**NEW ISSUE - BOOK-ENTRY-ONLY** **RATINGS: See "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 2015 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that the Series 2015 Bonds, the interest thereon, and the income therefrom is exempt from taxation by the District of Columbia except for estate, inheritance, and gift taxes. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2015 Bonds. See "TAX MATTERS" herein.*

# $145,445,000
# DISTRICT OF COLUMBIA
## (Washington, D.C.)
## Southwest Waterfront Project Revenue Bonds
## (The Wharf Project),
## Series 2015 (Federally Taxable)

**Dated: Date of Delivery** **Due: June 1, as shown on the inside cover**

*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. Capitalized terms used on this cover page and not otherwise defined have the meanings given to such terms in this Official Statement or APPENDIX B, as applicable.*

The District of Columbia Southwest Waterfront Project Revenue Bonds (The Wharf Project), Series 2015 (Federally Taxable) (the "Series 2015 Bonds"), are being issued pursuant to (i) the Home Rule Act, (ii) the Southwest Waterfront Act, and (iii) the Indenture.

The proceeds of the Series 2015 Bonds will be used to (i) provide funds to finance, refinance, or reimburse certain costs incurred in connection with the development and financing of the Southwest Waterfront (Wharf) Project, (ii) fund capitalized interest on the Series 2015 Bonds, (iii) fund the Debt Service Reserve Fund, and (iv) pay the costs and expenses of issuing and delivering the Series 2015 Bonds.

**The Series 2015 Bonds are secured by a lien on and pledge of (i) the Southwest Waterfront Pledged Revenues, (ii) the Southwest Waterfront Fund, (iii) the moneys and investments on deposit in certain funds and accounts established under the Indenture, including the Debt Service Reserve Fund, and (iv) to the extent the Southwest Waterfront Pledged Revenues are insufficient to pay principal of and interest on the Series 2015 Bonds, the Available Increment (Downtown). As more fully described herein, the lien on and pledge of the Available Increment (Downtown) (A) is subordinate to certain obligations and (B) is on parity with certain other outstanding obligations and any Additional Debt. Additionally, the amount of the Available Increment (Downtown) available for debt service on the Series 2015 Bonds could be reduced by any allocation of Footprint Increment to a Future Downtown Project. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS" and "THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN)" herein.**

**The Series 2015 Bonds are special obligations of the District, are without recourse to the District, are not a pledge of and do not involve the full faith and credit or taxing power of the District (other than the Southwest Waterfront Pledged Revenues or the Available Increment (Downtown)), do not constitute a debt of the District, and do not constitute lending of the public credit for private undertakings for purposes of Section 602(a) of the Home Rule Act.**

Interest on the Series 2015 Bonds is payable on June 1 and December 1 of each year, commencing on December 1, 2015. The Series 2015 Bonds will be issued as fully registered bonds under a book-entry-only system, initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of the Series 2015 Bonds will be made in book-entry form, in denominations of $5,000 and integral multiples thereof. See APPENDIX D – "Book-Entry-Only System."

The Series 2015 Bonds are subject to redemption prior to maturity as described herein.

*The Series 2015 Bonds are offered for delivery when, as and if issued, subject to the 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 and Lewis & Munday, A Professional Corporation, both of Washington, D.C. It is anticipated that the Series 2015 Bonds will be available for delivery in book-entry form through the facilities of DTC in New York, New York on or about September 3, 2015.*

**Wells Fargo Securities** **BofA Merrill Lynch**

**PNC Capital Markets LLC** **Ramirez & Co., Inc.** **Stifel**

August 18, 2015

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

**$145,445,000**
**Southwest Waterfront Project Revenue Bonds**
**(The Wharf Project),**
**Series 2015 (Federally Taxable)**

**Serial Bonds**

| Maturity (June 1) | Principal Amount | Interest Rate | Price | CUSIP (25483) |
|---|---|---|---|---|
| 2020 | $4,330,000 | 2.824% | 100% | VPR9 |
| 2021 | $4,350,000 | 3.082% | 100% | VPS7 |
| 2022 | $4,705,000 | 3.432% | 100% | VPT5 |
| 2023 | $4,970,000 | 3.632% | 100% | VPU2 |
| 2024 | $5,150,000 | 3.832% | 100% | VPV0 |
| 2025 | $5,350,000 | 3.932% | 100% | VPW8 |
| 2026 | $5,560,000 | 4.132% | 100% | VPX6 |
| 2027 | $5,790,000 | 4.232% | 100% | VPY4 |
| 2028 | $6,035,000 | 4.332% | 100% | VPZ1 |
| 2029 | $6,295,000 | 4.482% | 100% | VQA5 |
| 2030 | $6,575,000 | 4.582% | 100% | VQB3 |

