; provided, however, that such withdrawal shall not be made unless immediately thereafter the Bonds being refunded shall be deemed to have been paid pursuant to the Master Indenture.

### **Redemption Fund**

Any amounts transferred from the Bond Proceeds Account or the Capital Projects Fund as provided in the Indenture upon receipt thereof shall be deposited into the Redemption Fund.

Subject to the limitations contained in the final paragraph of this Section, if, sixty (60) days preceding any interest payment date for Bonds, any Principal Installment due date for Bonds, or due date of interest or principal components of Senior Obligations, the amount on deposit in the Debt Service Fund shall be less than the interest on Bonds due on such interest payment date, the Principal Installment for Bonds due on such Principal Installment due date, or the interest or principal components of Senior Obligations due on the due date thereof, then the Trustee, upon written direction of an Authorized Representative, shall transfer from the Redemption Fund to the Debt Service Fund an amount (or all of the moneys in the Redemption Fund if less than the amount required) which will be sufficient to make up such deficiency in the Debt Service Fund.

To the extent not required to make up a deficiency as required in the second paragraph of this Section, amounts in the Redemption Fund shall be applied by the Trustee, as promptly as practicable after delivery to it of written instructions from an Authorized Representative, to the purchase or redemption (including the payment of redemption premium, if any) of Bonds. Interest on Bonds so purchased or redeemed shall be paid from the Debt Service Fund and all expenses in connection with such purchase or redemption shall be paid by the District from moneys held in the Revenue Account pursuant to the FOURTH paragraph of the Section entitled "Revenue Account" above.

The transfers required by the second paragraph of this Section shall be made from amounts in the Redemption Fund only to the extent that such amounts are not then required to be applied to the redemption of Bonds for which notice of redemption shall have been given pursuant to the Indenture, unless such notice is conditioned upon the availability of moneys on deposit in the Redemption Fund.

### **Rebate Fund**

The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee, any Bondholder of any Bond, any other Beneficiary or any other Person.

Upon written instructions from an Authorized Representative delivered to the Trustee and indicating that the District has determined that, for one or more particular Series of Bonds, it will, as specified in the applicable Tax Certificate, pay or cause to be paid to the United States Government certain rebate payments, the Trustee shall immediately establish a Rebate Account within the Rebate Fund for each such Series of Bonds (or for more than one Series of Bonds that are treated as a single issue of bonds under the Code as specified in the applicable Tax Certificate).

The Trustee shall deposit in the Rebate Fund such amounts and at such times as shall be specified in written instructions from an Authorized Representative delivered to the Trustee.

The Trustee shall withdraw from the Rebate Fund such amounts and at such times, and deposit such amounts in the Revenue Account, as shall be specified in written instructions from an Authorized Representative delivered to the Trustee.

The Trustee shall have no responsibility or liability for the calculation of amounts required to be deposited in the Rebate Fund under federal tax law.

### **Investment of Funds, Accounts and Subaccounts Held by the Trustee**

Moneys in any Fund, Account or Subaccount (except the Rebate Fund) held by the Trustee shall be continuously invested and reinvested or deposited and redeposited by the Trustee upon the written direction of an Authorized Representative. The District shall direct the Trustee to invest and reinvest the moneys in any Fund, Account or Subaccount held by the Trustee in Investment Obligations so that the maturity date or date of redemption at the option of the holders shall coincide as nearly as practicable with the times at which moneys are anticipated to be needed to be expended. The Investment Obligations purchased by the Trustee shall be held by it, or for its account as Trustee. The Trustee, at the written direction of the District as to specific investments, shall sell, or present for redemption, any Investment Obligations purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment from such Fund, Account or Subaccount. The Trustee shall have no obligation to invest, reinvest, deposit, redeposit or sell investments contemplated by the Indenture except upon the written direction of an Authorized Representative as to specific investments. The Trustee shall have no liability for interest on any money received by it hereunder (except as otherwise agreed in writing with the District and except that the Trustee shall invest such money as required pursuant to written direction of an Authorized Representative) and no responsibility for any loss (after giving effect to any interest or other income thereon except to the extent theretofore paid to the District) incurred on the sale of such investments. The Trustee shall advise the District in writing on or before the 20th day of each calendar month of all investments held for the credit of each Fund, Account or Subaccount in its custody under the provisions of the Indenture as of the end of the preceding month.

Investment Obligations purchased under the provisions of the Indenture as an investment of moneys in any Fund, Account or Subaccount, whether held by the Trustee, shall be deemed at all times to be a part of such Fund, Account or Subaccount but, unless otherwise expressly provided in the Indenture, (i) the income or interest earned and gains realized in excess of losses suffered by any Fund (other than the Rebate Fund) or Account (other than any Account in the Rebate Fund) due to the investment thereof shall be deposited, upon written direction from an Authorized Representative to the Trustee, in the Rebate Fund and if not required to be so deposited in the Rebate Fund, because no such written direction was received, shall be deposited in the Revenue Account, and (ii) all such income and interest received from any Investment Obligation on deposit in the Rebate Fund shall remain in such Account. The Trustee shall keep a record of all such amounts deposited in the Revenue Account to indicate the source of the income or earnings.

The Trustee shall sell, or present for redemption or exchange, any Investment Obligation purchased by it pursuant to the Indenture or any Supplemental Indenture whenever it shall be requested in writing by an Authorized Representative to do so or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund, Account or Subaccount for which such investment was made, except that any Investment Obligation may be credited to more than one Fund, Account or Subaccount based upon the portions thereof purchased by or allocable to each such Fund, Account or Subaccount and need not be sold in order to provide for the transfer of amounts from one Fund, Account or Subaccount to another. The Trustee shall advise the District in writing, on or before the twentieth day of each calendar month, of all investments held for the credit of each Fund, Account or Subaccount in its custody under the provisions of the Indenture as of the end of the preceding month.

Nothing in the Indenture shall prevent any Investment Obligations acquired as investments of or security for Funds, Accounts or Subaccounts held under the Indenture from being issued or held in book-entry form on the books of the District, the Treasury of the United States or any national securities depository.

In the event that the Trustee has not, prior to 11:00 a.m. on any Business Day, received investment instructions as provided in the Indenture as to any investment proceeds received hereunder, the Trustee shall invest the same in Investment Obligations having the shortest available maturity, in accordance with standing instructions received from an Authorized Representative.

### **Special Provisions for Refunding Bonds**

Bonds of one or more Series may be authenticated and delivered upon original issuance, subject to the provisions and limitations of the Indenture, as Refunding Bonds, including for the purposes of creating economic savings, restructuring debt service, modifying Indenture covenants, and providing for more favorable debt terms, or any of the foregoing or any other valid governmental purpose of the District. Each Supplemental Indenture authorizing a Series of Refunding Bonds shall set forth the purposes for which such Series is issued and shall include the payment or redemption of all or any part of the Bonds of any one or more Series then Outstanding.

The Refunding Bonds of such Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the general provisions set forth in the Indenture for the issuance of Bonds) of:

- (i) irrevocable instructions to the Trustee to give due notice of the payment or redemption of all the Bonds so to be refunded on a payment or redemption date specified in such instructions and the payment or redemption dates, if any, upon which such Bonds are to be paid or redeemed;
- (ii) if the Bonds of a Series to be refunded are to be paid or redeemed subsequent to the forty-fifth day next succeeding the date of authentication, irrevocable instructions to the Trustee, to provide notice in the manner provided in the Section entitled “Defeasance” below, with respect to the payment of such Bonds pursuant to such Section;
- (iii) either (A) moneys or (B) Defeasance Obligations as shall be necessary to comply with the provisions of the second paragraph of the Section entitled “Defeasance,” which moneys and Defeasance Obligations shall be held in trust and used only as provided in said paragraph; and
- (iv) a certificate of an independent certified public accountant, or other nationally recognized verification agent, that the amounts described in paragraph (iii) above are sufficient to pay or redeem all of the Bonds to be refunded.

Refunding Bonds may be issued upon compliance with the Section entitled “Additional Bonds,” below, in lieu of compliance with the second paragraph above.

### **Additional Bonds**

The Master Indenture permits the issuance of Additional Bonds upon the District’s filing of a certificate of the Chief Financial Officer with the Trustee certifying (i) the Available Withholding Tax Revenues for a 12 consecutive month period of the immediately prior 18 months applicable to the Fiscal Year in which such Additional Bonds are to be issued or Senior Obligations are to be incurred, (ii) the Available Tax Revenues for the same 12 consecutive month period of the immediately prior 18 months that is used to calculate the Available Withholding Tax Revenues, and (iii) the Maximum Annual Debt Service that will be due on the Senior Bonds, including such Additional Bonds and the Senior Obligations, in any subsequent Fiscal Year, and showing that the amount in clause (i) at least equals 2 times the amount in clause (iii), and the amount in clause (ii) at least equals 3 times the amount in clause (iii).

In addition, Additional Bonds may only be issued upon receipt by the Trustee of a certificate of the Chief Financial Officer certifying that the Series of Bonds to be issued does not create a violation of Section 603(b) of the Home Rule Act or the Debt Ceiling Act, treating the Bonds, including that Series, as Outstanding

general obligation bonds solely for the purpose of determining whether Section 603(b) or the Debt Ceiling Act is violated.

The District may issue Subordinate Bonds or incur Subordinate Obligations at any time following receipt of written confirmation from each Rating Agency that its Rating on the Senior Bonds and Senior Obligations (to the extent that such obligations are rated) will not be lower than the Rating in effect prior to the issuance of the proposed Subordinate Bonds or Subordinate Obligations as a direct result of such issuance. Pursuant to the Act and the Indenture, the payment of debt service on Subordinate Bonds and Subordinate Obligations is subordinate to the payment of debt service on Senior Bonds and Senior Obligations. Subordinate Bonds and Subordinate Obligations are not equally and ratably secured with Senior Bonds and Senior Obligations by the Trust Estate.

### **Credit and Liquidity Facilities; Rights of Credit Facility Providers**

In connection with any Bonds, the District may obtain or cause to be obtained one or more Credit Facilities or Liquidity Facilities and agree with the Credit Facility Provider or Liquidity Facility Provider to reimburse such provider directly for amounts paid under the terms of such Credit Facility or Liquidity Facility, together with interest thereon; provided, however, that no obligation to reimburse a Credit Facility Provider or Liquidity Facility Provider shall be created, for purposes of the Indenture, until amounts are paid under such Credit Facility or Liquidity Facility.

Any Supplemental Indenture may provide that (i) so long as a Credit Facility providing security is in full force and effect, and payment on the Credit Facility is not in default and the Credit Facility Provider is qualified to do business in the District, the Credit Facility Provider shall be deemed to be the sole Bondholder of the Outstanding Bonds the payment of which such Credit Facility secures when the approval, consent or action of such Bondholders is required or may be exercised under the Indenture, or, in the alternative, that the approval, consent or action of the Credit Facility Provider shall be required in addition to the approval, consent or action of the applicable percentage of the Bondholders required by the Section entitled "Powers of Amendment" below and following an Event of Default, provided that no such approval, consent or action of a Credit Facility Provider may be made or taken without the approval, consent or action of the Bondholder of each Bond affected if such approval, consent or action of such Bondholder otherwise would be required by the second sentence of the Section entitled "Powers of Amendment," and (ii) in the event that the principal, Sinking Fund Installments, if any, and Redemption Price, if applicable, and interest due on any Outstanding Bonds shall be paid under the provisions of a Credit Facility, all covenants, agreements and other obligations of the District to such Bondholders shall continue to exist and such Bonds shall be deemed to remain Outstanding, and such Credit Facility Provider shall be subrogated to the rights of such Bondholders in accordance with the terms of such Credit Facility.

### **Qualified Hedges**

The District may enter into one or more Qualified Hedges in connection with any Bonds (i) at the time of issuance of such Bonds, (ii) prior to the issuance of such Bonds, in anticipation of the issuance thereof, provided such Bonds have been authorized by the District and payments by the District under the Qualified Hedges do not commence until the date such Bonds are expected to be issued or (iii) after the issuance of such Bonds.

### **Purchase in Lieu of Remarketing**

Notwithstanding anything in the Indenture to the contrary and subject to an opinion of Bond Counsel provided to the Trustee and the District that such action will not adversely affect the tax-exempt status of the Bonds, at any time during which the Bonds are subject to remarketing pursuant to the provisions of any Supplemental Indenture, any Bonds to be remarketed may be purchased by the Trustee (for the account of the District) on the date which would be the remarketing date at the direction of and with the prior written consent

of the District (which direction shall be given at least one (1) Business Day prior to the remarketing date), at a purchase price equal to the remarketing price which would have been applicable to such Bonds on the remarketing date. The Bonds shall be purchased in lieu of remarketing only from amounts provided by the District which shall be deposited by the Trustee to a Remarketing Account established pursuant to the Supplemental Indenture relating to such Bonds. In the event the Trustee is so directed to purchase Bonds in lieu of remarketing, no notice to the Holders of the Bonds to be so purchased (other than any notice of remarketing otherwise required under the applicable Supplemental Indenture) shall be required, and the Trustee shall be authorized to apply the funds deposited in the Remarketing Account for such purpose. Such Bonds so purchased for the account of the District shall be remarketed by a remarketing agent in accordance with the provisions of the applicable Supplemental Indenture. Such Bonds, if not remarketed or transferred as provided therein, shall be redeemed and cancelled automatically by the Trustee on the date approved by Bond Counsel. Any purchase of Bonds is not intended as an extinguishment of debt represented by the Bonds.

### **Particular Covenants of the District**

#### **Payment of Obligations**

The District shall duly and punctually pay or cause to be paid the principal and premium, if any, on every Bond and the interest thereon, and all Senior Obligations and Subordinate Obligations, at the date(s) and place(s) and in the manner mentioned in the Indenture, the applicable Supplemental Indenture, the Bonds, and applicable Credit Facilities, Liquidity Facilities, and Qualified Hedges according to the true intent and meaning thereof, and shall duly and punctually satisfy when due all Sinking Fund Installments which may be established for any Series, subject to the provisions of the Indenture.

#### **Extension of Payment of Bonds**

The District shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or claims for interest by the purchase or funding of such Bonds or by any other arrangement. Nothing shall be deemed to limit the right of the District (i) to issue Option Bonds or Refunding Bonds as provided in the Indenture and such issuance shall not be deemed to constitute an extension of maturity of Bonds or (ii) to apply any amount in the Debt Service Fund or the Redemption Fund to the purchase or redemption of Bonds as provided in the Indenture.

#### **Non-Impairment**

The District pledges and covenants and agrees with the holders of the Bonds that, subject to the provisions of the Financing Documents, the District will not:

(i) Limit or alter the revenues pledged to secure the Bonds or the basis on which such revenues are collected or allocated, in a manner that would generate Available Tax Revenues below the levels required to pay or secure the payment of the Bonds;

(ii) Impair the contractual obligations of the District to fulfill the terms of any agreement made with the holders of the Bonds, provided, however, that the District may modify the District Income Tax rates or the income subject to those rates only if the modification, if in effect, would not have reduced the ratio of (A) District Income Tax generated by Available Withholding Tax Revenues for any 12 consecutive month period during the 15 month period immediately preceding the calculation to (B) the Maximum Annual Debt Service on the Senior Bonds then outstanding below 2.00;

(iii) In any way impair the rights or remedies of the holders of the Bonds; and

(iv) If Bonds are issued as Tax-Exempt Bonds, modify in any way the exemptions from taxation provided for in subsection (e) of Section 47-340.29 of the D.C. Official Code and the 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.

Pursuant to Section 47-340.29(g) of the D.C. Official Code, this pledge and agreement of the District is included as part of the contract with the holders of the Bonds.

#### Creation of Liens

Until the pledge created by the Indenture shall be fully satisfied and discharged as described under “Defeasance” below, the District shall not (i) issue any bonds or other evidences of indebtedness secured by a pledge of the Trust Estate held or set aside by the District or by the Trustee under the Indenture, nor create or cause to be created any lien or charge on the Trust Estate, other than as permitted by the Act and the Indenture, (ii) at any time when the District is in default in making any payment required to be made under the Indenture or maintaining the balance in any Fund, Account or Subaccount required to be maintained in the amount required therefor by the Indenture, set apart or appropriate and pay any amount in any Fund, Account or Subaccount except as required by the Indenture, nor (iii) issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of any revenues, rates, fees, charges, rentals or other earned income or receipts, as derived in cash by or for the account of the District, pledged under the Indenture. The District may not issue Bonds with a payment priority or claim against the Trust Estate that is senior to that of the Senior Bonds. The District, in its discretion, may determine to execute and deliver Subordinate Bonds and incur Subordinate Obligations and payment priorities which are subordinate to the payment priorities accorded to the Senior Bonds under the Indenture.

#### Tax Matters

The covenants of this Section are made solely for the benefit of the Bondholders of, and shall be applicable solely to, all Bonds except Bonds to which the District determines in a Supplemental Indenture that this Section shall not apply.

The District will not make, or give its consent to the Trustee or any other Person to make, any use of the proceeds of the Bonds or of any moneys which may be deemed to be the proceeds of the Bonds pursuant to Section 148 of the Code which, if reasonably expected to have been so used on the date of issuance of the Bonds would have caused any of the Bonds to have been “arbitrage bonds” within the meaning of said Section 148 and the regulations in effect thereunder at the time of such use and applicable to obligations issued on the date of issuance of the Bonds.

The District shall at all times do and perform all acts and things necessary or desirable and within its power in order to assure that interest paid on the Tax Exempt Bonds shall be excluded from gross income for Federal income tax purposes.

Notwithstanding any other provision of the Indenture, including in particular those summarized in the Section entitled “Defeasance” below, the obligation to comply with the requirements of the Indenture summarized in this Section shall survive the defeasance or payment in full of the Bonds.

#### **Resignation of Trustee**

The Trustee may at any time resign and be discharged of the duties and obligations created by the Indenture by giving not less than 30 days’ written notice to the District (which shall give prompt written notice to each Beneficiary), specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless (i) no successor shall have been appointed by such date in which case such resignation shall become effective upon the appointment of a successor, or (ii) previously a



successor shall have been appointed by the District or the Bondholders as provided in the Section entitled “Appointment of Successor Trustee” below, in which event such resignation shall take effect immediately on the appointment of such successor.

### **Removal of Trustee**

The Trustee may be removed at any time, with or without cause, by an instrument or concurrent instruments in writing, delivered to the Trustee, and signed by the Bondholders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the District, or, so long as no Event of Default or event which with the giving of notice or the passage of time would constitute an Event of Default has occurred and is continuing, by an instrument in writing delivered to the Trustee and signed by an Authorized Representative; provided, however, that in each case that a successor Trustee shall be simultaneously appointed with the filing of such instrument.

### **Appointment of Successor Trustee**

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Bondholders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the District, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the District and the predecessor Trustee; provided, nevertheless, that unless a successor Trustee shall have been appointed by the Bondholders as aforesaid, the District by a duly executed written instrument signed by an Authorized Representative shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders. The Trustee shall mail a copy of the notice of any such appointment, postage prepaid, to the Bondholders of any Bonds, at their last addresses appearing on the registry books. Any successor Trustee appointed by the District shall, immediately and without further act, be superseded by a Trustee appointed by the Bondholders.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions within 30 days after the Trustee shall have given to the District written notice as provided in the Section entitled “Removal of Trustee” above or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act or its removal, the Trustee or the Bondholder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any Trustee appointed as described above in succession to the Trustee shall be a bank or trust company organized under the laws of a state of the United States of America or of the District, or a national banking association, and having a capital and surplus aggregating at least \$50,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Indenture.

### **Supplemental Indentures**

#### **Supplemental Indentures Effective upon Filing with the Trustee**

For any one or more of the following purposes and at any time or from time to time, the District may adopt a Supplemental Indenture which, upon the filing with the Trustee of a copy thereof certified by an Authorized Representative, shall be fully effective in accordance with its terms:

(i) to close the Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Indenture on, the authentication and delivery of the Bonds or the issuance of other evidences of indebtedness;

(ii) to add to the covenants and agreements of the District in the Indenture, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(iii) to add to the limitations and restrictions in the Indenture, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(iv) to surrender any right, power or privilege reserved to or conferred upon the District by the Indenture to the extent such surrender is for the benefit of the Bondholders of the Bonds;

(v) to authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in the Section of the Indenture relating to the general provisions for the issuance of Bonds, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

(vi) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, of the Trust Estate or of any other moneys, securities, funds or accounts;

(vii) to modify any of the provisions of the Indenture as may be necessary or desirable to provide for the issuance of Bonds in book-entry form pursuant to the Indenture;

(viii) to cure any ambiguity, defect or inconsistent provision in the Indenture;

(ix) to provide such provisions with respect to Subordinate Bonds as are necessary and desirable, provided, that no such provisions shall adversely affect the payment priorities under the Indenture of any Bonds then Outstanding;

(x) to accommodate the technical, operational and structural features of Bonds which are issued or are proposed to be issued or of a Program which has been authorized or is proposed to be authorized, including, but not limited to, changes needed to accommodate bond anticipation notes, commercial paper, auction Bonds, Qualified Hedges, Option Bonds, Fixed Tender Bonds, other Short-Term/Demand Obligation, and other variable rate or Adjustable Rate Bonds, Capital Appreciation Bonds and other discounted or compound interest Bonds or other forms of indebtedness which the District from time to time deems appropriate to incur;

(xi) to provide for a pledge of Trust Estate for the payment and as security for Liquidity Facilities, Credit Facilities and Qualified Hedges as permitted by the Section entitled "The Pledge" above;

(xii) to amend or modify any Supplemental Indenture authorizing Bonds of a Series to reflect the substitution of a new Credit Facility or Liquidity Facility for the Credit Facility or Liquidity Facility then in effect or of a new Qualified Hedge for a Qualified Hedge then in effect on termination of a Qualified Hedge;

(xiii) to add to the Indenture any provisions required by law to preserve the exclusion from gross income for Federal income tax purposes of interest received on the Bonds then Outstanding or to be issued or the exemption of interest received on such Bonds from District income taxation;

(xiv) to add requirements the compliance with which is required by a Rating Agency in connection with issuing a rating with respect to any Series of Bonds;

(xv) to implement or modify any primary and secondary market disclosure requirements.

(xvi) to remove the Trustee or appoint a successor Trustee in accordance with the Master Indenture;

(xvii) to modify any of the provisions of the Indenture or any previously adopted Supplemental Indenture in any respect whatsoever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

(xviii) to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect; or

(xix) to make any other modification or amendment of the Indenture which the Trustee shall in its sole discretion determine will not have a material adverse effect on the interest of Bondholders.

#### Supplemental Indentures Effective with Consent of Bondholders

At any time or from time to time, the District may adopt a Supplemental Indenture subject to consent by Bondholders in accordance with and subject to the provisions of the Indenture relating to defaults and remedies, which Supplemental Indenture, upon the delivery to the Trustee of a copy thereof certified by an Authorized Representative, and upon compliance with the provisions of the Section of the Indenture relating to defaults and remedies, shall become fully effective in accordance with its terms as provided in said Section.

#### General Provisions

The Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of the Indenture relating to Supplemental Indentures and to defaults and remedies. Nothing in the Indenture relating to Supplemental Indentures or to defaults and remedies shall affect or limit the right or obligation of the District to make, execute, acknowledge or deliver any instrument pursuant to the provisions of the Section entitled "Further Assurance" in the Indenture or the right or obligation of the District to execute and deliver to the Trustee any instrument which elsewhere in the Indenture it is provided shall be delivered to the Trustee.

Any Supplemental Indenture referred to and permitted or authorized as described under "Supplemental Indentures Effective Upon Filing with the Trustee" may be adopted by the District without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Indenture when delivered to the Trustee shall be accompanied by an Opinion of Bond Counsel stating that such Supplemental Indenture has been duly and

lawfully adopted in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture, and is valid and binding upon the District and enforceable in accordance with its terms.

The Trustee is authorized to accept the delivery of a certified copy of any Supplemental Indenture referred to and permitted or authorized by the Indenture and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action in good faith, shall be fully protected in relying on an Opinion of Bond Counsel that such Supplemental Indenture is authorized or permitted by the provisions of the Indenture.

No Supplemental Indenture shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

### **Powers of Amendment**

In addition to amendments and modifications to the Indenture permitted without the consent of the Bondholders, any modification or amendment of the Indenture and of the rights and obligations of the District and of the Bondholders may be made by a Supplemental Indenture, with the written consent given as provided in the Indenture, (i) of the Bondholders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Bondholders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Bondholders shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal (or Compounded Amount, if applicable) of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount (or Compounded Amount, if applicable) or the Redemption Price thereof or in the rate of interest thereon without the consent of each Bondholder affected thereby, or shall reduce the percentage of the aggregate principal amount (or Compounded Amount, if applicable) of Bonds or otherwise affect classes of Bonds the consent of the Bondholders of which is required to effect any such modification or amendment without the consent of all Bondholders, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto, or shall change or modify any of the rights of the providers of Qualified Hedges, Credit Facilities or Liquidity Facilities regarding source of and security for payments due to such Persons, or amount and timing of payments due, without the prior written consent of such Persons. For the purposes of the provisions of the Indenture summarized in this Section, a Series shall be deemed to be affected by a modification or amendment of the Indenture if the same adversely affects or diminishes the rights of the Bondholders of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by any modification or amendment of the Indenture and any such determination if reasonable and in good faith shall be binding and conclusive on the District and all Bondholders.

### **Consent of Bondholders**

The District may at any time adopt a Supplemental Indenture making a modification or amendment permitted by the provisions of the Master Indenture, to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the District to Bondholders. Such Supplemental Indenture shall not be effective unless and until (i) there shall have been delivered to the Trustee (a) the written consents of Bondholders of the percentage of the aggregate principal amount of Outstanding Bonds specified in the Master Indenture and (b) an Opinion of Bond Counsel stating that such Supplemental Indenture has been duly and lawfully adopted and filed by the District in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture, and is valid and binding upon the District and enforceable in accordance with its terms, and (ii) notice shall have been given as

provided in the Indenture and described in this paragraph. Ownership of Bonds shall be conclusively presumed by the registration books of the District. Any such consent shall be binding upon the Bondholder of the Bonds giving such consent and, anything in the Master Indenture to the contrary notwithstanding, upon any subsequent Bondholder of such Bonds and of any Bonds issued upon registration of transfer thereof or in exchange therefor (whether or not such subsequent Bondholder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder of such Bonds giving such consent or a subsequent Bondholder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee, as provided in the Indenture and described in this paragraph, is filed. At any time after the Bondholders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the District a written statement that the Bondholders of such required percentage of the aggregate principal amount of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture adopted by the District on a stated date, a copy of which is on file with the Trustee) has been consented to by the Bondholders of the required percentage of the aggregate principal amount of Bonds and will be effective as provided in this Section, shall be given to Bondholders by the District by mailing such notice to Bondholders. The District shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by the Master Indenture to be delivered to the Trustee, shall be proof of the matters therein stated.

### **Modification by Unanimous Consent**

The terms and provisions of the Indenture and the rights and obligations of the District and of the Bondholders may be modified or amended in any respect upon the adoption and filing by the District with the Trustee of a Supplemental Indenture and the consent of the Bondholders of all of the Bonds then Outstanding, such consent to be given as provided in the Master Indenture except that no notice to Bondholders shall be required.

### **Events of Default and Remedies**

#### **Events of Default**

Each of the following events shall constitute an Event of Default under the Indenture:

(i) There shall occur a default in the payment of principal or Redemption Price of or interest on any Bond or payments due to any Senior Obligation related thereto after the same shall have become due, whether at maturity or upon call for redemption or otherwise.

(ii) There shall occur a failure to observe, or a refusal to comply with, the terms of the Indenture or the Bonds, other than a failure or refusal constituting an event specified in paragraph (i) of this subsection; provided, however, that with respect to any failure to observe or refusal to comply with the covenants and agreements set forth in the Indenture, such failure or refusal shall have continued for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, is given to the District by the Trustee or any Beneficiary, unless the Trustee shall agree in writing to an extension of such period prior to its expiration, provided, however, that the Trustee shall be deemed to have agreed to an extension of such period if corrective action is initiated by the District within such period and is being diligently pursued.

Unless otherwise prohibited by the Act or the Indenture, the exercise by the District of its right to amend, modify, repeal or otherwise alter statutes imposing or relating to the Income Tax (as defined in § 47-1806.03 of the D.C. Official Code), including the revenues generated by such tax or the rates imposed by such tax, shall not constitute a default or Event of Default under the Indenture.

In the event that the District shall issue Subordinate Bonds, or execute Subordinate Obligations, the related Supplemental Indenture shall provide for the determination of Events of Default, and the imposition of remedies contained in the Master Indenture, in accordance with the provision that all Senior Bonds and all Senior Obligations related thereto shall be accorded senior status such that no Event of Default may be declared for any default related to such Subordinate Bonds or Subordinate Obligations, and no remedy may be invoked for any such default on Subordinate Bonds or Subordinate Obligations, until the Senior Bonds and all Senior Obligations related thereto are fully retired or are defeased in accordance with the provisions of the Indenture.

### Remedies

The Trustee may, and, upon the written request of the Bondholders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, shall, proceed to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee being advised by counsel, shall deem most effectual to protect and enforce such rights subject to the provisions of the Indenture:

- (i) by suit, action or proceeding to enforce all rights of the Bondholders, including the right to collect or require the District to collect Revenues adequate to carry out the covenants, agreements and pledges with respect thereto contained in the Indenture and to require the District to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;
- (ii) by suit upon the Bonds limited, upon recovery thereunder, to the Trust Estate pledged under the Indenture;
- (iii) by action or suit in equity, to require the District to account as if it were the trustee of an express trust for the Bondholders, for the Trust Estate and assets pledged under the Indenture as shall be within its control; and
- (iv) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders or the Beneficiaries.

In the enforcement of any remedy under the Indenture, but subject to the Sections entitled "Authorization of Bonds," "The Pledge" and "No Personal Liability," the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the District for principal, Redemption Price, interest or otherwise for Bonds under any provision of the Indenture or any Supplemental Indenture or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the District for any portion of such amounts remaining unpaid, with interest, costs and expenses of collection, in any manner provided by law, the moneys adjudged or decreed to be payable.

There shall be no rights of acceleration with respect to the Bonds.

### Priority of Payments After Event of Default

Subject to the provisions of the Indenture relating to Trustee compensation, in the event that the funds held by the Trustee or the Paying Agent shall be insufficient for the payment of interest and principal or Compounded Amount or Redemption Price then due on the Bonds and other amounts payable as described in clauses FIRST through FOURTH below, such funds (excluding funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee and any moneys or other property distributable in respect of the District's obligations under the Indenture after the occurrence of an Event of Default, shall be applied as follows:

FIRST: to the payment to the Persons entitled thereto of all installments of interest on the Bonds and the interest component of Senior Obligations then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment due on the same date, then to the payment thereof ratably, according to the amounts due on such date, without any discrimination or preference;

SECOND: to the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of the Bonds and the unpaid principal component of Senior Obligations which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Bonds and the principal component of Senior Obligations due on the same date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, without any discrimination or preference;

THIRD: to the payment to the Persons entitled thereto of amounts reimbursable or payable by the District under each Credit Facility for draws or payments thereunder to pay principal of or interest on Bonds, whether such reimbursements or payments are made to the Ancillary Facility Provider as a Bondholder, as a subrogee or otherwise, and regularly scheduled fees payable under each Credit Facility and Liquidity Facility; and

FOURTH: to the payment to the Persons entitled thereto of amounts payable by the District under each Credit Facility, Liquidity Facility and Qualified Hedge not constituting Senior Obligations nor payable pursuant to clause THIRD above.

The provisions of the Indenture summarized above are in all respects subject to the provisions of the Indenture relating to extending the payment of Bonds.

Whenever moneys are to be applied by the Trustee as described above, such moneys shall be applied by the Trustee at such times, and from time to time, as provided above. The deposit of such moneys with the Trustee, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee and the Trustee shall incur no liability whatsoever to the District, to any Bondholder to any Beneficiary or to any other Person for any delay in applying any such moneys, so long as the Trustee acts without negligence or willful misconduct. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal (or Compounded Amount, if any) to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee or the Paying Agent shall not be required to make payment to the Bondholder of any Bond unless such Bond shall be presented to the Trustee or the Paying Agent for appropriate endorsement or for cancellation if fully paid.

#### Termination of Proceedings

In case any proceeding taken by the Trustee on account of any Event of Default has been discontinued or abandoned for any reason, then in every such case the District, the Trustee, the Beneficiaries and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no other such proceeding had been taken.

#### Bondholders' Direction of Proceedings

Anything in the Indenture to the contrary notwithstanding, the Bondholders of a majority in principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such

direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction or would involve the Trustee in personal liability.

#### Limitation on Rights of Bondholders

No Bondholder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the Indenture, or for the protection or enforcement of any right under the Indenture, unless such Bondholder shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Bondholders of not less than 25% in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Indenture or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses (including legal fees and expenses) and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under the Indenture or for any other remedy provided under the Indenture or by law. It is understood and intended that no one or more Bondholders or other Beneficiary secured by the Indenture shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right under the Indenture or under law with respect to the Bonds, or the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit of all Bondholders of the Outstanding Bonds. Nothing contained in the Indenture relating to defaults and remedies shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on such Bondholder's Bonds or the obligation of the District to pay the principal of (or Compounded Amount, if any) and interest on each Bond issued under the Indenture to the Bondholder thereof at the time and place in said Bond expressed.

Anything to the contrary in any provision of the Indenture notwithstanding, each Bondholder of any Bond by such Bondholder's acceptance thereof, shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including, reasonable pre-trial, trial and appellate attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder or group of Bondholders holding at least 25% in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of any Bond on or after the respective due date thereof expressed in such Bond.

#### Possession of Bonds by Trustee Not Required

All rights of action under the Indenture or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all of such Bondholders, subject to the provisions of the Indenture.

#### Remedies Not Exclusive

No remedy conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.



### No Waiver of Default

No delay or omission of the Trustee, the Beneficiaries or of any Bondholder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein and every power and remedy given by the Indenture to the Trustee and the owners of the Bonds or such Beneficiaries, respectively, may be exercised from time to time and as often as may be deemed expedient.

### Defeasance

Bonds which are denominated and payable only in Dollars may be defeased pursuant to the Indenture. Bonds denominated in a Foreign Currency or Currencies may be defeased pursuant to the provisions contained in the Indenture, as affected by the provisions of the related Supplemental Indenture. The District shall pay any tax, fee or other charge imposed on or assessed against the Defeasance Obligations deposited pursuant to the Indenture or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Bondholders.

If the District shall pay or cause to be paid, or there shall otherwise be paid, to all Bondholders, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then, at the option of the District, expressed in an instrument in writing signed by an Authorized Representative and delivered to the Trustee, the covenants, agreements and other obligations of the District to the Bondholders shall be discharged and satisfied. In such event, and provided that all amounts owing to the Trustee and all Beneficiaries shall have been fully paid, the Trustee shall, upon the request of the District, execute and deliver to the District such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the District all money, securities and funds held by them pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Bonds or any portion thereof for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit by the District of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the Indenture. Any Outstanding Bonds of any Series or any maturity within a Series or portion thereof shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the Indenture if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the District shall have given to the Trustee irrevocable instructions to give, as provided in the Indenture, notice of redemption on said date of such Bonds, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and interest on which when due and without reinvestment, except as provided below, will provide moneys which, together with the moneys, if any deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds (or portions thereof) are not by their terms subject to redemption or maturity within the next succeeding 60 days, the District shall have given the Trustee irrevocable instructions to mail, not less than seven (7) days after receipt of such instructions, a notice to the Bondholders (or portion thereof) which are to be deemed to have been paid under the Indenture that the deposit required by (b) above has been made with the Trustee and that said Bonds or portion thereof are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds or portion thereof, including the interest accrued thereon (the "Defeasance Notice"). Such Defeasance Notice shall be mailed, postage prepaid, to such Bondholders or portion thereof at their last mailing address, if any, appearing on the registry books, but such mailing shall not be a condition precedent to the deemed payment of such Bonds and failure so to mail, or failure by any Bondholder to receive, any such Defeasance Notice shall not affect the validity of the defeasance of such Bonds.

Neither Defeasance Obligations nor moneys deposited with the Trustee, nor principal or interest payments on any such Defeasance Obligations, shall be withdrawn or used for any purpose other than, and such Defeasance Obligations and moneys shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested by the Trustee at the written direction of the District in Defeasance Obligations maturing at the time or times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, in excess of the amounts required to pay the principal of, Redemption Price, if applicable, and interest on such Bonds, as realized, shall be deposited by the Trustee in the Revenue Account. To the extent required by the provider of a Credit Facility, the Bonds which are the subject of the enhancement of such Credit Facility shall not be deemed paid under the Indenture unless there shall have been delivered to the Trustee and the provider of such Credit Facility (a) a verification report of a firm of independent accountants verifying the sufficiency of the escrow created hereunder to timely make full payment of principal or Redemption Price, if applicable, and interest on such Bonds to the dates scheduled for such payment, and (b) an opinion of Bond Counsel to the effect that, based upon the assumptions stated in such opinion, such Bonds are deemed defeased under the provisions of the Indenture.

For purposes of determining whether Adjustable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Investment Obligations and moneys, if any, in accordance with the Indenture, the interest to come due on such Adjustable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Contractual Maximum Interest Rate permitted by the terms thereof, provided, however, that if on any date, as a result of such Adjustable Rate Bonds having borne interest at less than such Contractual Maximum Interest Rate for any period, the total amount of moneys and Investment Obligations on deposit with the Trustee for the payment of interest on such Adjustable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Adjustable Rate Bonds in order to satisfy the requirements of the Indenture, the Trustee shall pay the amount of such excess to the District free and clear of any trust, pledge, lien, encumbrance or security interest created by the Indenture.

Option Bonds shall be deemed to have been paid in accordance with the Indenture only if, in addition to satisfying the other requirements of the Indenture, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to such Bondholders upon the exercise of any options provided to the Bondholders; provided, however, that if, at the time a deposit is made with the Trustee pursuant to the Indenture, the options originally exercisable by the Bondholder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond. If any portion of the moneys deposited with the Trustee for the payment of the principal and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee shall pay the amount of such excess to the District free and clear of any trust, pledge, lien, encumbrance or security interest created by the Indenture.

Anything in the Indenture to the contrary notwithstanding, but subject to any applicable law to the contrary, any moneys held by the Trustee in trust for the payment of the principal of or premium, if any, or interest on any of the Bonds which remain unclaimed for five (5) years after the date when such principal, premium, if any, or interest, as the case may be, has become due and payable, either at their stated maturity dates or by call for earlier redemption or otherwise, if such moneys were held by the Trustee at such date, or for five (5) years after the date of deposit of such moneys if deposited with the Trustee after the said date when such principal, premium, if any, or interest, as the case may be, became due and payable, shall be repaid by the Trustee to the District, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the District for the payment of such principal, premium, if any, or interest, as the case may be.

### **No Personal Liability**

No person, including 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 the Act, the Financing Documents, or the Closing Documents, or 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.

Except as otherwise provided in Section 47-340.33 of the D.C. Official Code and the Act, the elected or appointed officials, officers, employees, or agents of the District shall not be liable personally for the payment of the Bonds or an Ancillary Bond Facility nor be subject to any personal liability by reason of the issuance or execution and delivery of the Bonds or an Ancillary Bond Facility, or for any representations, warranties, covenants, obligations, or agreement of the District contained in the Act, the Bonds, an Ancillary Bond Facility, the Financing Documents, or the Closing Documents.

### **Governing Law**

The Indenture shall be governed by, and construed and enforced in accordance with, the laws of the District.

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## **APPENDIX C**

### **BOOK-ENTRY-ONLY SYSTEM**

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each series of the Series 2025 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity of a series exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such maturity.

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

Purchases of Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the

Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2025 Bond documents. For example, Beneficial Owners of Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds of a maturity within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2025 Bonds purchased or tendered, through its Participant, to the Agent, and shall effect delivery of such Series 2025 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2025 Bonds, on DTC's records, to the Agent. The requirement for physical delivery of Series 2025 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2025 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered securities to the Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the District or the Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2025 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2025 Bond certificates will be printed and delivered to DTC.

**APPENDIX D**  
**FORM OF CONTINUING DISCLOSURE AGREEMENT**

This Continuing Disclosure Agreement (the “Agreement”) dated as of May \_\_, 2025, is executed and delivered by the District of Columbia (the “Issuer”) in connection with the issuance and sale of the Issuer’s \$1,189,515,000\* Income Tax Secured Revenue and Refunding Bonds, Series 2025A (Tax-Exempt) and \$301,080,000\* Income Tax Secured Revenue Bonds, Series 2025B (Federally Taxable) (collectively, the “Bonds”), issued pursuant to the Act and the Indenture (as defined in the Official Statement). Capitalized terms used in this Agreement which are not otherwise defined in the Indenture shall have the respective meanings specified above or in Article IV hereof.

**ARTICLE I**

**The Undertaking**

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

**Section 1.2. Annual Financial Information.** (a) Commencing with the fiscal year ending September 30, 2025, the Issuer shall provide to the MSRB no later than February 28, 2026, and no later than each succeeding February 28 thereafter, Annual Financial Information with respect to each fiscal year of the Issuer.

(b) The Issuer shall provide, in a timely manner, notice of any failure of the Issuer to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

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

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

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

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

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

**Section 1.6. Additional Disclosure Obligations.** The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated

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\* Preliminary, subject to change.

under the Securities Exchange Act of 1934, may apply to the Issuer and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the Issuer under such laws.

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

## ARTICLE II

### Operating Rules

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

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

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

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

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

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

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

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



## ARTICLE III

### Effective Date, Termination, Amendment and Enforcement

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

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

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

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

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

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

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

(e) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the Issuer in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared

on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

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

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

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

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

## **ARTICLE IV**

### **Definitions**

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

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

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

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

B. the tables in the Official Statement entitled (a) Table 5 – Collections of Pledged Taxes, (b) Table 6 – Rates of Pledged Taxes, (c) Table 7 – Collections of Pledged Taxes, Approved Budget to Actual, (d) Table 8 – Historical Debt Service Coverage, (e) Table 9 – Projected Available Tax Revenues, (f) Table 10 – Projected Debt Service Coverage, and (g) Table 11 – Collections of Pledged Taxes, as received by Collection Agent and by District; and

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

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

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

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

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

(4) “Financial Obligation” means a: (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). This term shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

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

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Bondholders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

With regard to the reportable event described in subsection (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(8) “Official Statement” means the Official Statement dated May \_\_\_, 2025, of the Issuer relating to the Bonds.