**Term Bonds**

| Maturity (June 1) | Principal Amount | Interest Rate | Price | CUSIP (25483) |
|---|---|---|---|---|
| 2035 | $37,950,000 | 4.931% | 100% | VQD9 |
| 2040 | $48,385,000 | 5.041% | 100% | VQC1 |

**DISTRICT OF COLUMBIA**

**Muriel Bowser**
Mayor

**EXECUTIVE OFFICERS**

| | |
|---|---|
| Rashad M. Young | City Administrator |
| Jennifer C. Niles | Deputy Mayor for Education |
| Brian Kenner | Deputy Mayor for Planning and Economic Development |
| Brenda Donald | Deputy Mayor for Health and Human Services |
| Kevin Donahue | Deputy Mayor for Public Safety and Justice |
| Courtney Snowden | Deputy Mayor for Greater Economic Opportunity |
| Karl A. Racine | Attorney General |
| Jeffrey S. DeWitt | Chief Financial Officer |
| Jeffrey Barnette | Deputy Chief Financial Officer and Treasurer |
| Fitzroy A. Lee | Deputy Chief Financial Officer for Revenue Analysis |
| Stephen M. Cordi | Deputy Chief Financial Officer for Tax and Revenue |
| Bill Slack | Deputy Chief Financial Officer for Financial Operations and Systems |
| Gordon McDonald | Deputy Chief Financial Officer for Budget and Planning |

**COUNCIL OF THE DISTRICT OF COLUMBIA**

Phil Mendelson, Chairman

| | | | |
|---|---|---|---|
| Elissa Silverman | At Large | Mary M. Cheh | Ward 3 |
| David Grosso | At Large | Brandon Todd | Ward 4 |
| Vincent B. Orange, Sr. | At Large | Kenyan R. McDuffie | Ward 5 |
| Anita Bonds | At Large | Charles Allen | Ward 6 |
| Brianne Nadeau | Ward 1 | Yvette M. Alexander | Ward 7 |
| Jack Evans | Ward 2 | LaRuby May | Ward 8 |

**INVESTOR RELATIONS**

Jeffrey Barnette
Deputy Chief Financial Officer and Treasurer
Office of Finance and Treasury
1101 Fourth Street, S.W., Suite 850
Washington, D.C.  20024
phone:  (202) 727-6055
fax:  (202) 727-6963
e-mail: dcinvestorrelations@dc.gov

**FINANCIAL ADVISOR**

First Southwest Company, LLC
Dallas, Texas

**BOND COUNSEL**

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

**DISCLOSURE COUNSEL**

Hawkins Delafield & Wood LLP
Washington, D.C.

**No dealer, broker, salesperson or other person has been authorized by the District of Columbia (the "District") 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. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2015 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.**

**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 on by any other party.**

**The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including 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 2015 Bonds is made only by means of this entire Official Statement.**

**The statements contained and incorporated by reference in this Official Statement and appendices hereto and in any other information provided by the District and other parties to the transactions described herein 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 on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date hereof, 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 of the District to fulfill some or all of its obligations under the Series 2015 Bonds.**

**The Underwriters (as defined herein) 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.**

**In connection with the offering of the Series 2015 Bonds, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of such Series 2015 Bonds at levels above those which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.**

**THESE SECURITIES 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.**

**THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: HTTP://IPGWEB.WIX.COM/IPGWEBPOST-12793. 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 WEBSITE.**

## Summary of the Offering

*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 to such terms in this Official Statement or APPENDIX B, as applicable.*