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

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

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

- (12) “Underwriters” means the financial institutions named on the cover of the Official Statement.

DISTRICT OF COLUMBIA

By: \_\_\_\_\_  
Carmen Pigler  
Deputy Chief Financial Officer and Treasurer

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**APPENDIX E**  
**SCHEDULE OF REFUNDING\***

<b>Series Designation</b>	<b>Maturity Date</b>	<b>Par Amount</b>	<b>Interest Rate</b>	<b>Redemption Price</b>	<b>CUSIP Number<sup>(1)</sup></b>	<b>Redemption Date</b>
_____						

\_\_\_\_\_

\_\_\_\_\_

- \_\_\_\_\_
- (1) CUSIP is a registered trademark of the American Bankers Association (the “ABA”). CUSIP data herein is provided by CUSIP Global Services (“CGS”), which is managed on behalf of the ABA by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The District and the Underwriters are not responsible for the selection or uses of the CUSIP numbers, and no representation is made as to their correctness by the Authority or the Underwriters or as included herein.

\_\_\_\_\_

\* Preliminary, subject to change.

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**PART 2**

**of the**

**OFFICIAL STATEMENT**

**of the**

**DISTRICT OF COLUMBIA**

**relating to its**

**INCOME TAX SECURED REVENUE AND REFUNDING BONDS,**  
**SERIES 2025A**  
**(TAX-EXEMPT)**

**AND**

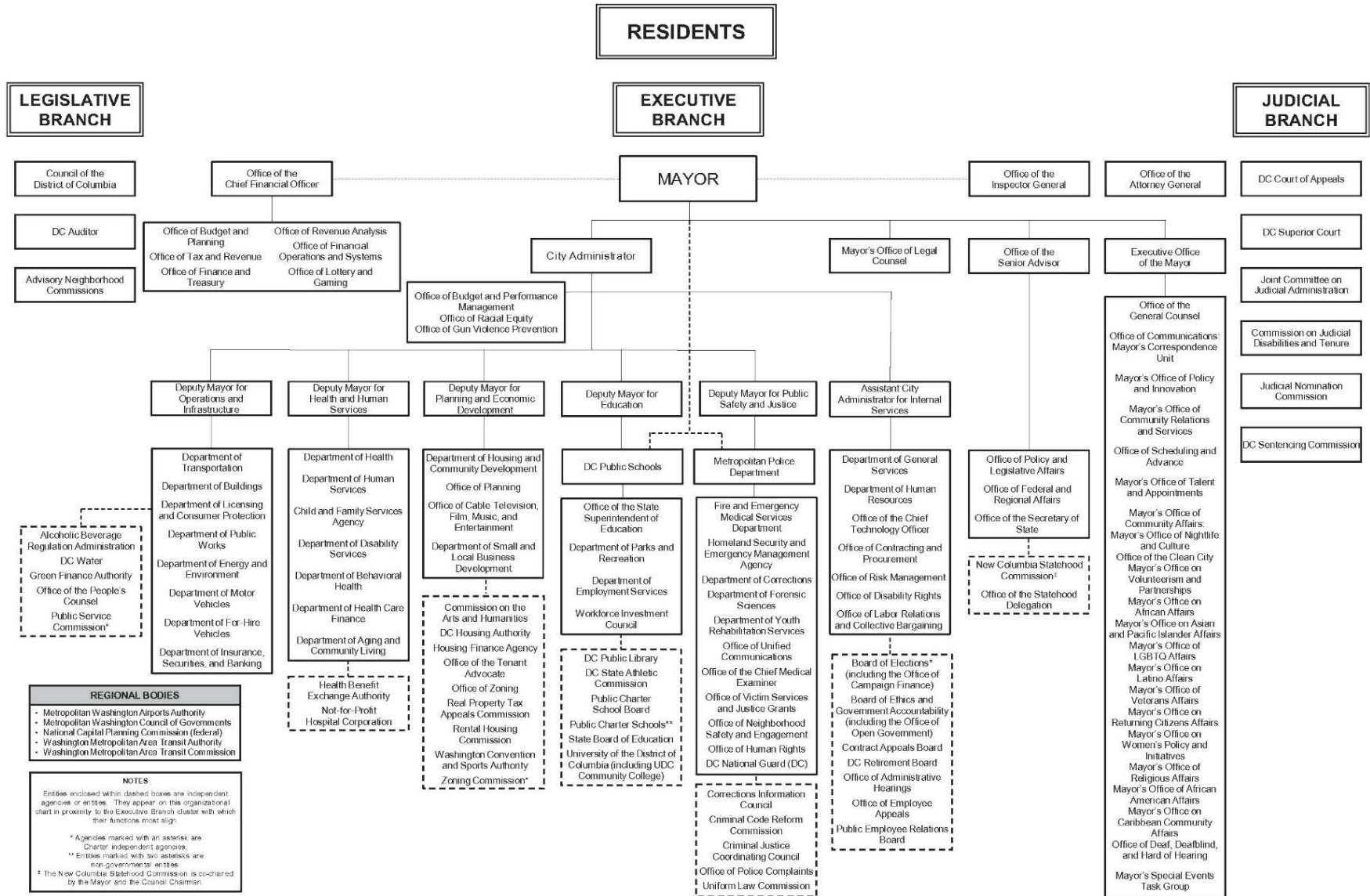
**INCOME TAX SECURED REVENUE BONDS,**  
**SERIES 2025B**  
**(FEDERALLY TAXABLE)**

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# GOVERNMENT OF THE DISTRICT OF COLUMBIA



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## THE DISTRICT OF COLUMBIA

### Creation and Charter

The District of Columbia was created in 1791 by an act of the United States Congress (the “Congress”) and Presidential proclamation and has served as the capital of the United States of America since 1800. Under Article I, Section 8 of the United States Constitution, Congress has exclusive legislative authority over the District as the Nation’s Capital. Since January 2, 1975, the District has been governed in accordance with the District of Columbia Home Rule Act, Pub. L. No. 93-198, an Act of Congress signed by the President of the United States (the “President”) on December 24, 1973, as amended (the “Home Rule Act”). Under the Home Rule Act, the District is governed by an elected Mayor and an elected Council. With limited exceptions, including the payment of debt service on District debt and statutory increases to appropriations, the District may not obligate or expend funds absent annual Congressional approval.

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

### Organization of the District Government

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

The legislative powers granted to the Council by the Home Rule Act extend to all rightful subjects of legislation within the District consistent with the United States Constitution and the Home Rule Act. Powers include the authority to pass laws, create and abolish any office (subject to certain protections applicable to the Office of the Chief Financial Officer (the “Office of the CFO”) and the District of Columbia Auditor pursuant to the Home Rule Act described below), agency, or instrumentality of the District, define the duties of such offices, agencies and instrumentalities, and conduct investigations into matters relating to the affairs of the District. Acts of the Council are subject to approval by the Mayor. In the event of a Mayoral veto, the Council may override the veto by a two-thirds vote. Except for emergency legislation with a limited duration, acts authorizing general obligation revenue anticipation notes, and acts authorizing the renewal or refunding of bond anticipation notes, all acts of the Council are subject to a period of Congressional review (the “30-Day Congressional Review Period”) before they take effect. For most acts of the Council, such review period is a 30-calendar-day period (excluding weekends, federal holidays, and any day on which the United States House of Representatives or the United States Senate is not in session because of an adjournment, a recess of more than three days, or an adjournment of more than three days). Such acts of the Council take effect unless a joint resolution disapproving the law is enacted prior to the expiration of such review period.

The power of the Council to enact certain taxes or pass other legislation is subject to certain limitations set forth in the Home Rule Act. For example, the Council cannot enact legislation that would tax, directly or at the source, the income of any individual who is not a resident of the District, or would permit the building of structures within the District that would exceed in height above the sidewalk the width of the street, avenue, or highway in its front, increased by 20 feet. In addition, the District cannot tax federal properties.

***Judicial Branch.*** The judicial power of the District is vested in the District of Columbia Superior Court (the “Superior Court”) and the District of Columbia Court of Appeals (the “Court of Appeals” and together with the Superior Court, the “Courts”). The Superior Court has jurisdiction of any civil action or other matter (at law or in equity) brought in the District of Columbia and of any criminal case under any law applicable exclusively to the District. The Superior Court has no jurisdiction over any civil or criminal matter over which a United States court has exclusive jurisdiction pursuant to an Act of Congress. The Court of Appeals has jurisdiction of appeals from the Superior Court and, to the extent provided by law, to review orders and decisions of the Mayor, the Council or any agency of the District. Generally, the President nominates judges of the Courts from a list of candidates recommended by the District of Columbia Judicial Nomination Commission and, with the advice and consent of the United States Senate, the President appoints the judges of the Courts. The federal government funds the operating and capital costs of the Courts; however, the Courts manage themselves.

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

The Mayor is elected to a four-year term with no term limits. If there is a vacancy in the office of the Mayor, the Chairman of the Council serves as Acting Mayor until a special election for a new Mayor is held. Muriel Bowser was elected to a third term as Mayor in the general election held on November 8, 2022 and was sworn into office on January 2, 2023.

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

The Home Rule Act requires the Mayor to prepare and submit to the Council an annual budget, including, among other things, the budget for the forthcoming Fiscal Year, a multiyear plan for all agencies and all sources of funding, a multiyear capital improvement plan, a performance report comparing actual performance to goals, an issue analysis statement, and a summary of the budget for public distribution. For a discussion on the District’s budget process, see “BUDGETING AND FINANCIAL PROCEDURES – General” and “– Local Budget Autonomy Legislation.”

***The Attorney General for the District of Columbia.*** The Attorney General for the District of Columbia (the “Attorney General”) is charged to conduct all legal business of the District and handle all lawsuits instituted by and against the District government. The Attorney General is also responsible for upholding the public interest and may intervene in legal proceedings on behalf of the public interest. Pursuant to an amendment to the Home Rule Act, the Attorney General became an elected official in 2014.

The Attorney General is elected to a four-year term with no term limits. If there is a vacancy in the office of the Attorney General, the Chief Deputy Attorney General serves as Acting Attorney General until a special election for a new Attorney General is held. Brian Schwalb was elected as Attorney General in the general election held on November 8, 2022 and was sworn into office on January 2, 2023.

***Office of the Chief Financial Officer.*** The Office of the CFO has primary responsibility for oversight of the District’s budgetary and financial records, activities and transactions, including the supervision and

administration of all borrowing programs of the District for the issuance of long-term and short-term indebtedness (excluding industrial revenue bonds).

The CFO is responsible for supervising the activities of the District Treasurer, supervising and administering the District's borrowing, administering cash management, administering the District's payroll, Other Post-employment Benefit (OPEB) accounts, 401(a) accounts, and 457(b) accounts, governing the District's accounting policies and systems, preparing certain reports on the District's accounting and financial operations, preparing a comprehensive financial management policy for the District and preparing the financial statements and reports on the District's activities required by the Home Rule Act. The Office of the CFO supervises and assumes responsibility for financial transactions to ensure adequate control of revenues and resources and that appropriations are not exceeded, maintains systems of accounting and internal control, supervises and assumes responsibility for levying and collecting, with limited exceptions, taxes, fees and other revenues, maintains custody of all public funds and all investments and invested funds, and assists the Inspector General of the District of Columbia (the "Inspector General") in developing internal audits of accounts, operations and records of the District. In addition, the CFO is required to prepare and submit to the Mayor, for inclusion in the annual budget of the District, annual estimates of expenditures and appropriations necessary for the operation of the Office of the CFO. Further, the CFO must prepare annual estimates of all revenues of the District, which are binding on the Mayor and the Council for purposes of preparing and submitting the annual budget. The CFO also must prepare and submit to the Mayor and the Council, and make public, quarterly estimates of the revenues of the District during the year.

The CFO oversees the Office of Finance and Treasury, the Office of Financial Operations and Systems, the Office of Budget and Planning, the Office of Tax and Revenue, the Office of Finance and Resource Management, the Office of Revenue Analysis, and the Office of Lottery and Gaming. Moreover, certain personnel performing financial functions in the District's various agencies (including independent agencies) report to the CFO.

The Mayor, with the advice and consent of the Council, appoints the CFO for a term of five years. Upon confirmation by the Council, the appointment is then submitted to the Committees on Appropriations of the U.S. Senate and the House of Representatives, the Committee on Homeland Security and Governmental Affairs of the Senate, and the Committee on Oversight and Government Reform of the House of Representatives for a 30-day period of review and comment before the appointment takes effect. The CFO may only be removed from office for cause by the Mayor, subject to the approval of that removal by a two-thirds vote of the Council. Upon approval of that removal by the Council, notice of the removal must be submitted to the Committees on Appropriations of the Senate and the House of Representatives, the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives for a 30-day period of review and comment before the removal takes effect.

On May 23, 2022, the Mayor announced the appointment of Glen Lee as CFO to serve a five-year term, beginning July 1, 2022. Mr. Lee's appointment was confirmed by the Council on June 28, 2022 and, as noted above, became effective following a 30-Day Congressional Review Period.

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

The Mayor appoints the Inspector General with the advice and consent of the Council. The Inspector General is subject to removal only for cause by the Mayor with the advice and consent of the Council. Neither the Mayor nor the Council may revise the proposed budget for the Office of the Inspector General (“OIG”), but they may make recommendations to Congress regarding the proposed budget. The Inspector General serves a six-year term. On October 28, 2014, the Council approved the Mayor’s nomination of Daniel W. Lucas as the Inspector General. He was sworn into office on November 17, 2014, for a six-year term through May 19, 2020, and confirmed on April 10, 2021, for a second six-year term to end on May 19, 2026.

***District Auditor.*** The District of Columbia Auditor (the “District Auditor”) conducts an annual audit of the accounts and operations of the government of the District. The District Auditor is required to submit audit reports and recommendations to the Council, the Mayor, and the Congress. The District Auditor has access to all books, accounts, records, reports, findings, and all other papers, things, or property belonging to or in use by any department, agency, or other instrumentality of the District government and necessary to facilitate the audit. The Mayor is required to state in writing to the Council what action he or she has taken to effectuate the recommendations made in the District Auditor’s reports. The District Auditor is required to certify the Mayor’s estimate of local revenues for purposes of the general obligation bond debt limitation. The Chairman of the Council, subject to the approval of a majority of the Council, appoints the District Auditor. The District Auditor serves a six-year term. Kathleen Patterson was sworn in as District Auditor on December 15, 2014 to complete the term of her predecessor. In 2023, Ms. Patterson was reconfirmed as District Auditor for another six-year term that runs through February 25, 2029.

***Office of Integrity and Oversight.*** In 2003, the CFO created an Office of Integrity and Oversight (“OIO”) for the purpose of conducting regular audits of the Office of the CFO operations, identifying those operational procedures and processes that need to be modified, updated or strengthened, recommending appropriate changes and monitoring the implementation of those changes. Such audits are in addition to the investigative audits conducted by the OIG, the District Auditor and the District’s independent outside auditors.

***Efforts for Statehood.*** In May 2016, the Mayor and the New Columbia Statehood Commission unveiled a draft state constitution that would serve as a part of a petition for the establishment of the State of New Columbia (the proposed state name was subsequently changed to the State of Washington, D.C.). Under such state constitution, the new state would assume the District’s existing debts and liabilities and would continue to have a CFO and an elected Attorney General, among other things. The state constitution is a necessary element of a plan outlined by District officials to gain statehood. In November 2016, District voters approved a referendum that would allow voters to support statehood and ask the Council to petition Congress to enact statehood legislation, including boundaries of the future state and a constitution. District officials are expected to petition Congress to act on District statehood, but the timetable for any such action and likelihood of Congressional approval are not clear at this time.

The efforts described in the preceding paragraph assume that no amendment to the United States Constitution would be necessary for District statehood. It is unclear whether any such amendment would be required. If such an amendment were to be required, it would need approval of two-thirds of each House of Congress and ratification by three-fourths of the States. Over the years, there have been several attempts at statehood for the District.

## **Congressional Authority**

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



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

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

In 2023, Congress reviewed two pieces of District legislation, namely the Local Resident Voting Rights Amendment Act of 2022 (D.C. Law 24-242, effective February 23, 2023 and subject to appropriation, the "DCVRA") and the Revised Criminal Code Act of 2022, enacted Jan. 17, 2023 (D.C. Act 24-789; 70 DCR 1249, the "DC Revised Criminal Code"). The Congressional review period for the DCVRA may have expired before being voted on by the Senate. The DC Revised Criminal Code was transmitted to Congress for a 60-day Congressional review period on January 27, 2023. On February 9, 2023, the House of Representatives voted to disapprove the DC Revised Criminal Code by voting in favor of a disapproval resolution (specifically, H.J. Res. 26). H.J. Res. 26 was received in the Senate and passed on March 8, 2023. H.J. Res. 26 was approved by the President on March 20, 2023 as Public Law 118-1, and the DC Revised Criminal Code was disapproved.

***Recent Federal Government Proposals on the Home Rule Act.*** On January 6, 2025, House Del. Norton introduced legislation that which would amend the Home Rule Act to eliminate the Congressional review period for District of Columbia legislation. Such act was referred to the Committee on Oversight and Government Reform and the Committee on Rules. No further action has been taken on such bill at this time.

On February 6, 2025, House Republicans introduced legislation that would repeal that Home Rule Act. Such act was referred to the Committee on Oversight and Government Reform and the Committee on Rules. No further action has been taken on such bill at this time.

## **The Authority Act**

Pursuant to the District of Columbia Financial Responsibility and Management Assistance Act of 1995, Pub. L. No. 104-8, as amended (the "Authority Act"), the District of Columbia Financial Responsibility and Management Assistance Authority (the "Authority") was established. Without repealing the District's Mayor/Council government structure, the Authority Act granted the Authority substantial powers over the financial activities and management operations of the District government during any "Control Period" and "Control Year" as defined in the Authority Act. The initial Control Period terminated on February 14, 2001, and the Authority suspended its activities on September 30, 2001.

Under the provisions of the Authority Act, a new Control Period will be initiated if: (i) the Mayor seeks a U.S. Treasury advance; (ii) the District fails to provide sufficient revenue to certain debt service reserve funds of the Authority (item (ii) is currently inapplicable due to suspension of activity of the Authority); (iii) the District defaults with respect to any loan, bond, note or other form of borrowing issued by the District; (iv) the District fails to meet its payroll for any pay period; (v) at the end of any quarter of any Fiscal Year, a cash deficit exists that exceeds the difference between the estimated District revenues and estimated District expenditures during the remainder of that Fiscal Year or the remainder of that Fiscal Year together with the first six months of the succeeding Fiscal Year; (vi) the District fails to make required payments relating to pensions and benefits for current and former District government employees; or (vii) the

District fails to make payments to any entity under an interstate compact to which the District is a signatory, for example, the interstate compact pertaining to the Washington Metropolitan Area Transit Authority (“WMATA”).

If a new Control Period were to be initiated under the existing Authority Act, the Authority would be reconstituted and resume its full statutory powers unless Congress were to change the law.

## **Cybersecurity**

The District relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private, and sensitive information, the District and its departments and offices face multiple cyber threats including, but not limited to, hacking, viruses, malware, and other attacks on computers and other sensitive digital networks and systems. In recent years, cyber incidents have occurred within the District’s systems and the impact of such incidents was reduced as a result of the District’s cyber policies and procedures, which are described below.

The District has adopted cybersecurity best practices and deployed next generation security technologies to improve its overall cybersecurity resiliency. In implementing such best practices, the District has continued to grow its cybersecurity program and increase its cybersecurity workforce, including hiring a permanent Chief Information Security Officer.

In addition, the District works to protect its systems from cyber threats by adopting new technology to ensure system integrity, including (i) developing District-wide security policies, (ii) reducing the number of individuals having elevated or administrator access to devices, (iii) improving security controls on endpoints (e.g., desktops and laptops) to identify and isolate potential malware before it has an opportunity to execute; (iv) requiring multifactor authentication on all major systems and applications; (v) improving processes surrounding identity and access management; and (vi) implementing an improved cybersecurity awareness training program required of all staff and conducting periodic “phishing campaigns” to help staff become better able to identify real phishing attacks.

While the District closely monitors its networks and conducts periodic tests and reviews thereof, no assurances can be given that such security and operational control measures will be successful in guarding against all future cyber threats and attacks. New technical cyber vulnerabilities are discovered in the United States daily. In addition, cyberattacks have become more sophisticated and increasingly are capable of impacting municipal control systems and components. The techniques used to obtain unauthorized access to, or to disable or degrade, electronic networks, computers, systems and solutions are rapidly evolving and have become increasingly complex and sophisticated. In addition, there is heightened risk due to an increase in remote access to District systems by employees as a result of the outbreak of COVID-19. As cybersecurity threats continue to evolve, the District may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks. The results of any successful attack on the District’s computer and information technology systems could impact its operations and damage the District’s digital networks and systems, and the costs of remedying any such damage could be substantial.