| | |
|---|---|
| **Issuer:** | District of Columbia |
| **Issue:** | $145,445,000 Southwest Waterfront Project Revenue Bonds (The Wharf Project), Series 2015 (Federally Taxable) (the "Series 2015 Bonds") |
| **Dated Date:** | Date of Delivery |
| **Denominations:** | $5,000 and integral multiples thereof |
| **Interest:** | The Series 2015 Bonds will bear interest at the rates set forth on the inside cover page hereof, payable semiannually each June 1 and December 1, commencing December 1, 2015. |
| **Redemption:** | The Series 2015 Bonds are subject to redemption prior to maturity as described under "THE SERIES 2015 BONDS – Redemption" herein. |
| **Purpose of the Issue:** | The proceeds of the Series 2015 Bonds will be used to (i) provide funds to finance, refinance, or reimburse certain costs incurred in connection with the development and financing of the Southwest Waterfront (Wharf) Project, (ii) fund capitalized interest on the Series 2015 Bonds, (iii) fund the Debt Service Reserve Fund, and (iv) pay the costs and expenses of issuing and delivering the Series 2015 Bonds. |
| **Security and Sources of Payment:** | The Series 2015 Bonds are secured by a lien on and pledge of (i) the Southwest Waterfront Pledged Revenues, (ii) the Southwest Waterfront Fund, (iii) the moneys and investments on deposit in certain funds and accounts established under the Indenture, including the Debt Service Reserve Fund, and (iv) to the extent the Southwest Waterfront Pledged Revenues are insufficient to pay principal of and interest on the Series 2015 Bonds, the Available Increment (Downtown). As more fully described herein, the lien on and pledge of the Available Increment (Downtown) (A) is subordinate to certain obligations and (B) is on parity with certain other outstanding obligations and any Additional Debt. Additionally, the amount of the Available Increment (Downtown) available for debt service on the Series 2015 Bonds could be reduced by any allocation of Footprint Increment to a Future Downtown Project.<br><br>The Southwest Waterfront Pledged Revenues are defined, collectively, as (i) the Available Sales Tax Revenues (The Wharf Project), (ii) the Southwest Waterfront PILOT Increment, and (iii) the Southwest Waterfront Special Assessment. The Available Sales Tax Revenues (The Wharf Project) and the Southwest Waterfront PILOT Increment are derived from sales taxes and PILOT payments generated by and collected from businesses and properties within the Southwest Waterfront PILOT/TIF Area, above a base amount of $208,549 and $945,000, respectively, as further described herein. The Southwest Waterfront Special Assessment is the special assessment relating to the Southwest Waterfront Improvement Benefit District established by D.C. |

Official Code § 47-895.02. The Available Increment (Downtown) is, for any fiscal year, (i) the sum of (A) the Available Real Property Tax Increment, plus (B) the Available Sales Tax Increment, less (ii) any allocation of the Footprint Increment for any Downtown Project, each as further defined herein.

For more information on the sources pledged as security for the Series 2015 Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS," "THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN)," and "CERTAIN KEY DEFINITIONS" herein.

**Collection Procedures:** All District real property and sales taxes (including PILOT payments and special assessments) are collected by the Collection Agent pursuant to the Collection Contract. Pursuant to the Indenture, the District will (i) take reasonable measures to collect the sales taxes, PILOT payments, and special assessments that constitute the source of the Southwest Waterfront Pledged Revenues and (ii) issue collection instructions to the Collection Agent.

The Indenture grants the Trustee, on behalf of the holders of the Series 2015 Bonds, a first priority security interest in any amounts in the Southwest Waterfront Fund to secure the payment of the principal of (including prepayments), interest on, and other amounts payable on, the Series 2015 Bonds.

Pursuant to the Indenture, all moneys received by or on account of the District that are required to be deposited, transferred, or credited to the Debt Service Fund (including without limitation the Southwest Waterfront Pledged Revenues and the Available Increment (Downtown), if any), and all other moneys transferred or allocated to or received for the purposes of such fund, will be used to pay debt service on the Series 2015 Bonds without the necessity of appropriation.

Collection of sales taxes, PILOT payments, and special assessments that constitute the source of the Southwest Waterfront Pledged Revenues are discussed herein under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS" and "COLLECTION OF REAL PROPERTY TAXES AND SALES TAXES IN THE DISTRICT."

**District Covenants**: *Special Obligations*. Pursuant to the Indenture, the District has covenanted that the Series 2015 Bonds are special obligations of the District, will be nonrecourse to the District, will not be a pledge of, and will not involve, the full faith and credit or the taxing power of the District (other than the Southwest Waterfront Pledged Revenues and the Available Increment (Downtown)), will not constitute a debt of the District, and will not constitute lending of the public credit for private undertakings for purposes of Section 602(a) of the Home Rule Act.

*Maintenance of Pledge*. Pursuant to the Indenture, the District has pledged to and covenanted and agreed with the holders of the Bonds that, subject to the provisions of the Indenture, the District will not limit or alter the Southwest Waterfront Fund pledged to secure the Bonds, will not in any way impair the rights or remedies of the holders of the Bonds until the Bonds, together with interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any suit, action or proceeding by or on behalf of the holders, are fully met and discharged. Except as described in the preceding sentence, the District will not make any pledge or assignment of or create or suffer any lien or encumbrance upon the Debt Service Fund, the Debt Service Reserve Fund, the Project Fund, the Revenue Fund, the Redemption Fund (each created pursuant to the Indenture), or the Southwest Waterfront Fund (created pursuant to the Southwest Waterfront Act) prior to or on parity with the pledge under the Indenture.

**Additional Obligations:** Pursuant to the Indenture, the District may issue Additional Bonds secured by the Southwest Waterfront Pledged Revenues if certain conditions are met. Additional Bonds may be issued on a parity or subordinate basis. Prior to the issuance of Additional Bonds, the District is required to provide the Trustee a report of an independent feasibility consultant evidencing that Southwest Waterfront Pledged Revenues are not less than 1.50 times the debt service on outstanding Bonds and such Additional Bonds in each Bond Year (as calculated in accordance with the Funding Agreement).

For projects located within or outside of the Downtown TIF Area, the District may also issue additional debt or other obligations to be paid, in whole or in part, from the Available Increment (Downtown) on parity with the Series 2015 Bonds if certain conditions are met. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Covenants and Agreements of the District – *Additional Obligations*."

The District's Debt Ceiling Act restricts the issuance of any Tax-Supported Debt 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. The District's 12% debt ceiling limit includes the Bonds issued under the Indenture.

**Additional Projects in the Downtown TIF Area:** Pursuant to the Indenture, the District may allocate to any Future Downtown Project up to 100% of the Footprint Increment from such Future Downtown Project. Following the effective date of such allocation, such Footprint Increment for the Future Downtown Project will not be included in the Available Increment (Downtown) if certain conditions are met. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Available Increment (Downtown) – *Footprint Increment and Additional Projects in the Downtown TIF Area*" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Covenants and Agreements of the District – *Additional Obligations*."

**Continuing Disclosure:** The District will enter into a Continuing Disclosure Agreement to assist the Underwriters in complying with the provisions of Rule 15c2-12, as further described in "CONTINUING DISCLOSURE" herein. The form of Continuing Disclosure Agreement that the District will enter into is attached as APPENDIX E hereto.

**Ratings:** S&P, Moody's, and Fitch have assigned ratings of "A+," "Aa3," and "AA-," respectively, to the Series 2015 Bonds. The outlook for each such rating is "stable." See "RATINGS" herein.

***The Series 2015 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. The Series 2015 Bonds have not been approved or disapproved by the SEC or by the securities commission or any regulatory authority of any state, nor has the SEC or any state securities commission or regulatory authority passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.***

**Table of Contents**

**OFFICIAL STATEMENT**
**relating to**

**$145,445,000**
**DISTRICT OF COLUMBIA**
**(Washington, D.C.)**

**Southwest Waterfront Project Revenue Bonds**
**(The Wharf Project),**
**Series 2015 (Federally Taxable)**

## INTRODUCTION

### General

The District of Columbia (the "District") has prepared this Official Statement in connection with the issuance and sale of $145,445,000 aggregate principal amount of its Southwest Waterfront Project Revenue Bonds (The Wharf Project), Series 2015 (Federally Taxable) (the "Series 2015 Bonds").

This Official Statement consists of the cover page, inside cover page, the Table of Contents and each of the Appendices attached hereto. This Official Statement is dated as of the date set forth on the cover page. The Series 2015 Bonds may not be suitable for all investors. Prospective purchasers of the Series 2015 Bonds should read this Official Statement in its entirety. The descriptions and summaries of the various documents referred to herein do not purport to be comprehensive or definitive, and all such descriptions or summaries are qualified in their entirety by reference to the complete documents, copies of which are available for inspection in the designated office of the Trustee.

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.

Certain financial and demographic information relating to the District is set forth in APPENDIX A. For a summary of certain definitions and provisions of the Indenture, see APPENDIX B.

Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the "THE SERIES 2015 BONDS – Certain Key Definitions" or APPENDIX B, as applicable.

### Investor Relations

Investor information, including the District's Comprehensive Annual Financial Reports ("CAFR"), may be requested in writing from the Treasurer, Office of Finance and Treasury, 1101 Fourth Street, S.W., Suite 850, Washington, D.C. 20024, by phone at (202) 727-6055, by e-mail at dcinvestorrelations@dc.gov, or by fax at (202) 727-6963. The District's CAFR for the fiscal year ended September 30, 2014 can be found on the District's website at http://cfo.dc.gov/node/771312 or by registering with and logging onto the website of Digital Assurance Certification, L.L.C. ("DAC") at www.dacbond.com. DAC is the disclosure dissemination agent for the District and has agreed to promptly file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system, upon receipt from the District, the District's annual financial information and notices of events that are required by the Continuing Disclosure Agreement. See "CONTINUING DISCLOSURE." Certain other 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. Periodically, the District updates its investor website (www.buyDCbonds.com) with information regarding prospective financings.

**CERTAIN KEY DEFINITIONS**

Below are certain key definitions that are used throughout this Official Statement.

"*Additional Bonds*" means any bonds as designated and authorized to be issued under a Supplemental Indenture.

"*Available Increment (Downtown)*" means, for any fiscal year, (i) the sum of (A) the Available Real Property Tax Increment, plus (B) the Available Sales Tax Increment, less (ii) any allocation of the Footprint Increment for any Downtown Project.