**WCSA Cyberattack.** During Fiscal Year 2022, the Washington Convention and Sports Authority (“WCSA”), an independent authority of the District government and component unit that is partially supported by operating subsidies from the District’s General Fund, was subjected to a ransomware cyberattack. This cyberattack resulted in certain financial data of WCSA being encrypted and made unavailable for access. As a result, WCSA’s financial statements for Fiscal Year 2022 were delayed until November 2023. The cyberattack did not impact the timely preparation of financial statements for subsequent fiscal years and further, there were no findings of material misstatements for Fiscal Years 2022-2024.

## Climate Change

The District of Columbia recognizes the impacts that a changing climate will have on its residents, economy, and infrastructure and has developed strategic plans that aim to ensure the District remains prepared for worsening weather conditions. In 2016, Mayor Bowser released Climate Ready DC, the District's plan to prepare for the impacts of climate change including the increased frequency and intensity of flooding, extreme heat and major storms. The plan includes 77 actions for District Government to take to reduce the risk to District residents, businesses and property posed by climate-related hazards. Released in 2019, Resilient DC is the District's strategy to build an economy, communities and infrastructure that are resilient to a wide range of acute shocks and chronic stressors. In addition to economic and technological growth, safety, and public health, the strategy includes 16 climate action initiatives that address persistent vulnerabilities while also preparing the District for emerging and future challenges. Combined, these strategies leverage interagency approaches to reducing natural hazard risk and prioritizing efforts that enhance climate resilience across the District.

As part of the Climate Ready DC initiative, the Department of Energy and Environment ("DOEE") developed projections for multiple climate change indicators including average annual temperatures, number of extremely hot days, number of storms per year with extreme precipitation, among others. In 2024, DOEE updated these climate change projections to reflect the latest available science and employ the best available federal tools. These projections are freely available on the District website and are used by multiple agencies to analyze climate risk and guide the development of projects and programs. Potential climate change impacts that the District of Columbia is working to address include an increase in the frequency of stronger storms, including hurricanes and derechos; an increase in heat emergencies, from the current average of 30 days per year to 54-65 days by the 2050s, and 60-91 days by the 2080s; an increase in the likelihood of more frequent flooding events, with a "100-year storm" being four times more likely by 2050; and rising river levels in the Potomac and Anacostia Rivers (up 11 inches in the past 90 years and potential to rise an additional 4.3 feet by 2080).

Since the release of Climate Ready DC, the District has advanced multiple notable initiatives to address these hazards. To better understand how water moves through the city and to identify where flood management investments are needed most, the District invested in the creation of an integrated flood model that models coastal, riverine, and inland flooding based on storm and sewer infrastructure, drain locations, topography, land cover and more. To better protect District homeowners from flooding, DOEE received \$1,049,185 in Fiscal Year 2023 to launch a Flood Smart Home program that provides free home audits to residents and implements flood risk reduction measures. To better address extreme heat, the District launched a data-driven extreme heat adaptation initiatives that resulted in the 2022 Keep Cool DC plan, which prioritizes investments in urban heat island reduction projects and safety improvements for residents during heat waves. To better protect buildings and infrastructure, the District released Resilient Design Guidelines in 2021, which provides a methodology for assessing the vulnerabilities of existing or proposed buildings and numerous best practices to reduce risks.

The District has pursued numerous other climate risk reduction efforts, including a campaign to increase the efficiency of District government buildings by 2030; a \$60 million microgrid project that will power a hospital, a men's shelter, and the District's 311/911 emergency call center at Saint Elizabeths Hospital Campus; a resilience hub program with a pilot resilience hub located in one of the District's neighborhoods with highest flood risk that has received over \$2 million of federal, non-District funding; a \$635,000 project to identify roadways at risk for flooding and install warning signs and sensors; and a \$1.4 million cross-jurisdictional project with Prince George's County, MD to understand flood risk and explore options for blue-green infrastructure.

The ability to quantify risk and make data-informed decisions using the best available science remains a key strength of the District's Homeland Security and Emergency Management Agency's ("HSEMA")

Hazard Mitigation Program. The program continues to function as a pivotal avenue for strengthening interagency collaboration, developing integrated approaches to climate risk reduction and resilience building, and pursuing funding to support a growing portfolio of projects. Ongoing projects include the development of a decision framework that will inform the Department of Transportation's placement of shaded bus shelters in neighborhoods most impacted by extreme heat; enhancing energy efficiency and disaster resilience requirements by updating the Department of Building's construction codes and improving compliance monitoring; and updating the District's personal preparedness website, Ready.dc.gov, to include an expanded list of hazards and resources; and supporting the development of the District's strategy for establishing a city-wide network of resilience hubs.

While it is likely that climate change will increase both the frequency and intensity of extreme weather events, planning for the effects of climate change can help to reduce the costs of these events and lessen the impacts to quality of life in the District. As DOEE and HSEMA continue to track progress across Climate Ready DC and Resilient DC and update both strategies with an anticipated Fiscal Year 2025 release, the District continues to monitor climate change impacts through its city-wide climate-related initiatives. Progress reporting on Climate Ready DC, Sustainable DC (the District's overall sustainability plan) and Clean Energy DC (the District's plan to reduce greenhouse gas emissions) can be found at [Sustainable.dc.gov/progress](http://Sustainable.dc.gov/progress) and previous Resilient DC progress reports can be found on the District's investor relations website ([www.DCbonds.com](http://www.DCbonds.com)). Reference to such reports is included herein for convenience only, and the information contained therein is not incorporated by reference in this Official Statement.

## **BUDGETING AND FINANCIAL PROCEDURES**

### **General**

The Home Rule Act requires the Mayor to submit to the Council, at such time as the Council directs, an annual budget prepared on the basis that proposed expenditures do not exceed resources. The annual budget includes, among other things, the budget for the forthcoming Fiscal Year, a multiyear plan for all agencies and all sources of funding, a multiyear capital improvement plan, a performance report comparing actual performance to goals, an issue analysis statement and a summary of the budget for public distribution. The multiyear plan includes (i) prior year actual spending, (ii) the current year approved budget, (iii) the proposed revisions to the current year approved budget, (iv) the budget for the forthcoming Fiscal Year, and (v) estimates of the budgets for each of the three succeeding Fiscal Years.

The District's annual budget has two parts: (i) one funded by the federal government and (ii) one funded by the District, which is often referred to as the local funds budget. Following Council approval, each June or July, the Mayor submits to the President a request to include the federally funded part of the District's budget in the federal budget, which is subject to the Congressional appropriation process. Congress is free to alter the federal portion of the District's budget.

### **Local Budget Autonomy Legislation**

The Local Budget Autonomy Amendment Act of 2012 (D.C. Law 19-321) (the "Budget Autonomy Act") was signed into law on February 15, 2013 and ratified by the District voters in an April 2013 referendum. Such act became effective January 1, 2014 and, thereunder, the District may enact and appropriate its local funds budget without the need for affirmative approval by Congress. The local funds budget legislation is only subject to the 30-Day Congressional Review Period (as described in "THE DISTRICT OF COLUMBIA – Organization of the District Government – Legislative Branch").

Congress has from time to time taken certain actions with regard to the Budget Autonomy Act and held hearings examining Congressional intent in drafting the Home Rule Act and the validity of the Budget

Autonomy Act. To date, none of such actions has had an impact on the Budget Autonomy Act and no enacted federal appropriations legislation has included any language repealing the Budget Autonomy Act.

The District has followed the budgetary procedures set forth in the Budget Autonomy Act for its budgets for Fiscal Years 2017 through 2025, enacting legislation in June or July of the respective year that permits the District to appropriate its local funds budget, in the event there is a lapse in federal appropriations authority. For information on the District's current budget, see "DISTRICT BUDGET AND FINANCIAL PLAN."

### **Certain Expenditures and Payment of Debt Service Not Subject to Appropriations**

Absent local budget autonomy, the District cannot spend money, including local funds, without Congressional appropriation or authorization. Exceptions to this restriction permit spending for certain designated purposes, including, among other things, the payment of debt service on income tax secured revenue bonds, general obligation bonds, general obligation tax revenue anticipation notes and certain other types of debt.

### **Federal Funding**

Each Fiscal Year, the District receives federal revenues to fund certain expenditures incurred by the District. The federal government assumes the costs of certain District state-like functions, such as the Courts and incarceration of convicted felons. The federal government also provides revenues to the District for other functions and for certain programs, such as Medicaid, school improvements and the Tuition Assistance Grant program. In Fiscal Year 2024, the District directly received federal revenues in the total aggregate amount of approximately \$6.512 billion. See Table 6 herein.

The federal government also provides many services required for its own operations within the District of Columbia or for the benefit of visitors to the Nation's Capital. The federal government operates and maintains its own buildings, national monuments and parks, and it provides financial support to visitor attractions such as the National Gallery of Art, the Smithsonian Institution, and the National Zoo. The federal government also maintains special police forces and guard services to protect the White House, the Capitol, the Supreme Court, other federal facilities and foreign embassies and missions.

### **Cash Reserves**

The District is required by federal law to maintain the Emergency Reserve Fund and the Contingency Reserve Fund and is required by District law to maintain the Fiscal Stabilization Reserve Account and the Cash Flow Reserve Account. The Fiscal Year 2011 Budget Support Act of 2010 (D.C. Law 18-223, effective September 24, 2010) directed the CFO to create the Fiscal Stabilization Reserve Account and the Cash Flow Reserve Account as segregated non-lapsing accounts within the cumulative Fund Balance. These two accounts were established with the goal of replenishing and augmenting the spendable portion of the District's Fund Balance to a level that, together with the Emergency Reserve Fund and the Contingency Reserve Fund, equals approximately two months of operating expenditures.

Pursuant to §450A of the Home Rule Act, the District is required to maintain (i) a balance in the Emergency Reserve Fund of 2.0% of operating expenditures (including required replenishment of permitted draws) and (ii) a balance in the Contingency Reserve Fund of 4.0% of operating expenditures (including required replenishment of permitted draws).

Pursuant to §47–392.02 of the D.C. Official Code, at full funding, (i) the Cash Flow Reserve Account will be equal to 10.0% of the General Fund operating budget each Fiscal Year and (ii) the Fiscal Stabilization

Reserve Account will be equal to 2.34% of the District's General Fund operating expenditures for each Fiscal Year.

The Cash Flow Reserve Account, the Fiscal Stabilization Reserve Account, the Emergency Reserve Fund, and the Contingency Reserve Fund are collectively referred to herein as the "Cash Reserves." Funding calculations for each reserve are described in more detail below. See Table 1 herein for the cash balances of the Cash Reserves for Fiscal Years 2020-2024.

***Emergency Reserve Fund.*** The District is required by federal law to maintain an Emergency Reserve Fund, which is a separate account within the General Fund. The District is required to deposit not later than October 1 of each Fiscal Year into the Emergency Reserve Fund the amount in cash necessary to bring the balance in the fund to 2.0% of the actual operating expenditures (less the amount necessary to repay draws during the next two Fiscal Years) paid from local funds for the Fiscal Year of the most recently issued ACFR, after deducting from such expenditures those amounts attributed to debt service payments for which a debt service reserve or escrow fund is already established.

The CFO, in consultation with the Mayor, developed a policy to govern the use of such funds, which is limited by law to unanticipated and nonrecurring extraordinary needs of an emergency nature. Accordingly, the Emergency Reserve Fund may not be used to fund (i) any department, agency or office of the District that is administered by a receiver, (ii) shortfalls in any projected expenditure reductions that are included in the budget proposed by the District, or (iii) settlements and judgments made by or against the District. Funds may be allocated from the Emergency Reserve Fund only after the CFO has prepared an analysis regarding the availability of other sources of funding to carry out the purposes of the allocation and the impact of such allocation on the balance and integrity of the Emergency Reserve Fund.

The District must replenish any expenditures from the Emergency Reserve Fund so that not less than 50% of such expenditures or the amount needed to restore the 2.0% balance, whichever is less, is replenished by the end of the first Fiscal Year following the year in which the expenditure was made, with the balance being restored by the end of the second Fiscal Year. If funds in the Emergency Reserve Fund are expended, the Mayor and the Council must notify the Committees on Appropriation of the Senate and the House in writing not more than 30 days after such expenditure.

***Contingency Reserve Fund.*** The District is required by federal law to maintain a Contingency Reserve Fund, which is a separate account within the General Fund. The District is required to deposit not later than October 1 of each Fiscal Year into the Contingency Reserve Fund the amount in cash necessary to bring the balance in the fund to 4.0% of the actual operating expenditures (less the amount necessary to repay draws during the next two Fiscal Years) paid from local funds for the Fiscal Year of the most recently issued ACFR, after deducting from such expenditures those amounts attributed to debt service payments for which a debt service reserve or escrow fund is already established.

The CFO, in consultation with the Mayor, developed the District of Columbia Comprehensive Financial Management Policy to govern the use of such funds, which is limited to nonrecurring or unforeseen needs that arise during the Fiscal Year, including natural disasters, unforeseen weather conditions, unexpected obligations created by federal law, new public safety or health needs or opportunities to achieve cost savings. The Contingency Reserve Fund also may be used to cover revenue shortfalls that continue for three consecutive months (based on a two-month rolling average) that are 5.0% or more below the budget forecast. Such policy is described in the District's annual budget and financial plan.

The District must replenish any expenditures from the Contingency Reserve Fund so that not less than 50% of such expenditures or the amount needed to restore the 4.0% balance, whichever is less, is replenished by the end of the first Fiscal Year following the year in which the expenditure was made, with the balance being restored by the end of the second Fiscal Year.

In addition, the District has the authority to allocate and use amounts in the Emergency Reserve Fund and Contingency Reserve Fund for cash flow management purposes. Such allocations may not exceed 50% of the balance of the applicable reserve fund at the time such allocation is made. The aggregate amount allocated from a reserve fund during a Fiscal Year may not exceed 50% of the balance of such fund as of the first day of such Fiscal Year. Following any allocation, the District is required to fully replenish the amounts allocated from a reserve fund not later than the earlier of (i) nine months after the allocation or (ii) the last day of the same Fiscal Year. In addition, following any allocation from a reserve fund for cash flow management purposes, if the District makes any other allocation from such fund during a Fiscal Year the result of which is that the balance of the reserve fund is reduced to an amount that is less than 50% of the balance of the reserve fund on the first day of such Fiscal Year, the District must replenish the balance of such fund within 60 days to an amount equal to 50% of the balance of the reserve fund on the first day of such Fiscal Year. Nothing precludes the District from using such funds for cash flow management purposes more than once during a Fiscal Year, subject to the provisions regarding replenishment.

***Cash Flow Reserve Account.*** The Cash Flow Reserve Account was established by the District in Fiscal Year 2011 and may be used by the CFO to cover cash-flow needs, provided that any amounts used must be replenished to the Cash Flow Reserve Account in the same Fiscal Year. In June 2024, Council voted to revise the full funding percentage to 10.0% of the General Fund operating budget for each Fiscal Year (the prior full funding percentage was 8.33% of the General Fund operating budget for each Fiscal Year).

***Fiscal Stabilization Reserve Account.*** The Fiscal Stabilization Reserve Account was established by the District in Fiscal Year 2011 and may be used by the Mayor for certain purposes for which the Contingency Reserve Fund may be used, as specified in § 450A(b)(4) of the Home Rule Act, D.C. Official Code § 1-204.50a(b)(4), as certified by the CFO, with approval of the Council by act. At full funding, the Fiscal Stabilization Reserve Account equals 2.34% of the District's General Fund operating expenditures for each Fiscal Year.

In June 2024, Council voted to revise the replenishment procedures for the Fiscal Stabilization Reserve Account. Replenishment will be from a deposit of excess revenues, if any. Such revisions also provide that if the Fiscal Stabilization Reserve Account is not at its full funding level by the time the ACFR for Fiscal Year 2025 is issued (scheduled to occur in early 2026), the operating budget for Fiscal Year 2027 is required to include sufficient funding to restore the account to the full funding level.

The revisions to Cash Flow Reserve Account (described above) and the Fiscal Stabilization Reserve Account were included in the Fiscal Year 2025 Budget Support Act of 2024 (the "Fiscal Year 2025 Budget Support Act"), which became law as of September 18, 2024.

As a result of the COVID-19 pandemic, \$212.7 million from the Fiscal Stabilization Reserve Account was approved to be used to address a revenue shortfall in Fiscal Year 2021. At the time, this amount was expected to be fully replenished in Fiscal Year 2024, but revenues and underspending were sufficient to allow full replenishment by the end of Fiscal Year 2021.

If either of the Cash Flow Reserve Account or the Fiscal Stabilization Reserve Account is below full funding, immediately upon the issuance of the District's ACFR, the CFO is required to deposit 50% of the undesignated end-of-year Fund Balance into each account, or 100% of the undesignated end-of-year Fund Balance into the account that has not reached capacity, to fully fund these accounts to the extent that the undesignated end-of-year Fund Balance allows. If amounts required to satisfy the reserve requirements for the Emergency Reserve Fund or the Contingency Reserve Fund are reduced, the amount required to be deposited in the Fiscal Stabilization Reserve Account is required to be increased by a like amount.

**Cash Reserve Fund Balances.** Table 1 shows cash reserve fund balances for Fiscal Years 2020-2024.

**Table 1. Cash Reserve Fund Balances<sup>(1)</sup>**  
(\$ in millions)

<b><u>Fiscal Year</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>
Emergency Reserve Fund	\$156	\$159	\$165	\$184	\$213
Contingency Reserve Fund	311	317	330	369	271
Cash Flow Reserve Account	795	828	932	966	966
Fiscal Stabilization Reserve Account	218	226	250	34	123
<b>Total</b>	<b><u>\$1,480</u></b>	<b><u>\$1,530</u></b>	<b><u>\$1,677</u></b>	<b><u>\$1,552</u></b>	<b><u>\$1,572</u></b>

<sup>(1)</sup> Figures may not sum due to rounding.

Source: The District's ACFRs for the applicable Fiscal Year.

The District ended Fiscal Year 2024 with total Cash Reserve fund balances of approximately \$1.572 billion, which represents 52 days of operating expenditures. The Government Finance Officers Association (GFOA) recommends that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than 60 days of regular general fund operating revenues or regular general fund operating expenditures.

## **Financial Procedures**

***Audit and Accounting Practices.*** The District's Fiscal Year covers the 12-month period between October 1 of one calendar year and September 30 of the next calendar year. The District uses Generally Accepted Accounting Principles ("GAAP") for governments, established by the Governmental Accounting Standards Board ("GASB"), to account for its assets, liabilities, deferred inflows and outflows of resources, equity and results of operations. The budgetary basis of accounting is used to prepare budgetary comparison statements; however, the District's financial statements are prepared using GAAP. GAAP basis statements include a number of revenue, expenditure and source and use items, which are excluded from the budget. Consequently, the GAAP-based presentation provides a more comprehensive view of the activities in the General Fund (the District's principal operating fund). Since Fiscal Year 1980, the financial statements of the District have been prepared in accordance with GAAP for governments and audited by Independent Certified Public Accountants. Additional information concerning the District's accounting policies is provided in the disclosures contained in the Notes to the Basic Financial Statements (as set forth in the Fiscal Year 2024 Financial Statements), which explain the items presented in the main body of the financial statements.

D.C. Official Code § 47-119 requires that the District's financial operations be audited each Fiscal Year by an independent auditor. District law provides that an audit contract with the same auditor cannot be extended past five years. For Fiscal Year 2020, the District selected a new team of independent certified public accountants, McConnell & Jones, LLP, assisted by Regis & Associates, PC and UHY LLP, to audit the District's financial operations. Consistent with the executed contract, which covers a base year and four option years, the District is allowed to renew, on an annual basis, its agreement with the auditors for an additional year. The District exercised the fourth and final option year under the contract and a team from McConnell & Jones, LLP (assisted by Regis & Associates) conducted the audit for Fiscal Year 2024.

Consistent with GAAP, the District prepares government-wide financial statements and fund financial statements. Government-wide financial statements focus on all the economic resources of the District and use the full accrual basis of accounting (revenues are recognized when earned and expenses recorded when a liability is incurred). Fund financial statements focus primarily on the sources, uses and balances of current financial resources and use the modified accrual basis of accounting (revenues are recognized when they are



available and measurable, and revenues are deemed available if they are collectible within the current Fiscal Year or within 60 days after the end of the current Fiscal Year).

As set forth in Part 1, the Fiscal Year 2024 Financial Statements, which are included in the District's ACFR for Fiscal Year 2024, have been incorporated herein by reference. The District's ACFR for Fiscal Year 2024 and the Fiscal Year 2024 Financial Statements can be found on the District's investor website at [www.DCbonds.com](http://www.DCbonds.com), on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system at <http://www.emma.msrb.org> or by registering with and logging onto the website of Digital Assurance Certification, L.L.C. ("DAC") at <http://www.dacbonds.com>. DAC is the disclosure dissemination agent for the District. Copies of the District's ACFRs may also be obtained by written request submitted to the Treasurer of the District of Columbia, Office of Finance and Treasury, 1101 Fourth Street, S.W., Suite 850, Washington, D.C. 20024, or by email at [dcinvestorrelations@dc.gov](mailto:dcinvestorrelations@dc.gov). The District did not require the independent auditor's consent to incorporate by reference herein the Fiscal Year 2024 Financial Statements. The independent auditor did not review or perform any procedures relating to this Official Statement. Further, the independent auditor has not been engaged to perform and has not performed, since the date of the ACFR for Fiscal Year 2024, any procedures on the financial statements addressed in its report as a part of the ACFR for Fiscal Year 2024.