"*Available Real Property Tax Increment*" means, for any fiscal year of the District, 100% of the real property tax increment in respect of the Downtown TIF Area, being that portion of the real property tax levied pursuant to Chapter 8 of Title 47 of the D.C. Official Code and payments in lieu of real property taxes, exclusive of the Special Real Property Tax, attributable to the difference, if any, between the aggregate assessed value for such fiscal year of all lots of Commercial Real Property within the Downtown TIF Area and the assessed value of such lots in effect on January 1, 1999.

"*Available Sales Tax Increment*" means, for any fiscal year of the District, 100% of the sales tax increment in respect of the Downtown TIF Area, being the revenues resulting from the imposition of tax on sales imposed pursuant to Chapter 20 of Title 47 of the D.C. Official Code, including penalties and interest charges, exclusive of the portion thereof required to be deposited on behalf of the Washington Convention and Sports Authority in the Washington Convention Center Fund established pursuant to D.C. Official Code § 10-1202.08, from sales at locations within the Downtown TIF Area in each fiscal year of the District, less the amount of sales tax revenues for such sales at such locations in fiscal year 1999.

"*Available Sales Tax Revenues (The Wharf Project)*" means the revenues in excess of $208,549 generated in the Southwest Waterfront PILOT/TIF Area in any fiscal year of the District commencing on the Commencement Date resulting from the imposition of the sales tax under Chapter 20 of Title 47, including penalty and interest charges, exclusive of the portion required to be deposited in (i) the Washington Convention Center Fund established pursuant to D.C. Official Code § 10-1202.08 and (ii) the General Fund and allocated to the Metrorail/Metrobus Account established pursuant to D.C. Official Code § 9-1111.15. This defined term includes sales tax revenues from any business existing in the Southwest Waterfront PILOT/TIF Area on October 22, 2008, only after the business has re-opened as a result of the development of any portion of the Southwest Waterfront (Wharf) Project.

"*Bond Year*" means the 12-month period beginning on June 2, 2015 and extending through June 1, 2016, and each subsequent 1-year period, commencing on June 2 and ending on the following June 1.

"*Bonds*" means the Series 2015 Bonds and any Additional Bonds.

"*Code*" means the Internal Revenue Code of 1986, the Treasury Regulations (whether proposed, temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable to the Series 2015 Bonds. Unless otherwise indicated, reference to a Section means that Section of the Code, including such applicable Treasury Regulations, announcements, notices, procedures, rulings and determinations pertinent to that Section.

"*Collection Agent*" means Wells Fargo Bank, N. A., as collection agent under the Collection Contract.

"*Collection Contract*" means the Comprehensive Banking Services Contract dated December 16, 2010, between the District and the Collection Agent.

"*Commencement Date*" means the date upon which the first parcel of real estate within the Southwest Waterfront PILOT/TIF Area is transferred to the Master Developer.

"*Commercial Real Property*" means any parcel of taxable property other than owner-occupied residential property. For residential property in the Downtown TIF Area, the Commercial Real Property definition includes only (i) residential rental properties that consist entirely of rental units and (ii) condominiums that are not owner-occupied. For condominiums in the Downtown TIF Area, the District uses its Real Property Tax Homestead Exemption (as defined herein) designation to distinguish between residential properties that are owner-occupied and those used as rental properties. The District permits an owner of residential property that is owner-occupied to claim the Real Property Tax Homestead Exemption. In the Downtown TIF Area, the real property taxes collected from those residential properties that are not eligible for or do not claim the Real Property Tax Homestead Exemption are included in the calculation of Available Real Property Tax Increment. For more information on the District's Real Property Tax Homestead Exemption, see "COLLECTION OF REAL PROPERTY TAXES AND SALES TAXES IN THE DISTRICT – Real Property Taxes – *Assessment*."

"*Debt Ceiling Act*" means 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.).

"*Debt Service Reserve Fund*" means the fund by such name created pursuant to the Indenture and funded at the Debt Service Reserve Fund Requirement.

"*Debt Service Reserve Fund Requirement*" means 100% of the maximum annual debt service payable on the Series 2015 Bonds, and any Additional Bonds designated to be secured by the Debt Service Reserve Fund in any Supplemental Indenture, which as of the date of issuance of the Series 2015 Bonds equals $11,190,402.36.

"*Downtown Project*" means a project in the Downtown TIF Area, including any Future Downtown Project, to which a Footprint Increment is allocated.

"*Downtown TIF Area*" means the area designated by the District pursuant to the TIF Act and related resolutions that includes over 2,500 acres of the District of Columbia's downtown and surrounding areas. The Downtown TIF Area is located substantially in the northwest quadrant of the District of Columbia and covers a substantial portion of the downtown area of the District of Columbia. The Downtown TIF Area includes the National Mall and the White House and is located very near the District of Columbia's geographical center.