**Revenue Estimates and Expenditure Projections.** The Home Rule Act requires the CFO to submit quarterly estimates of all revenues of the District to the Mayor and Council. The CFO submitted the most recent revenue estimate for the District for Fiscal Years 2025-2029 on February 28, 2025 (the "February 2025 Revenue Estimate"). Table 2 shows the revenue estimates for the District for Fiscal Years 2025-2029, as included in the February 2025 Revenue Estimate.

**Table 2. Local Source, General Fund Revenue Estimates**  
(\$ in millions)

	<u>Estimated</u>		<u>Projected</u>		
	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
<b>December 2024 Revenue Estimate</b>	<b>\$10,701.8</b>	<b>\$10,955.6</b>	<b>\$11,255.2</b>	<b>\$11,642.0</b>	<b>-</b>
<i>February Revision to the Estimate (Local Fund)</i>	<i>(21.6)</i>	<i>(325.0)</i>	<i>(337.8)</i>	<i>(363.2)</i>	<i>-</i>
<b>February 2025 Revenue Estimate</b>	<b><u>\$10,680.2</u></b>	<b><u>\$10,630.6</u></b>	<b><u>\$10,917.4</u></b>	<b><u>\$11,278.7</u></b>	<b><u>\$11,656.4</u></b>
<b>Revenue Change from the Previous Year</b>					
Amount	456.3	(49.6)	286.7	361.4	377.6
Year-Over-Year Percent Change	4.5%	(0.5%)	2.7%	3.3%	3.3%

Source: February 2025 Revenue Estimate.

**Key Drivers of the Revenue Forecast.** Efforts to reduce the federal workforce are expected to have a broad economic impact on the District of Columbia and the metropolitan area through (i) increased unemployment both at the federal level and in the private sector (government contractors, support services, and other businesses that rely on federal spending); (ii) reduced income levels and decreased consumer spending; and (iii) continued commercial real estate vacancies and decreased housing demand, both impacting property values. Continued remote work arrangements have affected office space and other commercial properties, with preliminary real property assessment data for Fiscal Year 2026 showing lower assessments across all classes of properties.

In terms of quantifying the impact of federal workforce reductions, federal employment represents approximately 25% of total jobs in the District of Columbia (about 190,000 jobs). With respect to resident employment, about 19% of District of Columbia residents are federal employees. Federal employment is

expected to drop to approximately 150,000 jobs by the end of Fiscal Year 2029, resulting in (a) a 21% drop in federal jobs, (b) a 5% drop in the total number of jobs in the District of Columbia, and (c) a 3% drop in the number of jobs held by District of Columbia residents. As a result of these employment projections, growth rates for wages, personal income, and personal consumption for District of Columbia residents were revised downward for Fiscal Years 2025-2029. In particular, the February 2025 Revenue Estimate includes downward revisions to local fund revenue collections, the largest of which are projections of lower individual income withholding taxes, property tax revenues, and sales tax collections.

**Key Risks to the Revenue Forecast.** For the District of Columbia, the February 2025 Revenue Estimate identifies certain local risks to the revenue forecast, including (i) changes to federal employment and commercial office space use patterns; (ii) a decrease in resident population; (iii) possible reductions in Metro rail and bus services by WMATA; and (iv) public safety concerns.

From a national perspective, there are also several key risks to highlight: (i) continued uncertainty related to federal policy decisions; (ii) the possibility that inflation resurfaces; (iii) the possibility of a federal government shutdown and overall federal budgetary/spending levels; (iv) geopolitical concerns; and (v) the possibility of a recession in the United States.

For information on demographic and socioeconomic statistics in the District of Columbia, see “THE DISTRICT’S ECONOMIC RESOURCES.”

The District’s revenue assumptions reflect a combination of statistical techniques, historical factors, local information, and experience with the regional economy. Statistical techniques used in developing some of these revenue estimates include trending, time series analysis, correlation analysis and other common statistical methods. The estimating process requires ongoing communication with local business officials and economists. For example, the Office of Revenue Analysis routinely consults business, trade and research organizations to determine the current status and future course of the various segments of the region’s economy. These factors are considered and balanced against the past experience of revenue collections in the District. Only the CFO’s revenue estimates may be used for the budget.

In preparing gross expenditure projections, the expenditures are categorized by types of spending, which are also referred to as “object classes.” Object classes include categories such as personal and contractual services, supplies and materials, energy, telecommunications, rent, other services and charges, subsidies and transfers, capital outlay and debt service. In order to project overall expenditure growth for an agency, the expenditure growth rate for each object class is estimated and then applied to the base level of spending. The rationale for this approach is that growth rates among spending categories will vary since the factors that influence the growth in these areas vary. For instance, rent expenditures may depend upon long-term contract provisions; utilities expenditures may vary with service demands, energy costs and needs; and other expenditures (such as supplies) may change mainly with the rate of inflation.

**Budgetary Basis.** The District utilizes budgetary controls designed to monitor compliance with expenditure limitations contained in the annual appropriated budget approved by Congress. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is established, pursuant to the Local Budget Act, within the District’s accounting system. The District also uses an encumbrance accounting system as another technique for establishing and maintaining budgetary control. Generally, encumbered amounts lapse at year-end in the General Fund but not in the Capital Projects Fund, Special Revenue Fund or the Federal and Private Resources Fund, described below.

**Fund Accounting.** Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities, which present the non-fiduciary activities of the District (governmental and business-type activities) and its discretely presented component units) are required by GASB’s Statement No. 34, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments. The

District uses fund accounting to prepare financial statements that focus on specific District functions or activities rather than the District as a whole. Fund accounting is also used to demonstrate compliance with legal requirements established by external parties, governmental statutes or regulations. The three fund types for which separate financial statements are provided are governmental funds, proprietary funds and fiduciary funds. Because assets of fiduciary funds are held for the benefit of a third party and cannot be used to address activities or obligations of the District, these funds are not included in the government-wide financial statements.

***Governmental Funds.*** The District's major governmental funds consist of the General Fund, the Federal and Private Resources Fund, the Housing Production Trust Fund and the General Capital Improvements Fund.

General Fund. The General Fund is the principal operating fund of the District. It is used to account for all financial resources except for those required to be accounted for in another fund. Expenditures for public safety and justice, public education, human support services, economic development and regulation, public works, joint venture (transit) subsidy, debt service on general obligation and income tax bond debt, and governmental direction and support are all recorded in the General Fund. The General Fund also partially supports, primarily through operating subsidies, the activities of certain component units, such as the University of the District of Columbia ("UDC"), the District of Columbia Green Finance Authority, and the Washington Convention and Sports Authority ("WCSA"). Major current tax revenue sources of the General Fund include real property taxes, sales and use taxes, and income and business franchise taxes.

The Federal and Private Resources Fund. The Federal and Private Resources Fund is used to account for proceeds of intergovernmental grants and other federal payments and private grants that are legally restricted to expenditure for specified purposes.

The Housing Production Trust Fund. The Housing Production Trust Fund is used to account for the financial resources that provide financial assistance to a variety of affordable housing programs and opportunities across the District.

General Capital Improvements Fund. The General Capital Improvements Fund is used to account for the purchase or construction of capital assets financed by operating transfers, capital grants or debt.

Governmental fund revenues are recognized when they become available and measurable. Revenues are deemed available if they are collectible within the current Fiscal Year or within 60 days after the end of the current Fiscal Year. Property taxes are recognized as revenue in the fiscal period for which they were levied and are deemed available if they are collected within 60 days of the end of the Fiscal Year. Income tax revenues are accrued net of estimated income tax refunds relating to the same Fiscal Year. Allowances for taxes that may ultimately be uncollectible are estimated and recorded as reductions of revenues. Grants that are restricted to specific uses are recognized as revenues when the related costs are incurred. For expenditure-driven grants, revenues are recognized when all eligibility criteria and compliance requirements have been met and allowable costs have been incurred. Grants that are collected before eligibility and compliance requirements are met or the related costs are incurred are reported as unearned revenue. In addition, grants collected with all eligibility requirements met but before the period for which use is intended are reported as deferred inflow of resources. Expenditures and expenses are recognized when the liabilities are incurred, if measurable.

***Proprietary Funds.*** Proprietary funds are used to account for activities similar to those found in the private sector where the costs (including depreciation) of providing goods and services primarily or solely to the public on a continuing basis are or could be financed or recovered primarily through user charges. The District's two major proprietary funds are the Lottery and Games Fund, the net proceeds from the operation of which are deposited into the General Fund at the end of each Fiscal Year, and the Unemployment

Compensation Fund, which is used to account for the accumulation of resources to be used for benefit payments to unemployed former employees of the District and federal government and of private employers in the District.

***Fiduciary Funds.*** Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and other governments. The District reports the following fiduciary funds: Pension Trust Funds, Other Postemployment Benefits Trust Fund, Private Purpose Trust Fund (Section 529 college savings plan) and Custodial Funds. Custodial Funds are used to account for refundable deposits required of various licensees, monies held in escrow and other assets held in the custody of the District, as an agent for individuals, private organizations, other governments or other funds.

***Component Units.*** At the end of Fiscal Year 2024, the District reported five discretely presented component units: WCSA, UDC, the District of Columbia Housing Finance Agency, the District of Columbia Health Benefit Exchange Authority, and the District of Columbia Green Finance Authority. The District also reports two blended component units: the Tobacco Settlement Financing Corporation (the “Tobacco Corporation”) and the Not-For-Profit Hospital Corporation (d/b/a the “United Medical Center” or “UMC”).

***Performance Audits and Reports.*** The District is subject to performance audits by the Comptroller General of the United States, who heads the Government Accountability Office (formerly the General Accounting Office), the District Auditor, and the OIG. Such officials and others, including the Congressional Budget Office, have issued reports and made public statements regarding the District’s financial condition, including some that have been critical of the District’s management and financial operations. It is reasonable to expect that reports and statements that prompt public comment will continue to be issued.

## **FINANCIAL INFORMATION**

The District’s financial statements are prepared in accordance with GAAP for state and local governments as promulgated by GASB. Accounting standards issued by GASB and applicable to the District are adopted and implemented by the required effective dates, as reflected in the presentation of financial information in the District’s financial statements.

### **District’s General Fund: Fund Balance**

The net change in the fund balance of the General Fund was an increase of \$6.1 million in Fiscal Year 2024 from \$4.917 billion on September 30, 2023 to \$4.923 billion on September 30, 2024. Based upon GAAP, the District ended Fiscal Year 2024 with a deficiency of revenues under expenditures totaling \$699.6 million in the General Fund. However, the General Fund had other financing sources totaling \$705.7 million, which resulted in a net change in fund balance of \$6.1 million in the General Fund. See Exhibit 2-b in the Fiscal Year 2024 Financial Statements.

From time to time, the District budgets funds from the fund balance of the General Fund for various expenditures. The total amount budgeted for Fiscal Year 2024 was \$1.041 billion. In Fiscal Year 2024, the District drew from the General Fund to finance costs associated with District operations and activities that were not covered by the revenues generated during the Fiscal Year. See Table 7 for information on General Fund expenditures.

Fund balances in the governmental funds financial statements will generally differ from net position in the government-wide financial statements due to the difference in the measurement focus and basis of accounting used in the respective financial statements. Fund financial statements focus on the sources, uses and balances of current financial resources and use the modified accrual basis of accounting. The government-wide financial statements focus on all economic resources and use the full accrual basis of accounting. Non-current liabilities such as claims and judgments, compensated absences, general obligation debt and interest on

other long-term debt are included in the government-wide financial statements but are not included in the governmental funds financial statements. The difference is the recording of long-term obligations that will be liquidated with future years' resources.

The following table sets forth the composition of the fund balance in the General Fund as detailed in the District's ACFRs from Fiscal Year 2020 through Fiscal Year 2024.

**Table 3. Composition of Fund Balance in the General Fund, Fiscal Years 2020-2024**  
(\$ in millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Emergency & Contingency Cash Reserves <sup>(1)</sup>	\$ 466.9	\$ 475.6	\$ 495.7	\$553.1	\$483.5
Fiscal Stabilization & Cash Flow Reserves <sup>(1)</sup>	1,013.3	1,054.1	1,182.6	999.2	1,088.6
Bond Escrow for Debt Service <sup>(2)</sup>	391.0	375.7	436.8	444.0	494.4
Other Non-spendable, Restricted, Committed, Assigned or Unassigned	1,388.6	1,693.3	2,777.2	2,920.7	2,856.5
<b>Total</b>	<u><b>\$3,259.8</b></u>	<u><b>\$3,598.7</b></u>	<u><b>\$4,892.3</b></u>	<u><b>\$4,917.0</b></u>	<u><b>\$4,923.0</b></u>

<sup>(1)</sup> See "BUDGETING AND FINANCIAL PROCEDURES – Cash Reserves" herein for more details on the reserve funds.

<sup>(2)</sup> Includes general obligation and income tax bond debt service.

Source: Note 10 of the District's ACFRs for the applicable Fiscal Year.

## **District Taxes**

The following tables describe the rates of the major taxes of the District, including the Pledged Taxes (as defined in Part 1), and the amounts collected for the Fiscal Years shown.

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**Table 4. Major Tax Rates**  
Fiscal Years 2020-2024

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Property<sup>(1)</sup></b>					
<b>Real</b>					
<b>Class 1</b>	0.85	0.85	0.85	0.85	0.85
<b>Class 2</b>	1.65/1.77/1.89 <sup>(2)</sup>	1.65/1.77/1.89 <sup>(2)</sup>	1.65/1.77/1.89 <sup>(2)</sup>	1.65/1.77/1.89 <sup>(2)</sup>	1.65/1.77/1.89 <sup>(2)</sup>
<b>Class 3</b>	5.00	5.00	5.00	5.00	5.00
<b>Class 4</b>	10.00	10.00	10.00	10.00	10.00
<b>Personal</b>	3.40	3.40	3.40	3.40	3.40
<b>Sales and Use<sup>(3)</sup></b>					
<b>General<sup>(4)</sup></b>	0.06	0.06	0.06	0.06	0.06
<b>Selective</b>					
<b>Cigarettes<sup>(5)</sup></b>	4.94 <sup>(6)</sup>	5.00 <sup>(6)</sup>	5.01 <sup>(6)</sup>	5.01 <sup>(6)</sup>	5.03 <sup>(6)</sup>
<b>Motor Fuel<sup>(7)</sup></b>	0.235	0.235	0.235	0.235	0.235
<b>Income and Receipts<sup>(8)</sup></b>					
<b>Individual</b>	0.04-0.0895	0.04-0.0895	0.04-0.1075	0.04-0.1075	0.04-0.1075
<b>Business</b>	0.0825	0.0825	0.0825	0.0825	0.0825
<b>Gross Receipts</b>					
<b>Public Utility<sup>(9)</sup></b>					
<b>Residential Customers<sup>(10)</sup></b>	0.10	0.10	0.10	0.10	0.10
<b>Non-Residential Customers<sup>(11)</sup></b>	0.11	0.11	0.11	0.11	0.11
<b>Public Utility (Electrical)<sup>(12)</sup></b>					
<b>Residential Customers</b>	0.0070	0.0070	0.0070	0.0070	0.0070
<b>Non-Residential Customers<sup>(13)</sup></b>	0.0077	0.0077	0.0077	0.0077	0.0077
<b>Ballpark Fee<sup>(14)</sup></b>	\$5,500-16,500	\$5,500-16,500	\$5,500-16,500	\$5,500-16,500	\$5,500-16,500

<sup>(1)</sup> Per \$100 of assessed value. Property Tax rates represent the aggregate of the Real Property Tax rate and the Special Real Property Tax rate. For the purpose of levying taxes on real property in the District of Columbia, the Council may establish different classes of real property. Class 1 is comprised of residential real property that is improved and whose legal use (or in the absence of use, its highest and best permitted legal use) is for non-transient residential dwelling purposes or unimproved property zoned for residential use; Class 2 is comprised of all real property that is not classified as Class 1, Class 3 or Class 4 property (being principally commercial real property); Class 3 is comprised of all improved real property that appears on the list of registered vacant properties submitted semiannually by the Mayor to the Office of Tax and Revenue; and Class 4 is comprised of all improved real property that appears on the list of blighted vacant properties submitted semiannually by the Mayor to the Office of Tax and Revenue.

<sup>(2)</sup> Beginning in Fiscal Year 2019, the rate is \$1.65 for each \$100 of assessed value if assessed value less than \$5 million; \$1.77 for each \$100 of assessed value if value between \$5 million and \$10 million; and \$1.89 per \$100 of assessed value if assessed value greater than \$10 million. Before Fiscal Year 2019, the rate was \$1.65 for each \$100 of assessed value for the first \$3 million of assessed value and \$1.85 for the portion of assessed value exceeding \$3 million.

<sup>(3)</sup> A portion of sales and use taxes on restaurant meals and hotel accommodations is dedicated to paying debt service on revenue bonds issued by the Washington Convention and Sports Authority (WCSA) and its predecessor, the Washington Convention Center Authority (WCCA), to finance the Walter E. Washington Convention Center and a hotel in connection with the Convention Center and to paying operating expenses of WCSA.

<sup>(4)</sup> Per \$1 of general sales. Does not include the additional 4.25% Ballpark Sales Tax (as defined herein) or taxes on lodging, restaurants, parking or tangible personal property or services by legitimate theaters, or by entertainment venues with 10,000 or more seats.

<sup>(5)</sup> Dollars (\$) per pack.

<sup>(6)</sup> Beginning in Fiscal Year 2012, a wholesale surcharge of \$0.36 was added to the \$2.50 per pack stamp tax on cigarettes. This surcharge is reviewed and adjusted as necessary annually in March. Beginning in Fiscal Year 2021, a surtax of \$0.50 is added to the excise tax bringing the overall tax up to \$5.00.

<sup>(7)</sup> Dollars (\$) per gallon. Motor fuel tax rate does not include a surcharge levied separately on gallons consumed.

<sup>(8)</sup> Per \$1 of taxable income.

<sup>(9)</sup> Per \$1 of gross receipts. Applies to companies selling natural gas, landline telephone service, toll telecommunications service, mobile telecommunications service, heating oil and artificial gas.

<sup>(10)</sup> Each gas company that provides distribution services to customers in the District of Columbia is required to pay a tax of \$0.0707 for each therm of natural gas delivered to end-users in the District of Columbia and each person who delivers heating oil to an end-user in the District of Columbia is required to pay a tax of \$0.17 for each gallon of home heating oil delivered to an end-user in the District of Columbia for the preceding billing period.

<sup>(11)</sup> One-eleventh of the non-residential tax is deposited into the District's Ballpark Revenue Fund (as defined herein) to be used for debt service on the Ballpark Bonds. In addition, each gas company that provides distribution services to customers in the District of Columbia is required to pay a tax of \$0.0777 for each therm of natural gas delivered to non-residential end-users in the District of Columbia, of which \$0.00707 for each therm is required to be deposited into the District's Ballpark Revenue Fund. Each person who delivers heating oil to an end-user in the District of Columbia is required to pay a tax of \$0.187 for each gallon of home heating oil delivered to a non-residential end-user in the District, of which \$0.017 for each gallon is required to be deposited into the District's Ballpark Revenue Fund.

<sup>(12)</sup> \$0.007 per Kilowatt-hour of electricity delivered to end-users in the District.

<sup>(13)</sup> \$0.0007 of the tax collected for every kilowatt-hour of electricity delivered to non-residential end-users in the District of Columbia is deposited in the Ballpark Revenue Fund to be used for debt service on the Ballpark Bonds.

<sup>(14)</sup> The Ballpark Fee is a gross receipts fee that is levied on businesses within the District of Columbia with \$5 million or more in annual District gross receipts and that are either subject to filing business franchise tax returns (whether corporate or unincorporated) or are employers required to make unemployment insurance contributions, in accordance with the following schedule: for gross receipts totaling \$5,000,000 to \$8,000,000, the required fee is \$5,500; for gross receipts totaling \$8,000,001 to \$12,000,000, the required fee is \$10,800; for gross receipts totaling \$12,000,001 to \$16,000,000, the required fee is \$14,000, and for gross receipts totaling \$16,000,001 and greater, the required fee is \$16,500.

Source: Office of the CFO.

Table 5 shows tax revenues by source, as collected by the District over Fiscal Years 2015-2024 and presented on a modified accrual basis.

**Table 5. Tax Revenues by Source, Governmental Funds**  
Fiscal Years 2015-2024  
(modified accrual basis of accounting, \$ in thousands)

Fiscal Year	Property Tax				Income and Franchise	Gross Receipts	Other Taxes <sup>(2)</sup>	Total
	Real	Personal	Rental	Sales and Use				
2015	\$2,219,859	\$57,225	\$79,243 <sup>(1)</sup>	\$1,425,525	\$2,316,727	\$361,293	\$528,866	\$6,988,738
2016	2,386,010	59,101	58,780	1,451,441	2,464,330	365,305	498,161	7,283,128
2017	2,500,732	63,305	53,066	1,527,120	2,512,522	364,791	502,117	7,523,653
2018	2,579,542	72,268	56,628	1,597,939	2,641,586	368,446	508,151	7,824,560
2019	2,725,774	92,065	57,338	1,707,745	2,941,982	397,684	583,429	8,506,017
2020	2,869,204	77,698	56,716	1,317,112	3,104,933	374,112	489,989	8,289,764
2021	2,949,356	80,479	61,974	1,310,269	3,506,271	373,420	585,256	8,867,025
2022	2,849,757	82,885	61,077	1,814,080	4,108,313	407,580	738,184	10,061,876
2023	2,876,153	83,902	64,460	2,011,790	4,174,533	409,178	433,162	10,053,178
2024	2,953,558	83,354	67,373	2,084,662	4,271,954	425,297	375,078	10,261,276

<sup>(1)</sup> In Fiscal Year 2015, revenue for public spaces included special purpose revenue from bus shelter advertisements, which included a one-time balloon payment of approximately \$25 million.

<sup>(2)</sup> "Other Taxes" includes deed recordation and transfer taxes; fluctuations in such taxes are dependent on real property transactions in a given Fiscal Year.

Source: District's ACFR for Fiscal Year 2024, Statistical Section, Exhibit S-1E for Fiscal Years 2015-2024.

## Federal Revenues

**Federal Payments.** The federal government provides the District with federal payments to pay for certain specified purposes, such as school improvements and the Tuition Assistance Grant program.

The District received federal payment revenues for such purposes of approximately \$70 million in Fiscal Year 2020, \$99 million in Fiscal Year 2021, \$72 million in Fiscal Year 2022, \$78 million in Fiscal Year 2023, and \$78 million in Fiscal Year 2024.

In addition to these amounts, the federal government contributed funds for certain retirement programs for District employees, totaling approximately \$540 million in Fiscal Year 2020, \$577 million in Fiscal Year 2021, \$540 million in Fiscal Year 2022, \$609 million in Fiscal Year 2023, and \$681 million for Fiscal Year 2024, which amounts were paid directly by the federal government and were not part of the District's budget.

**Federal Grants.** The District, similar to most states, participates in a number of federal programs that are funded through formula and project grants, direct payments for specified and unrestricted use, food stamps, and other pass-through grants and direct and guaranteed loans.

The federal government provided federal operating grants to the District in the amount of approximately \$3.7 billion in Fiscal Year 2020, \$4.5 billion in Fiscal Year 2021, \$5.2 billion in Fiscal Year 2022, \$5.3 billion in Fiscal Year 2023, and \$4.9 billion in Fiscal Year 2024.

Capital grants to the District, which are almost exclusively Highway Trust Fund grants for federal-eligible road and highway projects, totaled approximately \$278.8 million in Fiscal Year 2020, \$309.2 million in Fiscal Year 2021, \$209.7 million in Fiscal Year 2022, \$219.3 million in Fiscal Year 2023, and \$245.4 million in Fiscal Year 2024.

**Federal Direct Subsidy Payments.** In 2010, the District issued its Income Tax Secured Revenue Bonds, Series 2010D (Federally Taxable – Qualified School Construction Bonds – Direct Pay to Issuer) (the “Series 2010 QSCBs”), which are supported by federal direct subsidy payments. There is one maturity of the Series 2010 QSCBs that remains outstanding in the amount of approximately \$32 million, which matures on December 1, 2026. Sinking fund installments from the District and federal direct subsidy payments support debt service on the Series 2010 QSCBs. The Series 2010 QSCBs are the only outstanding District bonds that are eligible to receive federal direct subsidy payments.

There can be no assurances that the District will receive the federal direct subsidy payments, as such payments do not constitute a full faith and credit guarantee of the United States of America. Federal direct subsidy payments are required to be paid by the United States Department of the Treasury (the “Treasury”) under the American Recovery and Reinvestment Act (ARRA). The amount of any federal direct subsidy payment is subject to change by Congress. The federal direct subsidy payments will only be paid if the applicable bonds continue to be qualified under federal requirements. The District is obligated to make all payments of principal of and interest on such bonds whether or not it receives the federal direct subsidy payments from the Treasury.

Federal direct subsidy payments are also subject to offset against certain amounts that may, for unrelated reasons, be owed by the District to an agency of the federal government. Any such offset would occur as part of the Treasury’s Offset Program, which collects delinquent amounts due to federal agencies and states in accordance with 26 U.S.C. §6402(d), 31 U.S.C. §3720A, and other applicable laws. From time to time payments of various amounts due to the District, including federal direct subsidy payments, have been delayed by the federal government pending resolution of a particular claim or dispute. In each case, the District has promptly resolved the matter.

**Table 6. Federal Revenues, by Category**  
Fiscal Year 2024  
(\$ in thousands)

Pension Contributions <sup>(1)</sup>	\$680,788
Federal Operating Payments	77,579
ARPA Funding	<u>588,745</u>
<b>Federal Payments, Total</b>	<b>\$1,347,112</b>
Federal Operating Grants	\$4,919,965
Federal Capital Grants	<u>245,369</u>
<b>Federal Grants, Total</b>	<b><u>\$5,165,334</u></b>
<b>Total Federal Revenue</b>	<b>\$6,512,446</b>

<sup>(1)</sup> Pension contributions do not pass through the District’s budget. Pension contributions are for liabilities the federal government assumed through the National Capital Revitalization and Self-Government Improvement Act of 1997, Pub. L. No. 105-33.

Source: District’s ACFR for Fiscal Year 2024.

**CARES Act.** On March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The CARES Act provided the District with approximately \$495.1 million in federal funding for COVID-19 related expenses that was available for expenditure through December 31, 2020. All of such CARES Act funding was budgeted by the District for use in Fiscal Years 2020 and 2021. A small amount of such funding was carried over to Fiscal Year 2022 and used early in the Fiscal Year.



***American Rescue Plan.*** On March 6, 2021, Congress passed the American Rescue Plan Act of 2021 (“ARPA”). The District received more than \$3 billion of ARPA funds, including about \$2.3 billion of State Fiscal Relief and Local Fiscal Relief funds for COVID-19-related expenses. The District has budgeted to spend such funds by the end of Fiscal Year 2024. If unused, such funds expire after the first quarter of Fiscal Year 2025.

***Infrastructure Investment and Jobs Act.*** The District has begun receiving some funding from the Infrastructure Investment and Jobs Act, which was signed into law on November 15, 2021, and is expected to receive more than \$3 billion over the next five years. The Mayor’s Office has created a task force to focus on securing and deploying these funds. Expenditures are planned for items such as enhancing District infrastructure, supporting the removal of all lead pipes from the District, and enhancing internet service connectivity across the District.

***Federal Emergency Management Agency (“FEMA”) Funds.*** The District also received Public Assistance funding from FEMA, which reimbursed the District and other states 100% for certain COVID-19-related expenditures. In Fiscal Year 2024, the District received about \$68 million from FEMA for these purposes.

## **DISTRICT BUDGET AND FINANCIAL PLAN**

***The discussion below is based, in part, on projections and forward-looking statements related to Fiscal Year 2025. No assurance can be given that the budget estimates and forward-looking statements discussed below will be realized. The accuracy of the budget estimates and forward-looking statements contained under this caption cannot be verified until after the close of such Fiscal Year and the completion of the related audits. In addition, the accuracy of all projections and forward-looking statements is dependent on a number of factors, including: (1) the impact of COVID-19 on the District’s financial position and operations, (2) general economic factors that affect local source revenues such as sales taxes and individual income taxes, (3) the effectiveness of monitoring agency expenditures, (4) the ability of the District to meet spending reduction initiatives, (5) the amount of federally mandated expenditures, (6) year-end accruals of revenues and expenses, and (7) the implementation of new federal legislation or initiatives, among others.***

### **Fiscal Year 2025**

In accordance with the Budget Autonomy Act, the Mayor submitted the Fiscal Year 2025 Budget and Financial Plan, including both the operating and capital budgets, to the Council on April 3, 2024. The submission included the Fiscal Year 2025 Local Budget Act of 2024 (the “FY 2025 Local Budget Act”) and the Fiscal Year 2025 Federal Portion Budget Request Act of 2024 (the “FY 2025 Federal Budget Act”).

The Council’s votes approving the FY 2025 Local Budget Act, with changes to the Mayor’s proposal, took place on May 29, 2024 and June 12, 2024. The Council transmitted the FY 2025 Local Budget Act to the Mayor for signature in July 2024. The FY 2025 Local Budget Act was then transmitted to Congress for a 30-Day Congressional Review Period. Pursuant to the Budget Autonomy Act, the FY 2025 Local Budget Act, once enacted and following the 30-Day Congressional Review Period, appropriates local funds in the event of an absence of overriding Congressional legislation, such as a federal continuing resolution. The 30-Day Congressional Day Review Period for the FY 2025 Local Budget Act ended and became effective on September 18, 2024.

The Council approved the FY 2025 Federal Budget Act on June 12, 2024. The Council transmitted the FY 2025 Federal Budget Act to the Mayor for signature in July 2024 after which it was to be submitted to Congress for inclusion in the annual federal appropriation.

Congress passed the Fiscal Year 2025 Continuing Appropriations and Extensions Act, 2025, approved September 26, 2024 (Pub. L. No. 118-83; 138 Stat. 1524, and as extended by Pub. L. No. 118-158; 138 Stat. 1722), that authorized the District to obligate and expend local funds at the rate set forth in the FY 25 Local Budget Act. Later in Fiscal Year 2025, Congress passed the Full-Year Continuing Appropriations and Extensions Act, 2025, approved March 15, 2025 (Pub. L. No. 119-4; 139 Stat. 9) (the “CR”). The CR required that the District revert to spending levels in the Fiscal Year 2024 Local Budget Act of 2023. On March 14, 2025, the Senate passed the District of Columbia Local Funds Act, 2025 (“S.1077”), which would permit the District to again spend at the levels in the FY 25 Local Budget Act. Action on S.1077 remains pending in the House.

On April 14, 2025, Mayor Bowser notified the Congress that the District would utilize the authority granted in Section 817 of the Omnibus Appropriations Act, 2009, March 13, 2009 (123 Stat. 699; D.C. Official Code § 47-369.02) to increase District of Columbia Fiscal Year 2025 local fund appropriations by an aggregate amount not exceeding six percent of the amounts in the District’s Fiscal Year 2024 Budget and Financial Plan. Section 817 requires that amounts may not be obligated or expended unless the Mayor has notified the Congressional committees of jurisdiction not fewer than 30 days in advance of the obligation or expenditure. If S.1077 is not passed by the House, and if the District utilizes the authority granted by Section 817, the District spending levels would be greater than the spending levels in the Fiscal Year 2024 Local Budget Act, but lower than the spending levels in the FY 25 Local Budget Act.

*General Fund.* Table 7 sets forth, on a budgetary basis, the District’s General Fund revenues and other resources, expenditures, and fund balances, among other details, for Fiscal Years 2022-2023 (actual), Fiscal Year 2024 (approved and revised budget), Fiscal Year 2025 (approved budget), and Fiscal Years 2026-2028 (projected).

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**Table 7. District's General Fund**  
**Fiscal Years 2022-2023 (Actual), 2024 (Approved and Revised), 2025 (Approved), and 2026-2028 (Projected)**  
**Budgetary Basis (in thousands)<sup>(1)</sup>**

	FY 2022 Actual	FY 2023 Actual	FY 2024 Approved	FY 2024 Revised	FY 2025 Approved	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
<b>Revenues</b>								
Taxes	\$9,222,560	\$9,163,409	\$9,070,589	\$9,173,733	\$9,378,217	\$9,629,620	\$9,892,690	\$10,144,747
Dedicated Taxes	545,347	617,823	615,279	631,141	644,918	656,317	652,848	735,763
General Purpose Non-Tax Revenues	624,067	773,416	575,915	761,779	834,048	782,602	741,991	727,175
Special Purpose (O-type) Revenues	669,671	741,206	723,635	764,258	788,573	787,109	806,604	824,522
Transfer from Lottery	40,670	33,450	41,458	41,457	41,757	42,982	42,982	42,982
<b>Subtotal, General Fund Revenues</b>	<b>\$11,102,316</b>	<b>\$11,329,304</b>	<b>\$11,026,876</b>	<b>\$11,372,368</b>	<b>\$11,687,513</b>	<b>\$11,898,630</b>	<b>\$12,137,115</b>	<b>\$12,475,189</b>
Bond Proceeds for Issuance Costs	4,009	4,149	11,000	11,000	11,000	11,000	11,000	11,000
Fund Balance Use	362,432	812,843	821,534	1,222,374	738,877	438,235	345,970	167,611
Fund Balance Use from FY 2023	0	0	7,453	0	165,344	139,005	124,473	222,851
Transfer from Federal Funds	165,988	226,525	954	86,654	954	954	954	954
Transfer from Enterprise and Other Funds	247,130	485,075	28,482	101,319	116,234	43,838	42,973	37,522
Revenue Proposals and ARPA - Federal Funds for Local	457,086	399,191	237,998	630,970	537,357	590,665	677,463	703,210
<b>Total General Fund Resources</b>	<b>\$12,338,961</b>	<b>\$13,257,087</b>	<b>\$12,134,297</b>	<b>\$13,424,685</b>	<b>\$13,257,279</b>	<b>\$13,122,328</b>	<b>\$13,339,948</b>	<b>\$13,618,338</b>
<b>Expenditures (by Appropriation Title)</b>								
Governmental Direction and Support	\$1,121,939	\$1,091,433	\$1,148,656	\$1,176,324	\$1,147,955	\$1,144,506	\$1,166,309	\$1,189,280
Economic Development and Regulation	588,717	814,766	439,209	718,052	484,000	428,956	429,725	435,653
Public Safety and Justice	1,358,059	1,551,434	1,385,571	1,479,405	1,622,501	1,560,586	1,598,849	1,651,556
Public Education System	2,836,417	3,355,177	3,299,955	3,346,336	3,697,627	3,666,412	3,692,551	3,724,834
Human Support Services	2,162,303	2,477,360	2,497,574	2,745,975	2,880,025	2,746,930	2,784,328	2,836,002
Operations and Infrastructure	1,093,020	1,194,857	1,317,344	1,319,559	1,526,341	1,479,668	1,500,904	1,524,599
Financing and Other - Selected Agencies	43,435	23,434	251,775	302,505	140,158	167,946	191,640	215,986
Bond Issuance Costs	5,475	6,306	11,000	11,000	11,000	11,000	11,000	11,000
Debt Service	823,940	976,225	1,129,442	1,041,153	1,248,219	1,374,319	1,417,311	1,485,116
<b>Subtotal, Operating Expenditures</b>	<b>\$10,033,304</b>	<b>\$11,491,001</b>	<b>\$11,480,526</b>	<b>\$12,140,310</b>	<b>\$12,677,826</b>	<b>\$12,580,323</b>	<b>\$12,792,527</b>	<b>\$13,074,027</b>
Paygo Capital	434,610	504,909	360,995	267,673	242,393	216,853	216,915	216,478
Transfer to Trust Fund for Post-Employment Benefits	53,000	41,500	72,700	72,700	63,900	71,900	83,900	86,400
Repay Contingency Reserve Fund	0	16,986	0	22,657	0	0	0	0
Transfer to Enterprise and Other Funds	180,491	214,114	217,257	240,557	240,980	252,752	246,106	240,993
<b>Total Expenditures and Transfers</b>	<b>\$10,701,405</b>	<b>\$12,268,511</b>	<b>\$12,131,477</b>	<b>\$12,743,897</b>	<b>\$13,225,099</b>	<b>\$13,121,828</b>	<b>\$13,339,448</b>	<b>\$13,617,838</b>
<b>Operating Margin Before Reservations</b>	<b>1,637,556</b>	<b>988,577</b>	<b>2,820</b>	<b>680,788</b>	<b>32,180</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Set-Aside for Replenishment of Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reserved for Subsequent Years' Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>651,674</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating Margin After Reservations</b>	<b>1,637,556</b>	<b>988,577</b>	<b>2,820</b>	<b>29,115</b>	<b>32,180</b>	<b>500</b>	<b>500</b>	<b>500</b>
Beginning General Fund Balance	3,598,706	4,892,305	4,916,906	4,916,906	4,308,991	3,370,622	2,727,553	2,191,281
Operating Margin Before Reservations	1,637,556	988,577	2,820	680,788	32,180	500	500	500
Projected GAAP Adjustments (Net)	18,476	(151,133)	(66,329)	(66,329)	(66,329)	(66,329)	(66,329)	(66,329)
Fund Balance Use	(362,432)	(812,843)	(828,987)	(1,222,374)	(904,221)	(577,241)	(470,443)	(390,462)
<b>Ending General Fund Balance</b>	<b>\$4,892,305</b>	<b>\$4,916,906</b>	<b>\$4,024,410</b>	<b>\$4,308,991</b>	<b>\$3,370,622</b>	<b>\$2,727,553</b>	<b>\$2,191,281</b>	<b>\$1,734,990</b>
<b>Composition of Cash Reserves</b>								
Emergency Cash Reserve Balance (2%)	\$165,130	\$184,375	\$217,708	\$212,935	217,140	223,209	219,177	222,253
Contingency Cash Reserve Balance (4%)	330,259	368,749	435,415	425,870	434,280	446,419	438,355	444,507
Cash Flow Reserve Account (8.33%)	932,240	965,731	1,010,552	1,061,567	1,101,651	1,093,048	1,111,176	1,134,366
Fiscal Stabilization Reserve Account (2.34%)	250,413	33,491	0	298,207	309,467	307,051	312,143	318,657
<b>Total Cash Reserves</b>	<b>\$1,678,042</b>	<b>\$1,552,346</b>	<b>\$1,663,675</b>	<b>\$1,998,579</b>	<b>\$2,602,538</b>	<b>\$2,069,727</b>	<b>\$2,080,851</b>	<b>\$2,119,783</b>

<sup>(1)</sup> Figures may not sum due to rounding.

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## Capital Budgeting and Financing

The following describes the six-year capital improvements plan for Fiscal Years 2025-2030 (the “FY 2025-2030 Capital Improvements Plan”).

The FY 2025-2030 Capital Improvements Plan anticipates funding from a variety of sources, including long-term, tax-exempt and taxable income tax secured revenue bonds and/or general obligation bonds, pay-as-you-go transfers from the General Fund, federal grants, a local match to the grants from the Federal Highway Administration, and local transportation fund revenue, totaling \$12.0 billion of capital funds over the six-year period.

The FY 2025-2030 Capital Improvements Plan assumes approximately \$2.4 billion of long-term, income tax secured revenue bonds and/or general obligation bonds (both tax-exempt and taxable) supporting the capital improvements plan during Fiscal Year 2025 and approximately \$8.2 billion of long-term, income tax secured revenue bonds and/or general obligation bonds (both tax-exempt and taxable) supporting the capital improvements plan over the course of the six-year period from 2025 through 2030.

Table 14 summarizes the funding sources for the FY 2025-2030 Capital Improvements Plan. References to the issuance of long-term bonds to fund the capital improvements plan may refer to either income tax secured revenue bonds or to general obligation bonds, either of which may be issued by the District for such purposes. The actual amount of capital projects financed with income tax secured revenue bonds or general obligation bonds each year will be re-evaluated in each annual budget development process or prior to each issuance and will depend on capital project priorities and the progress of such projects over their development or life cycles, as constrained by the District’s intent to moderate its borrowing levels in order to prudently manage its debt ratios and debt burden. Actual issuance amounts by year may differ from the amounts shown in Table 8.

**Table 8. FY 2025-2030 Capital Improvements Plan – Funding Sources<sup>(3)</sup>**  
(Budgetary Basis)  
(\$ in thousands)

	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2025– FY 2030 Total</u>
General Obligation/Income Tax Bonds <sup>(4)</sup>	\$2,410,577	\$1,714,725	\$1,327,925	\$1,154,493	\$835,499	\$709,742	\$8,152,962
Pay-As-You-Go	228,403	202,802	202,802	202,302	409,306	555,652	1,801,267
Local Transportation Fund Revenue	13,990	14,052	14,114	14,146	34,804	34,189	125,295
Local Highway Trust Fund	41,037	46,037	47,037	47,037	39,496	39,838	260,483
Federal Grants	375,978	293,520	312,651	243,708	235,758	235,708	1,697,324
<b>Total Funding</b>	<b><u>\$3,069,985</u></b>	<b><u>\$2,271,136</u></b>	<b><u>\$1,904,528</u></b>	<b><u>\$1,661,687</u></b>	<b><u>\$1,554,864</u></b>	<b><u>\$1,575,130</u></b>	<b><u>\$12,037,330</u></b>

<sup>(3)</sup> Figures may not sum due to rounding.

<sup>(4)</sup> Includes both tax-exempt and taxable bonds.

Table 8 does not include the issuance of TIF Bonds, PILOT Notes or refunding bonds, all of which the District may issue from time to time. See “INDEBTEDNESS – Long-Term Obligations – Economic Development Initiatives of the District” herein. The FY 2025-2030 Capital Improvements Plan includes funding of certain long-term and short-term capital assets with bond anticipation notes (“BANs”). Long-term refinancing of BANs is reflected in the General Obligation/Income Tax Bonds line item in the table above.

Table 9 sets forth the major categories of expenditure in the FY 2025-2030 Capital Improvements Plan.