"*Footprint Increment*" means for any fiscal year of the District, the sum of (i) up to 100% (as set forth in the resolution of the Council approving the applicable Downtown Project) of that portion of the real property tax levied pursuant to Chapter 8 of Title 47 of the D.C. Official Code and payments in lieu of real property taxes, exclusive of the Special Real Property Tax, attributable to the difference, if any, between the aggregate assessed value during such fiscal year of all lots of Commercial Real Property included in the site of such Downtown Project and the aggregate assessed value of all lots of Commercial Real Property included in such site in effect on the effective date of the allocation to the Downtown Project as stated in the applicable Council resolution, plus (ii) up to 100% (as set forth in the resolution of the Council approving the applicable Downtown Project) of the tax revenues resulting from the imposition of the taxes imposed pursuant to Chapter 20 of Title 47 of the D.C. Official Code on sales at locations included in the site of such Downtown Project, including all penalties and interest charges, exclusive of the portion thereof required to be deposited on behalf of the Washington Convention and Sports Authority in the Washington Convention Center Fund established pursuant to D.C. Official Code § 10-1202.08, less the amount of the sales tax revenues from such sales at such locations for the fiscal year prior to the year in which the Council approves such Downtown Project.

"*Funding Agreement*" means the Public Infrastructure Development and Funding Agreement between the District and the Project Developer, dated as of April 23, 2014, as the same may be supplemented or amended from time to time.

"*Future Downtown Project*" means a project located in the Downtown TIF Area eligible for financing from bonds that are secured, in whole or in part, from such project's Footprint Increment.

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

"*Indenture*" means the Indenture of Trust between the District of Columbia (the "District") and the Trustee, dated as of September 1, 2015.

"*Master Developer*" means Wharf District Master Developer LLC, as assignee of Hoffman-Struever Waterfront LLC.

"*PILOT*" means payments in lieu of taxes.

"*PILOT Period*" means, with respect to any lot within the Southwest Waterfront PILOT/TIF Area, the period commencing on the date the lot is transferred by the District to the Master Developer and ending on the earlier of (A) September 30, 2044; or (B) the day after all of the Bonds are paid or provided for and are no longer outstanding pursuant to their terms.

"*Project Developer*" means collectively, Wharf Horizontal REIT Leaseholder LLC and the Master Developer, or their respective designees, successors, or assigns.

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

"*Revenues*" means those Southwest Waterfront Pledged Revenues, including any amounts constituting penalties and interest, paid by the Collection Agent, on behalf of the District, to the Trustee, for the account of the District, under the provisions of the Southwest Waterfront Act and the Indenture, and any Available Increment (Downtown), that are allocated and pledged to pay annual debt service on the Bonds.

"*Series 2015 Project*" means the portion of the Southwest Waterfront (Wharf) Project financed with proceeds of the Series 2015 Bonds.

"*Southwest Waterfront Act*" means the Southwest Waterfront Bond Financing Act of 2008, effective October 22, 2008 (D.C. Law 17-252; D.C. Official Code, § 2-1217.131 et seq.), as amended.

"*Southwest Waterfront Fund*" means the nonlapsing fund created by the Southwest Waterfront Act into which the Southwest Waterfront Pledged Revenues are deposited.

"*Southwest Waterfront Improvement Benefit District*" means the special assessment district established by D.C. Official Code § 47-895.02.

"*Southwest Waterfront PILOT*" means the payment in lieu of taxes from the Southwest Waterfront PILOT/TIF Area required by D.C. Official Code § 47-4615.

"*Southwest Waterfront PILOT Base Amount*" means $945,000.

"*Southwest Waterfront PILOT Increment*" means the amount of the Southwest Waterfront PILOT that exceeds the Southwest Waterfront PILOT Base Amount.

"*Southwest Waterfront PILOT/TIF Area*" means the following geographic area: (A) approximately 23 acres of land area between the southern curb line of Maine Avenue, S.W., and the bulkhead paralleling the Washington Channel from the western edge of the Fish Market to the western curb of 6th Street, S.W., to the eastern edge of Lot 843, Square 473, the eastern edge of Lots 883, 884, and 885, Square 503, to the eastern edge of parcel 255/15, to the western edge of the P Street, S.W., right-of-way; and (B) the riparian area and piers associated with the land described in subparagraph (A) of this paragraph, which include: (i) The Fish Market, (ii) The Capital Yacht Club, (iii) The Gangplank Marina, and (iv) Piers 4 and 5.

"*Southwest Waterfront Pledged Revenues*" means, collectively, (i) the Available Sales Tax Revenues (The Wharf Project), (ii) the Southwest Waterfront PILOT Increment, and (iii) the Southwest Waterfront Special Assessment.