**Table 9. FY 2025-2030 Capital Improvements Plan – Projected Expenditures**  
(\$ in millions)

<u>Category</u>	<u>Amount</u>
Department of Transportation	\$3,831
District of Columbia Public Schools	2,670
Washington Metropolitan Area Transit Authority	1,884
Office of the Deputy Mayor for Planning and Economic Development	963
Department of Corrections	496
Department of Parks and Recreation	494
Department of General Services	279
Fire and Emergency Medical Services	220
Department of Public Works	171
District of Columbia Public Library	158
Metropolitan Police Department	150
Department of Human Services	148
Housing Authority Subsidy	101
University of the District of Columbia	98
All Other	374
<b>Total</b>	<b><u>\$12,037</u></b>

The Fiscal Year 2011 Budget Support Act of 2010 (D.C. Law 18-223, effective September 24, 2010) created a pay-as-you-go capital account to be used to reduce future District borrowing for capital purposes (codified in D.C. Official Code § 47-392.02(f)). The Fiscal Year 2018 Budget Support Act of 2017 (D.C. Law 22-33, effective December 13, 2017) amended subsection (f). As amended, the new provision specifies that for Fiscal Year 2020 the financial plan shall include a minimum local fund total transfer of “pay-as-you-go” (“paygo”) to the Capital Improvements Plan of \$58,950,000. Then, beginning in Fiscal Year 2021, and for each subsequent Fiscal Year thereafter, the financial plan shall include a minimum local fund transfer for paygo of \$58,950,000 plus twenty five percent (25%) of the increase in local fund revenues over the Fiscal Year 2020 base year. The Fiscal Year 2022 Budget Support Act of 2021 (D.C. Act 24-176, effective September 27, 2021) amended subsection (f)(a) by striking the phrase “Local funds revenue transfer” and inserting the phrase “Transfer of local or dedicated funds.” Subsection (f)(b) paragraph (2) was amended by striking the phrase “local funds transfer” and inserting the phrase “transfer of local or dedicated funds” in its place and by striking the phrase “Fiscal Year 2020” and inserting the phrase “Fiscal Year 2020 (“minimum transfer amount”); except, that in Fiscal Year 2025, the minimum transfer amount shall be \$206 million” in its place. The Fiscal Year 2023 Budget Support Act of 2022 (D.C. Act 24-714, approved by Council on June 7, 2022), amended subsection (f)(a) by striking the phrase “transfer of local or dedicated funds to the CIP of” and inserting the phrase “transfer to or inclusion in the CIP of local funds, dedicated funds, or federal funds received by the District government pursuant to the Infrastructure Investment and Jobs Act (IIJA), approved November 15, 2021 (Pub. L. 117-58: 135 Stat. 429), in the amount of” in its place. The amount of local or dedicated fund revenues transferred to the Capital Improvements Plan is capped, to not exceed annual depreciation as reported in the District’s most recent ACFR. The Fiscal Year 2025 Budget Support Act of 2024 amends subsection (f). As amended, the new provision specifies that for each proposed budget moving forward, one of the following three minimums must be met; (1) the amount reported for additions to total accumulated depreciation of capital assets shown in the most recent ACFR, (2) at least six times the additions to the total accumulated depreciation of capital assets shown in the most recent ACFR cumulatively in all Fiscal Years of the CIP, or (3) for FY 2025 only, at least five times the additions to the total accumulated depreciation of capital assets shown in the most recent ACFR plus \$206 million. Additionally, subsection

(f)(2) states that the definition of operating funds now includes local funds, dedicated funds, special purpose revenue funds, enterprise funds, and federal funds received by the District as a part of the IJA.

### **CFO Report on Capital Needs**

In 2015, the Council legislated a requirement for the CFO to develop and report on a replacement schedule for capital assets on an annual basis. Each October, the CFO delivers a report outlining a replacement schedule for capital assets in the District, which includes a fifteen-year, long-range capital financial plan for the District that addresses capital asset replacement needs beyond the normal six-year capital planning period (the “2024 Long-Range Capital Financial Plan Report” or the “2024 Report”).

The District’s approach to asset management led to the development of its Capital Asset Replacement Scheduling System (“CARSS”), which resulted in all District-owned assets being inventoried and all capital projects being ranked and prioritized. This process ensured that the District’s highest priority capital needs are funded in the capital improvements plan for Fiscal Years 2025-2030. The CARSS analysis highlighted a total capital funding need of approximately \$15.03 billion during the six-year CIP period. However, as is detailed in the 2024 Report, not all capital projects or recommended maintenance needs can be funded in the six-year CIP period. The District’s highest priority capital needs are funded in the capital improvements plan for Fiscal Years 2025-2030 at a cost of roughly \$12.04 billion; however, approximately \$2.99 billion in capital needs require funding outside of the six-year CIP period. Approximately \$1.34 billion of that unfunded amount, or roughly forty-five percent, are related to maintenance of existing assets. It is important to note that the District has made continuous progress in addressing its deferred maintenance needs, which decreased by approximately \$58 million compared to the amount reported in the 2023 Report. The overall level of unmet capital maintenance projects, or deferred maintenance, as a percentage of the District’s overall unmet capital need, has remained fairly constant, and the total funding gap decreased by approximately \$585 million.

The District’s resilient economy, borrowing capacity and paygo legislation allow it to effectively address those unfunded capital projects in a relatively short period of time. As is detailed in the 2024 Report, if the District commits to borrowing up to its statutory maximum level of twelve percent (12%) of general fund expenditures, as well as commits to increase paygo (or cash) funding for capital improvements to an amount averaging nearly four and a half percent (4.5%) of the general fund budget, it can fund all deferred maintenance and new capital needs as early as 2033. Additionally, the District has continued to meet its commitment to provide its share of an additional \$500 million in capital funding for WMATA agreed upon by the District, the Commonwealth of Virginia, and the State of Maryland by pledging a portion of its sales tax base for this purpose beginning in Fiscal Year 2020. Given this commitment of dedicated taxes for WMATA, if the District commits approximately sixteen and a half percent (16.5%) of its general fund budget to capital needs, with the remaining eighty-three and a half percent (83.5%) spent on operations and programs, the District can achieve the status of having amongst the best funded and maintained infrastructure of any state or local government in the nation.

Additional information on the District’s asset management system, its approach to its unfunded capital needs, and its 2024 Long-Range Capital Financial Plan Report can be found on the OCFO’s website, as well as the District’s investor relations website. Such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose.

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## INDEBTEDNESS

### Summary of Statutory Debt Provisions

The Home Rule Act authorizes the issuance of short-term and long-term general obligation debt of the District. Short-term debt may be issued in the form of (i) revenue anticipation notes, in anticipation of the collection or receipt of revenues for a Fiscal Year or (ii) bond anticipation notes, in anticipation of the issuance of general obligation bonds.

The total amount of revenue anticipation notes outstanding at any time during a Fiscal Year may not exceed 20% of the total anticipated revenue of the District for such Fiscal Year and such notes must mature within the Fiscal Year in which they are issued. Not more than 15 days before the issuance of any revenue anticipation notes, the Mayor must certify the total anticipated revenue of the District for such Fiscal Year.

Bond anticipation notes must be paid no later than the last day of the third Fiscal Year following the Fiscal Year of issuance. The act of Council authorizing the notes must set forth an estimated maximum annual debt service amount for the bonds in anticipation of which the notes are issued, and such debt service must be included in the 17% maximum debt service calculation described below.

The District also may issue long-term debt in the form of general obligation bonds and income tax secured bonds to finance capital projects and to refund indebtedness of the District. Any general obligation bond and income tax secured revenue bond issuances are not permitted during any Fiscal Year if total debt service in any Fiscal Year will exceed 17% of District revenues (as described in section 603(b) of the Home Rule Act, D.C. Official Code §1-206.03(b)(1), which has been applied to income tax secured bonds by District statute) during the Fiscal Year in which such issuances are made. General obligation bonds and notes are secured by the full faith and credit of the District and may be secured additionally by a security interest in specified District revenues, including a Special Real Property Tax.

In 2009, the District passed the Limitation on Borrowing and Establishment of the Operating Cash Reserve Act of 2008, effective March 25, 2009, as amended (D.C. Law 17-360; D.C. Official Code §47-334 et seq.) (the “Debt Ceiling Act”) imposing a further limit on the issuance of any District general obligation bonds, Treasury capital-project loans, tax-supported revenue bonds (including income tax secured bonds), notes or other debt instruments secured by revenues derived from taxes, fees, or other general revenues of the District, or its agencies and authorities, pursuant to the District’s power to tax and impose fees, including TIF Bonds and PILOT Notes (as hereinafter defined), certificates of participation and lease purchase financing obligations (collectively, with the exceptions noted in the Debt Ceiling Act, “Tax-Supported Debt”), but excluding revenue bonds, notes, or other debt instruments issued for the purpose of funding water and sewer facilities, as described in section 490(a) of the Home Rule Act, and bonds, notes, or other debt instruments paid or secured by revenues from the Master Settlement Agreement with tobacco companies, federal grants, or revenues from the operation of public enterprises, so long as those enterprises are fully self-supporting, if such issuance would result in total debt service in the Fiscal Year of issuance, or any of the five succeeding Fiscal Years, on all outstanding Tax-Supported Debt exceeding 12% of annual District General Fund expenditures and transfers in any applicable Fiscal Year, as contained in the most recently enacted District budget (the “Debt Ceiling”).

As of March 1, 2025, the District had approximately \$13.09 billion of Tax-Supported Debt outstanding. Following the issuance of the Series 2025 Bonds, the District will have approximately \$13.52 billion of Tax-Supported Debt outstanding. The resulting debt service to expenditure ratio is projected to be 10.029% for Fiscal Year 2025, which complies with the Debt Ceiling Act. See Table 14 for additional information regarding the District’s outstanding Tax-Supported Debt for purposes of the Debt Ceiling Act.

The projected Debt Ceiling percentages for Fiscal Years 2025 through 2029 are set forth below. Such projections assume the issuance of the bonds, notes, or other obligations set forth in the capital improvements plan for Fiscal Years 2025-2029, and assume the issuance of the Series 2025 Bonds.

**Table 10. Projected Annual Debt Ceiling Percentages\***

2025	10.029%
2026	11.082
2027	11.399
2028	11.658
2029	11.969

\* Debt Ceiling percentages are preliminary, subject to change.

Source: The percentages are derived from the Fiscal Year 2025 Approved Budget.

The Council may authorize the issuance of revenue bonds, notes or other obligations (including refunding bonds, notes or other obligations) to borrow money to finance governmental purposes authorized for financing by general obligation bonds or notes by creating a security interest in any District revenues. Such bonds, notes or other obligations, if issued, are to be secured by a pledge of the revenues realized from the property, facilities, developments and improvements financed by the issuance of such bonds, notes, or other obligations or by the mortgage of real property or the creation of a security interest in available revenues, assets or other property. Such bonds, notes, or other obligations will not be general obligations of the District and will not constitute a debt of the District or lending of the public credit. The District has issued and expects to issue, revenue debt on behalf of various for-profit and non-profit undertakings, the proceeds of which are used for public purposes beneficial to the District.

All debt of the District must be authorized and issued pursuant to an act of Council and, in the case of general obligation bonds, the Council may require a voter referendum. The issuance of income tax secured revenue bonds or general obligation bonds for capital project purposes also is subject to prior approval by Council. Acts authorizing the issuance of general obligation revenue anticipation notes take effect on the date of enactment of such acts. Acts authorizing the issuance of any borrowings of the District, except those authorized as emergency legislation, acts authorizing the renewal or refunding of bond anticipation notes, and acts authorizing general obligation revenue anticipation notes, are subject, unless waived, to a 30-legislative day Congressional review period and possible disapproval by Congress and the President. To date, there has never been a voter referendum on the issuance of general obligation bonds.

### **Long-Term Obligations**

**General Obligation Bonds.** As of March 1, 2025, the District had approximately \$6.8 billion of general obligation bonds outstanding, of which \$645.8 million are long-term variable rate, unhedged bonds, and the remainder are long-term fixed rate or hedged bonds.

**General Obligation Direct Purchase Bond Program.** On November 21, 2017, the District entered into a direct purchase agreement with RBC Municipal Products, LLC in connection with the District's Multimodal General Obligation Bonds, Series 2017B and Multimodal General Obligation Refunding Bonds, Series 2017C (together, the "Series 2017 Multimodal Bonds"). The Series 2017 Multimodal Bonds were issued as variable rate general obligation bonds in the aggregate par amount of \$199,935,000. This direct purchase agreement became effective November 21, 2017, was scheduled to expire on December 1, 2022, and was extended to November 16, 2027, on November 17, 2022.

On November 12, 2021, the District entered into a direct purchase agreement with Wells Fargo Municipal Capital Strategies, LLC in connection with the District's Multimodal General Obligation Refunding



Bonds Series 2021A (the “Series 2021A Bonds”) and Multimodal General Obligation Refunding Bonds Series 2021B (the “Series 2021B Bonds” and together with the Series 2021A Bonds, the “Series 2021 Multimodal Refunding Bonds”). The Series 2021 Multimodal Refunding Bonds were issued as variable rate general obligation bonds in the aggregate par amount of \$345,285,000 to refund the Series 2016 Multimodal Bonds (the “Series 2016B and Series 2016C Bonds”). This direct purchase agreement became effective November 12, 2021 and expires on June 1, 2027.

On November 30, 2021, the District entered into a direct purchase agreement with U.S. Bank National Association in connection with the District’s Multimodal General Obligation Bonds Series 2021C (the “Series 2021 Multimodal Bonds”). The Series 2021 Multimodal Bonds were issued as variable rate general obligation bonds with a par amount of \$350,000,000. This direct purchase agreement became effective November 30, 2021 and expires on June 2, 2025. On June 2, 2025, the District is expected to refund the 2021C Bonds with a new direct purchase with Wells Fargo Bank, National Association, in the amount of \$348 million and which will expire on June 2, 2028.

Table 11 provides summary information with respect to the District’s direct purchase obligations as of March 1, 2025.

**Table 11. General Obligation Direct Purchase Bonds**  
as of March 1, 2025

Series	Par Outstanding	Final Maturity	Index	Reset Mode/Payment Frequency	Direct Purchase Bank	Direct Purchase Agreement Date	Direct Purchase Expiration Date
2017B	\$99,975,000	6/1/2042	SIFMA	Monthly Reset / Monthly Pay	RBC Municipal Products, LLC.	11/21/2017	11/16/2027
2017C	44,810,000	6/1/2033	SIFMA	Monthly Reset / Monthly Pay	RBC Municipal Products, LLC	11/21/2017	11/16/2027
2021A	153,030,000	6/1/2039	SIFMA	Monthly Reset / Monthly Pay	Wells Fargo Municipal Capital	11/12/2021	6/1/2027
2021B <sup>(1)</sup>	92,350,000	6/1/2027	SOFR	Monthly Reset / Monthly Pay	Wells Fargo Municipal Capital	11/12/2021	6/1/2027
2021C	348,000,000	11/1/2046	SIFMA	Monthly Reset / Monthly Pay	U.S. Bank National Association	11/30/2021	6/2/2025
<b>Total</b>	<b>\$738,165,000</b>						

<sup>(1)</sup> Interest on the Series 2021B Bonds, which are the subject of a swap agreement, is payable at the fixed swap rate plus a spread to SOFR.

Source: Office of the CFO.

**Income Tax Secured Revenue Bonds.** The Income Tax Secured Bond Authorization Act of 2008 (D.C. Law 17-254; D.C. Official Code §§ 47-340.26-36), as amended (the “Income Tax Bond Act”) authorized the District to issue income tax secured revenue bonds (the “Income Tax Bonds”) to finance some or all of the capital projects in the District’s on-going capital improvements program. Income Tax Bonds are secured by a pledge of the revenues generated by the individual income tax and business franchise taxes imposed by the District (the “Income Tax Revenues”), which are generally paid directly to and collected by a collection agent. After transfers by the collection agent to the trustee for the Income Tax Bonds of amounts necessary to fulfill monthly set-aside requirements, all remaining income tax proceeds are released to the District. The holders of any Income Tax Bonds have a first lien on and a pledge of Income Tax Revenues superior to that of any other person, including the holders of general obligation bonds. As of March 1, 2025, approximately \$5.0 billion of Income Tax Secured Bonds were outstanding.

**Economic Development Initiatives of the District.** The District finances a portion of the costs of certain privately owned, economic development projects and public infrastructure projects through the issuance of tax increment bonds or notes (“TIF Bonds”) and Payment In Lieu of Taxes (PILOTs) revenue

bonds and notes (“PILOT Notes”). TIF Bonds are generally payable from incremental increases in certain dedicated real property and sales tax revenues generated from the respective project TIF areas. Similarly, PILOT Notes are generally payable from pledged PILOTs on certain real property that is currently or was formerly tax-exempt. Some TIF and PILOT projects are additionally secured by incremental tax revenues generated in the Downtown TIF Area. The Downtown TIF Area is located substantially in the northwest quadrant of the District of Columbia and covers a significant portion of the downtown area of the District of Columbia (the “Downtown TIF Area”). TIF Bonds and PILOT Notes are not general obligation debt of the District, and do not involve a pledge of the full faith and credit of the District.

Table 12 lists all outstanding TIF Bonds and PILOT Notes of the District, as well as additional debt that has been authorized but remains unissued.

**Table 12. TIF Bonds and PILOT Notes<sup>(1)</sup>**

<b>Project Name</b>	<b>Total Amount Issued</b>	<b>Amount Outstanding as of March 1, 2025</b>	<b>Authorization Remaining</b>
<i>Authorized Under the Tax Increment Financing Authorization Act of 1998 (as amended)</i>			
Gallery Place TIF	\$52,365,000	\$8,425,000	\$0
<b>Subtotal</b>	<b>\$52,365,000</b>	<b>\$8,425,000</b>	<b>\$0</b>
<i>Authorized Under the Retail Incentive Act of 2004 (as amended)</i>			
Great Streets Retail Priority Area TIF Notes	\$1,934,731	\$1,562,058	0
<b>Subtotal</b>	<b>\$1,934,731</b>	<b>\$1,562,058</b>	<b>\$0</b>
<i>Authorized Under the Payment In Lieu of Taxes Act of 2004 (as amended)</i>			
Southeast Federal Center PILOT Notes <sup>2</sup>	\$68,460,000	12,506,069	\$21,540,000
<b>Subtotal</b>	<b>\$68,460,000</b>	<b>\$12,506,069</b>	<b>\$21,540,000</b>
<i>Authorized Under Other Acts</i>			
Convention Center Hotel TIF/Revenue Bonds	\$176,380,000	\$80,365,176	\$0
O Street Market TIF	38,650,000	30,210,000	0
Verizon Center Sales Tax Revenue Notes	50,000,000	33,975,000	0
Southwest Waterfront TIF/PILOT	198,000,000	121,940,000	0
Skyland TIF	17,400,000	14,505,526	7,600,000
Union Market <sup>3</sup>	60,935,594	60,935,594	21,464,406
Reunion Square <sup>2</sup>	15,100,000	15,100,000	30,700,000
Bryant Street TIF	17,300,000	16,255,000	0
<b>Subtotal</b>	<b>\$573,765,594</b>	<b>\$373,286,296</b>	<b>\$59,764,406</b>
<b>TOTAL</b>	<b>\$696,525,325</b>	<b>\$395,779,423</b>	<b>\$81,304,406</b>

- (1) The Downtown TIF Area secures, as credit enhancement, seven projects should the footprint tax increment be insufficient to pay debt service: (i) Gallery Place, (ii) O Street Market, (iii) Verizon Center, (iv) Southwest Waterfront, (v) Skyland, (vi) Bryant Street, and (vii) Reunion Square. Of this group, in the past five years, Skyland has required a contribution from the Downtown TIF Area increment to make debt service payments.
- (2) 2024 Yards PILOT and Reunion Square TIF are financed with draw down facilities. The outstanding balance for Reunion Square includes remaining funds to be drawn.
- (3) Union Market issuances include convertible capital appreciation bonds. The amount outstanding reflects the par amount.

Source: Office of the CFO.

**Ballpark Financing.** The Ballpark Omnibus Financing and Revenue Act of 2004 (the “Ballpark Financing Act”) provided public financing for (i) the construction of a baseball stadium in the District (the “Ballpark”), to be owned by the District and leased (the “Stadium Lease”) to the owners of the Washington Nationals, and (ii) the renovation of Robert F. Kennedy Memorial Stadium (“RFK”) (collectively, the “Ballpark Project”). The Ballpark Financing Act provided for the creation of a Ballpark Revenue Fund (the

“Ballpark Revenue Fund”) within the General Fund, into which all receipts are deposited from the following (collectively, “Ballpark Revenues”): (i) taxes on ticket sales, parking and concessions of food, beverages and merchandise at the Ballpark and RFK (during baseball games) (the “Ballpark Sales Tax”), (ii) a gross receipts tax on certain businesses within the District in accordance with the schedule described in footnote 14 to Table 4 (the “Ballpark Fee”), (iii) the Ballpark Utilities Tax (one-eleventh of the 11% gross receipts tax imposed on the sale of natural gas, landline telephone service, toll telecommunications service, mobile telecommunications service, heating oil and artificial gas to non-residential customers and a tax of \$0.0007 per kilowatt-hour of electricity delivered to non-residential end-users in the District of Columbia), and (iv) rent payments under the Stadium Lease.

The Ballpark Revenue Fund is pledged as the source of payment for bonds issued by the District to fund the Ballpark Project (the “Ballpark Bonds”), which were originally issued in the amount of \$534.8 million in May 2006. As of March 1, 2025, \$104.6 million of the Ballpark Bonds were outstanding.

***Other Long-Term Obligations.*** For accounting and reporting purposes, the District’s ACFR for Fiscal Year 2024 treats the 20-year lease between the District and S/C 225 Virginia Avenue, LLC as a financing agreement, reports it as Other Loans Payable in the District’s long-term liabilities and includes it in the Debt Ceiling calculations.