"*Southwest Waterfront Sales Tax Base Amount*" means the applicable sales tax revenues generated from the Southwest Waterfront PILOT/TIF Area in the amount of $208,549.

"*Southwest Waterfront Special Assessment*" means the special assessment relating to the Southwest Waterfront Improvement Benefit District established by D.C. Official Code § 47-895.02.

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

“*Special Real Property Tax*” means the portion of real property tax revenues applied to the payment of debt service on the District’s general obligation bonds, as provided for in Section 481 of the Home Rule Act.

“*Tax-Supported Debt*” means, collectively, with the exceptions noted in the Debt Ceiling Act, 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 tax increment financing bonds and PILOT notes, certificates of participation and lease purchase financing obligations.

“*TIF*” means tax increment financing.

“*TIF Act*” means, collectively, the “Tax Increment Financing Authorization Act of 1998” (D.C. Law 12-143, D.C. Official Code, §§ 2-1217.01 et seq.) and the acts amendatory and supplemental thereto.

“*Triggering Events*” means (i) through no action or omission of the District, the Funding Agreement becomes void or unenforceable or impossible to perform in accordance with the intent and purpose of the parties as expressed in the Funding Agreement; or (ii) (A) title to, or the permanent use of, any portion of the Series 2015 Project is condemned or the subject of an agreement with, or action by, a public authority in the nature of or in lieu of condemnation proceedings, (B) title to any portion of the Series 2015 Project is found to be deficient, or (C) a portion of the Series 2015 Project is damaged or destroyed by fire or other casualty, in each case to the extent that the efficient utilization of the Series 2015 Project is substantially impaired.

“*Trustee*” means The Bank of New York Mellon.

# THE SERIES 2015 BONDS

## Authorization

The Series 2015 Bonds are being issued pursuant to (i) the Home Rule Act, (ii) the Southwest Waterfront Act, and (iii) the Indenture.

## Purpose of the Issue

The District will issue the Series 2015 Bonds to (i) provide funds to finance, refinance, or reimburse certain costs incurred in connection with the development and financing of the Southwest Waterfront (Wharf) Project, (ii) fund capitalized interest on the Series 2015 Bonds, (iii) fund the Debt Service Reserve Fund, and (iv) pay the costs and expenses of issuing and delivering the Series 2015 Bonds.

## Description of the Series 2015 Bonds

The Series 2015 Bonds will be dated their date of delivery and will mature on the dates and in the amounts set forth on the inside front cover page of this Official Statement. Interest on the Series 2015 Bonds will be calculated based on a year of 360 days, consisting of twelve 30-day months, will accrue from their date of delivery, and will be payable semiannually on each June 1 and December 1 (each, an "Interest Payment Date"), commencing on December 1, 2015, to and including the date of maturity or prior redemption. Purchases of the Series 2015 Bonds will be made in book-entry form, in denominations of $5,000 and integral multiples thereof ("Authorized Denominations").

**The Series 2015 Bonds are special obligations of the District, are without recourse to the District, are not a pledge of and do not involve the full faith and credit or taxing power of the District (other than the Southwest Waterfront Pledged Revenues or the Available Increment (Downtown)), do not constitute a debt of the District, and do not constitute lending of the public credit for private undertakings for purposes of Section 602(a) of the Home Rule Act.**

The Series 2015 Bonds are secured by a lien on and pledge of (i) the Southwest Waterfront Pledged Revenues, (ii) the Southwest Waterfront Fund, (iii) the moneys and investments on deposit in certain funds and accounts established under the Indenture, including the Debt Service Reserve Fund, and (iv) to the extent the Southwest Waterfront Pledged Revenues are insufficient to pay principal of and interest on the Series 2015 Bonds, the Available Increment (Downtown). As more fully described herein, the lien on and pledge of the Available Increment (Downtown) (A) is subordinate to certain obligations and (B) is on parity with certain other outstanding obligations and any Additional Debt (as defined herein). Additionally, the amount of the Available Increment (Downtown) available for debt service on the Series 2015 Bonds could be reduced by any allocation of Footprint Increment to a Future Downtown Project. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS" and "THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN)."

**Redemption**

*Optional Redemption.* The Series 2015 Bonds are not subject to optional redemption prior to June 1, 2025. The Series 2015 Bonds maturing after June 1, 2026, are subject to redemption prior to maturity, in whole or in part in any authorized denomination on any date on or after June 1, 2025, 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.