The Mayor proposed and the Council approved bonds issued in 2007 (in the initial aggregate principal amount of \$34.1 million), 2010 (in the initial aggregate principal amount of \$53.2 million), and 2012 (in the initial aggregate principal amount of \$39.6 million) to finance a portion of the District’s New Communities Initiative, which is a large scale and comprehensive plan that provides housing infrastructure with a special focus on public housing, provides critical social support services, decreases the concentration of poverty and crime, enhances access to education and provides training and employment education to neighborhoods where crime, unemployment and truancy converge to create intractable physical and social conditions. Such bonds are revenue bonds secured by that portion of the District’s deed recordation tax and real property transfer tax revenues that is deposited into the District’s Housing Production Trust Fund and are currently outstanding in the combined principal amount of approximately \$29.1 million. Based on the Fiscal Year 2014 Budget Support Technical Clarification Amendment Act of 2014 (D.C. Law 20-117), beginning in Fiscal Year 2014, New Communities projects selected for financing with bond proceeds will no longer be funded from the Housing Production Trust Fund but will be funded with Income Tax Bonds.

As of March 1, 2025, the District had approximately \$219.5 million of GARVEE bonds outstanding. GARVEE bonds are secured by and payable solely from certain transportation grants received from, or anticipated to be received from, the federal government from moneys available in the Highway Transportation Fund. No District funds are pledged to pay GARVEE bonds and the Home Rule Act and the Debt Ceiling Act exclude GARVEE bonds from their respective debt limitation provisions, as discussed above.

In addition to the standard fixed-rate general obligation bonds and income tax secured revenue bonds, the District uses variable-rate bonds, synthetic fixed-rate bonds (through interest rate swaps), or revenue bonds (including TIF Bonds and PILOT Notes) for special projects, and a commercial paper program to diversify its debt portfolio, minimize debt service costs, and efficiently manage its capital assets and liabilities.

***Interest Rate Swap Agreements.*** The District has used interest rate swaps as part of prudent fiscal management to lower its overall cost of borrowing. The District’s swap agreements, subject to one exception relating to a floating-to-floating interest rate swap, were entered into in conjunction with the issuance of floating-rate general obligation bonds. At the time each such swap agreement was executed, the fixed rate paid by the District pursuant to the floating-to-fixed interest rate swap agreement was less than the fixed rate that would have been payable on fixed rate bonds. To manage its exposure to counterparty risk, the District entered into agreements only with counterparties that had a rating of at least “A.” To manage its exposure to basis

risk, the floating rate index selected at the time of execution of each agreement was that which, in the District's judgment, would approximate the rate on the related variable-rate bond series.

The District can elect to terminate a swap, but the counterparty does not have an option to terminate the transactions, and the counterparty is expected to perform through the transaction's maturity. The District or a counterparty may terminate a swap if the other party fails to perform under the terms of the contract. In addition, the Schedules to the International Swaps and Derivatives Association ("ISDA") Master Agreement define an "additional termination event," which provides that the swap may be terminated if the counterparty, the counterparty's credit support provider, if any, or the District has triggered such event. The District is not required to post collateral support under the swap agreements based on credit ratings of the District and the mark-to-market of the swaps as of March 1, 2025, and in the event a termination payment is payable by the District, it is payable from the general funds of the District, subject to appropriation. See Table 13 for specific termination trigger events.

The following table provides a brief description of the principal features of each interest rate swap agreement to which the District is a party as of March 1, 2025. For a description of the underlying obligations to which the swap agreements described below relate, see Note 7 to the Fiscal Year 2024 Financial Statements.

**Table 13. Interest Rate Swaps – Summary Information**  
as of March 1, 2025

1.	Related Bond Series	General Obligation Bonds Series 2001C, 2001D	General Obligation Variable Rate Refunding Bonds Series 2021B <sup>(1)</sup>
2.	Initial Notional Amount	\$278,080,000	\$224,300,000
3.	Current Notional Amount	\$45,140,000	\$92,350,500
4.	Mark-to-market	\$538,376.98	(\$1,115,425.63)
5.	Termination Date	June 1, 2029	June 1, 2027
6.	Type of Swap	Floating-to-Floating	Floating-to-Fixed
7.	Rate Paid by Counterparty	60 to 90% the one-month ISDA IBOR Fallback Rate on reset date	67% of one-month ISDA IBOR Fallback Rate
8.	Rate Paid by District	67% of the one-month ISDA IBOR Fallback Rate	3.615%
9.	Counterparty	JPMorgan Chase Bank, N.A.	Morgan Stanley Capital Services LLC <sup>(2)</sup>
10.	Counterparty Rating (S&P/Moody's/Fitch)	A/A1/AA-	A-/A1/A+
11.	Collateral/Credit Support	None	None
12.	Priority of Payments		
	a. interest payments	General obligation of the District	General obligation of the District
	b. termination payments	General funds of the District, subject to appropriation	General funds of the District, subject to appropriation
13.	Additional Termination Events	Senior unsecured debt rating of the District falls below BBB by S&P or Baa2 by Moody's	Senior unsecured debt rating of the District or the counterparty falls below BBB- by S&P or Baa3 by Moody's

<sup>(1)</sup> In connection with the issuance of the Series 2002B General Obligation Bonds, the District entered into a swap agreement. The Series 2002B Bonds were subsequently refunded and the swap agreement was related to the Series 2016C Bonds which were issued as variable rate general obligation bonds in the par amount of \$224,315,000 on November 18, 2016 pursuant to a direct purchase agreement which expired on November 12, 2021. The Series 2016C Bonds were subsequently refunded, and the swap is now related to the Series 2021B Bonds, which were issued as variable rate general obligations bonds in the par amount of \$174,675,000 on November 12, 2021 pursuant to a direct purchase agreement, which expires on June 1, 2027.

<sup>(2)</sup> Pursuant to the swap agreement(s) with the District, obligations of Morgan Stanley Capital Services LLC are guaranteed by Morgan Stanley & Co.

Source: Office of the CFO.

**Energy Efficiency Initiative.** The District finances the energy efficiency initiative (“PACE Program”) through a special assessment imposed on participating real property pursuant to the Energy Efficiency Financing Act of 2010, effective May 27, 2010 (D.C. Law 18-183) (“Energy Efficiency Act”). If a qualified owner of real property located in the District wishes to participate in the PACE Program, the Energy Efficiency Act authorizes the District to issue debt for energy efficiency improvements. The debt issued by the District is a special obligation of the District. As of March 1, 2025, the District had approximately \$48.7 million outstanding notes under the PACE Program. In October 2021, the administration of the PACE Program transferred from the District’s Department of Energy and Environment to the DC Green Bank.

## Other Capital Funding

The District uses Bond Anticipation Notes (“BANs”) to provide interim financing for capital project expenditures under the applicable capital improvements plan. The BANs program permits borrowing in the form of draw-down bonds and commercial paper notes.

**Draw-Down Bonds.** In March 2021, the District established a \$200 million revolving credit facility with U.S. Bank National Association that was amended and restated in November 2022, allowing draws up to a maximum principal amount of \$300 million in the form of Income Tax Secured Revenue Bond Anticipation Notes. The facility expired on March 22, 2024. The District established a new revolving credit facility with U.S. Bank National Association on March 25, 2024 allowing draws up to a maximum principal amount of \$300 million in the form of Income Tax Secured Revenue Bond Anticipation Notes that expires September 23, 2025. As of March 1, 2025, \$213.0 million of Income Tax Secured Revenue Bond Anticipation Notes were outstanding.

**Commercial Paper Notes.** In May 2022, the District established a \$300 million direct pay letter of credit facility with Barclays Bank, PLC to support the issuance of General Obligation Commercial Paper BANs, Series 2022. The letter of credit expires June 30, 2025. As of March 1, 2025, \$216.3 million of General Obligation Commercial Paper BANs, Series 2022, were outstanding. The District expects to refund the General Obligation Commercial Paper BANs, Series 2022 on or before June 30, 2025.

## Summary of Tax-Supported Debt

Table 14 shows the District’s outstanding Tax-Supported Debt as Calculated for Purposes of the Debt Ceiling Act. See also “– Summary of Statutory Debt Provisions” herein.

**Table 14. Outstanding Tax-Supported Debt  
as Calculated for Purposes of the Debt Ceiling Act as of March 1, 2025**

<b>Security</b>	<b>Par Outstanding</b>	<b>Percentage</b>
General Obligation Bonds	\$6,777,730,000.00	51.80%
Income Tax Secured Revenue Bonds	4,997,505,000.00	38.19
Bond Anticipation Notes	429,349,021.00	3.28
TIFs & PILOTS	427,721,670.00	3.02
Ballpark Revenue Bonds	104,565,000.00	0.80
HPTF Bonds	29,110,000.00	0.22
Convention Center Bonds	351,935,000.00	2.69
<b>TOTAL</b>	<b>\$13,085,638,723.00</b>	<b>100.00%</b>

Source: Office of the CFO.

Tables 15 and 16 show the District's Tax-Supported Debt for Fiscal Years 2020-2024 on a per capita basis and as a percentage of assessed value as reflected in the District's ACFR for each Fiscal Year. The Tax-Supported Debt as shown in Tables 15 and 16 is different from and does not necessarily reflect Tax-Supported Debt for purposes of the Debt Ceiling Act.

**Table 15. Tax-Supported Debt Per Capita**  
Fiscal Years 2020-2024

<b>Fiscal Year</b>	<b>Tax-Supported Debt<sup>(1)</sup></b>	<b>Population<sup>(2)</sup></b>	<b>Tax-Supported Debt Per Capita</b>
2020	\$12,172,437,000	670,917	\$18,142
2021	11,797,717,000	669,256	17,628
2022	12,886,649,000	676,725	19,043
2023	12,866,476,000	687,324	18,720
2024	12,869,582,000	702,250	18,326

<sup>(1)</sup> Tax-Supported Debt is as of September 30 of each year, based on the District's ACFR for Fiscal Year 2024, Statistical Section, Exhibit S-3C, excluding Convention Center, GARVEE and Tobacco obligations.

<sup>(2)</sup> 2024 population data is based on estimates as of July 1 of each year, adjusted for Census updates and as presented in the District's ACFR for Fiscal Year 2024, Statistical Section, Exhibit S-4A.

Source: District's ACFR for Fiscal Year 2024, Statistical Section, Exhibit S-3C and Exhibit S-4A.

**Table 16. Tax-Supported Debt and Assessed Value of Taxable Property**

<b>Fiscal Year</b>	<b>Estimated Actual Values<sup>(1)</sup></b>	<b>Tax Supported Debt<sup>(2)</sup></b>	<b>Debt/Estimated Actual Value</b>
2020	\$228,687,317,000	\$12,172,437,000	5.3
2021	244,414,935,000	11,797,717,000	4.8
2022	248,762,508,000	12,886,649,000	5.2
2023	254,609,476,000	12,866,476,000	5.1
2024	260,033,288,000	12,869,582,000	4.9

<sup>(1)</sup> Assessed value is 100% of estimated actual value.

<sup>(2)</sup> Tax-Supported Debt is as of September 30 of each year, based on the District's ACFR for Fiscal Year 2024, Statistical Section, Exhibit S-3C, excluding Convention Center, GARVEE and Tobacco obligations.

Source: District's ACFR for Fiscal Year 2024, Statistical Section, Exhibit S-2A and Exhibit S-3C.

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## THE DISTRICT'S ECONOMIC RESOURCES

### Overview

Although the District of Columbia is primarily known as the Nation's Capital, it is also an international city, a cultural center, and the central city in one of the largest metropolitan areas in the United States. The Washington Primary Metropolitan Statistical Area (the "PMSA") encompasses 20 jurisdictions in Maryland, Virginia, and West Virginia, as well as the District. The District of Columbia covers approximately 61 square miles. Based on current estimates by the U.S. Census Bureau, the District's resident population was 702,250 in 2024, an increase of 14,926 over 2023.

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

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

### Land and Land Use

The boundaries of the District were fixed originally by Presidential proclamation in 1791 and later amended by Acts of Congress in 1846, 1927, and 1945. By statute, the District cannot annex land in surrounding jurisdictions. Due to the presence of the federal government and the many other governmental and nonprofit organizations that maintain offices and facilities in the District, the majority of land is exempt from real property taxation. Table 17 sets forth the relative percentages of land in the District devoted to various taxable and tax-exempt uses.

**Table 17. Land Uses by Tax Classification for Tax Year 2024**

<u>USE</u>	<u>AREA</u>
<u>Tax-Exempt</u>	
Federal tax-exempt	36%
Other tax-exempt	12
District government	7
<u>Taxable</u>	
Residential	36
Commercial	9
Vacant	1
<b>TOTAL</b>	<b>100%</b>

Source: District of Columbia Office of Tax and Revenue; derived from data included in the D.C. Data Book publication Table 4-3 and 4-4. May not add up to 100% because of rounding.

## Population and Income

Based on current estimates by the U.S. Census Bureau, the District's resident population was 702,250 in 2024. See Table 18

Per capita personal income in the District of Columbia has been consistently higher than in all 50 states. In 2024, per capita personal income in the District of Columbia was \$111,232, compared to \$72,500 for the United States as a whole, based on data from the U.S. Bureau of Economic Analysis. The high per capita and household incomes in the District result from a combination of factors, including multiple-earner households, small household size, and a large percentage of college graduates employed in highly skilled occupations. The District has a significant number of lower-income residents, with an average of 14.0% of the population below the poverty line for 2023. For 2019-2023, an average of 92.8% of District of Columbia residents aged 25 or older were high school graduates, compared to 89.4% nationwide; 63.6% of District of Columbia residents in the same age group had earned a bachelor's degree (or higher), compared to 35.0% nationwide.

**Table 18. Demographic Statistics (Fiscal Year)**

Population Estimates		Median Age (Years)	Per Capita Personal Income		
Year	D.C.	D.C.	D.C.	U.S.	Ratio of D.C. to U.S.
2020	670,917	N/A	\$92,449	59,125	1.56
2021	669,256	34.8	97,498	64,419	1.51
2022	676,725	34.9	101,762	66,061	1.54
2023	687,324	34.9	107,040	69,415	1.54
2024	702,250	N/A	111,232	72,500	1.53

Sources: For population and median age, the District's ACFR for Fiscal Year 2024, Statistical Section, Exhibit S-4A. For per capita personal income, the U.S. Department of Commerce, Bureau of Economic Analysis.

## Employment and Industry

**Employment.** The following statistics are based on estimates by the U.S. Bureau of Labor Statistics and are not seasonally adjusted. In 2024, total resident employment in the PMSA was approximately 3,391,400, and total resident employment in the District of Columbia was approximately 380,868.

In 2024, wage and salary employment in the District of Columbia was up by 7,300 jobs (1.0%) compared to a year earlier, with most sectors adding jobs over the year. The Federal Government saw a decline of 1,706 (-0.9%) jobs, while leisure and hospitality gained 5,300 jobs.

**Income.** Wages and salaries earned in the District of Columbia were 5.2% higher in 2024 compared to the 2023. Wages earned by District residents grew by 5.9% in 2024 compared to 2023.

**Tourism.** The convention and tourism industry that services the business traveler, conventioneer and tourist is one of the District of Columbia's core industries and is a major source of jobs and sales tax revenue.

The Walter E. Washington Convention Center opened in 2003 and has helped the District become a destination for business meetings and conventions. The Convention Center is approximately three times as large as the former convention center, with approximately 2.3 million square feet, including 703,000 square feet of exhibit space, 198,000 square feet of meeting space divisible into 77 rooms, and 19,000 square feet for



retail space and street-level restaurants. The meeting space includes a 52,000-square-foot ballroom, which is one of the largest in the Mid-Atlantic region.

In 2023, approximately 24.0 million domestic visitors and 1.95 million overseas visitors traveled to the District of Columbia for a total of 25.95 million visitors. Visitors are attracted not only by the need to do business with the federal government and regional businesses, but also by national monuments, historic sites, restaurants, museums, and other major cultural attractions. The John F. Kennedy Center for the Performing Arts, the National Gallery of Art, the Smithsonian Institution and the Library of Congress are among the cultural institutions of international renown located in the District.

**Hospitality.** In 2024, the number of hotel room days sold was 5.1% more than 2023. The average room rate was up 0.8% and hotel room sales were 6.3% higher. In 2024, employment in food services was 0.4% more than in 2023 and hotel employment was up 7.9%.

**Universities.** Several colleges and universities are located in the District of Columbia, including Georgetown University, The George Washington University, Howard University, The Catholic University of America, Gallaudet University, American University, and UDC. Other major universities in the MSA include George Mason University and the University of Maryland.

**Real Estate.** Single-family home sales in 2024 were down 5.9% from a year earlier, and the average selling price in 2024 (\$1,134,346) was 4.4% higher. Condominium sales were down 18.2% from 2023, and the average selling price (\$584,910) was 2.3% higher.

In 2024, 1,190 housing permits were issued, down 77.0% from 2023. In the quarter ended December 2024, 9,977 multi-family units were under construction in 68 buildings. Of these, apartments accounted for 95.7% of the units.

According to CoStar Group, Inc., for the quarter ending December 2024, the vacancy rate for all office space in the District of Columbia was 17.3%, up from 16.9% in the same quarter of 2023. During this period, rents were up 0.5%. Commercial office space construction was 0.4 million square feet in 1 building, a decrease of 0.7 million square feet (64%) from a year earlier.

**Outlook.** Wage and salary employment is growing in the District of Columbia, up 1.0% compared to a year earlier, with most sectors adding jobs over the year. Although the District's economy is steadily recovering from the pandemic-induced recession of 2020, employment levels in the city are still below pre-pandemic numbers. As of the fourth quarter of 2024, there are approximately 26,600 fewer jobs compared to the first quarter of 2020. Wages in the District grew by 5.0% in 2024, but the pace was slower than the national wage growth rate of 5.7 percent. With adjustments for inflation, real wages grew modestly. Personal income in the District grew in the fourth quarter of 2024, with an increase of 5.5 percent. The District's population has witnessed three consecutive years of increase. The U.S. Census Bureau issued an updated population estimate which showed that the District's population grew from 687,324 to 702,250 from July 2023 to July 2024, a net gain of 14,926.

The District's economy has displayed notable resilience to elevated interest rates, surpassing economists' expectations. However, looking ahead, there are challenges in the medium to long term, with a considerable amount of uncertainty coming from the Trump administration's efforts to reduce the federal workforce. While federal jobs (excluding the U.S. Postal Service) make up just 1.4 percent of the U.S. civilian workforce, they account for close to 25 percent of total civilian employment in the District. Additionally, a significant portion of the Professional and Management Services sector depends on federal funding and contracts. As a result, widespread federal layoffs could have major ripple effects throughout the District's economy. A softening commercial property market also poses a significant risk to the outlook.

For additional information on the economic outlook in the District, see “BUDGETING AND FINANCIAL PROCEDURES – Financial Procedures – Revenue Estimates and Expenditure Projections” and “DISTRICT BUDGET AND FINANCIAL PLAN.”

**Table 19. Top 10 Private Sector Employers in the District<sup>(1)(2)</sup>  
(2024)**

<b>Employer</b>	<b>Rank<sup>(3)</sup></b>
Georgetown University	1
Children’s National Medical Center	2
Washington Hospital Center	3
George Washington University	4
Georgetown University Hospital	5
American University	6
Universal Protection Service LLC	7
Booz Allen & Hamilton, Inc.	8
Howard University	9
Insperty Peo Service	10

<sup>(1)</sup> This data is produced through the Quarterly Covered Employment and Wage Program, a Bureau of Labor Statistics federal/state cooperative statistical program. The release of data under this program is subject to the Confidential Information Protection and Statistical Efficiency Act of 2002. The District cannot release company specific employment information without the written consent of each of the companies that are included in the release of such data. As a result, only rank information for the top ten principal employers is presented.

<sup>(2)</sup> Table 19 does not include the federal and local government as employers.

<sup>(3)</sup> Ranked by size of workforce.

Source: District’s ACFR for Fiscal Year 2024, Statistical Section, Exhibit S-4B.

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**Table 20. Employment and Unemployment in the Civilian Labor Force  
Washington, D.C., Washington PMSA and the United States**  
(Annual Average Data; Not Seasonally Adjusted)

**Washington, D.C.**

(in thousands, other than unemployment rate)

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Labor Force	385.7	377.9	388.7	397.8	402.0
Number Employed	355.4	352.0	370.2	378.4	381.0
Number Unemployed	30.3	25.9	18.4	19.4	21.0
Unemployment Rate	7.9%	6.9%	4.7%	4.9%	5.2%

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

**Washington, PMSA**

(in thousands, other than unemployment rate)

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Labor Force	3,410.7	3,371.1	3,423.9	3,488.5	3,525.0
Number Employed	3,191.6	3,212.5	3,320.7	3,396.1	3,435.0
Number Unemployed	219.1	158.6	103.2	92.4	90.0
Unemployment Rate	6.4%	4.7%	3.0%	2.6%	2.6%

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

**United States**

(in thousands, other than unemployment rate)

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Labor Force	160,767	161,213	164,292	167,123	168,200
Number Employed	147,815	152,587	158,298	161,045	161,600
Number Unemployed	12,952	8,627	5,994	6,078	6,600
Unemployment Rate	8.1%	5.4%	3.6%	3.6%	3.9%

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

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