*Mandatory Sinking Fund Redemption.* The Series 2015 Bonds scheduled to mature on June 1, 2035, are subject to mandatory sinking fund redemption at the redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the redemption date, on June 1, in the years and principal amounts set forth below:

| Year (June 1) | Principal Amount |
|---|---|
| 2031 | $6,880,000 |
| 2032 | $7,215,000 |
| 2033 | $7,570,000 |
| 2034 | $7,945,000 |
| 2035 | $8,340,000 |

The Series 2015 Bonds scheduled to mature on June 1, 2040, are subject to mandatory sinking fund redemption at the redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the redemption date, on June 1, in the years and principal amounts set forth below:

| Year (June 1) | Principal Amount |
|---|---|
| 2036 | $ 8,750,000 |
| 2037 | $ 9,190,000 |
| 2038 | $ 9,655,000 |
| 2039 | $10,140,000 |
| 2040 | $10,650,000 |

*Extraordinary Optional Redemption.* The Series 2015 Bonds are subject to redemption prior to maturity at the option of the District as a whole or in part at any time, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date set forth for redemption upon the occurrence of a Triggering Event.

**Selection of Series 2015 Bonds to Be Redeemed**

If fewer than all of the Series 2015 Bonds are called for redemption, the Trustee will select or cause to be selected the particular Series 2015 Bonds or portions of Series 2015 Bonds to be redeemed by lot or in such other manner as the Trustee in its discretion may deem proper, provided that the portion of any Series 2015 Bond that will remain outstanding upon such redemption will be in a principal amount equal to an Authorized Denomination for such Series 2015 Bond and, in selecting Series 2015 Bonds for redemption, each Series 2015 Bond will be treated as representing that number of Series 2015 Bonds that is obtained by dividing the principal amount of such Series 2015 Bond by the smallest Authorized Denomination for such Series 2015 Bond.

**Notice of Redemption**

Pursuant to the Indenture, notice of redemption is required to be given at least 45 days prior to the redemption date of the Series 2015 Bonds, or such fewer number of days acceptable to the Trustee. Upon receipt of such notice, the Trustee will give written notice to the holders of the Series 2015 Bonds at least 30 days prior to the redemption date of such bonds. A notice of optional redemption may be conditional. For the Series 2015 Bonds subject to mandatory sinking fund redemption, at least 30 days before each date on which a sinking fund installment becomes due, the Trustee will select the Series 2015 Bonds then subject to redemption from such sinking fund installment to be redeemed on such date in an aggregate principal amount equal to such sinking fund installment and give notice to the holders of such Series 2015 Bonds.

**Book-Entry-Only System**

The Series 2015 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, New York. Beneficial ownership interests in the Series 2015 Bonds will be available in book-entry-only form. Purchasers of beneficial ownership interests in the Series 2015 Bonds will not receive certificates representing their interests in the Series 2015 Bonds purchased. For more information on DTC and the Book-Entry-Only System, see "APPENDIX D – Book-Entry-Only System."

Principal of, premium, if any, and interest on the Series 2015 Bonds are payable, so long as the Series 2015 Bonds are in book-entry form, through a securities depository as described in APPENDIX D.

*None of the District, the Underwriters, or the Trustee has any responsibility or obligation to any Beneficial Owner (as defined in APPENDIX D) 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 2015 Bonds, (iii) the payment by DTC or any DTC participant of any amount received with respect to the Series 2015 Bonds, (iv) any consent given or other action taken by DTC or its nominee as the owner of the Series 2015 Bonds or (v) any other related matter.*

**Sources and Uses of Bond Proceeds**

The sources and uses of the proceeds of the Series 2015 Bonds are set forth below:

| | |
|---|---|
| **Sources:** | |
| Principal Amount | $145,445,000.00 |
| **Total Sources**: | **$145,445,000.00** |
| | |
| **Uses:** | |
| Deposit to Project Fund | $113,000,000.00 |
| Deposit to Capitalized Interest Account of Debt Service Fund | 19,318,311.37 |
| Deposit to Debt Service Reserve Fund | 11,190,402.36 |
| Underwriters' Discount | 789,006.15 |
| Deposit to Costs of Issuance Fund[1] | 1,147,280.12 |
| **Total Uses**: | **$145,445,000.00** |

1. Includes, among other items, legal fees (including Bond Counsel and Disclosure Counsel fees), Financial Advisory fees, issuance fee to the District, rating agency fees, dissemination agent fees, and printing costs.

## ANNUAL DEBT SERVICE SCHEDULE

The following table sets forth, for each year ending June 1, the amounts payable for principal of and interest on the Series 2015 Bonds.

| Maturity (June 1) | Principal | Interest | Total Debt Service |
|---|---|---|---|
| 2016 | | $4,940,178.86 | $ 4,940,178.86 |
| 2017 | | 6,636,061.16 | 6,636,061.16 |
| 2018 | | 6,636,061.16 | 6,636,061.16 |
| 2019 | | 6,636,061.16 | 6,636,061.16 |
| 2020 | $ 4,330,000 | 6,636,061.16 | 10,966,061.16 |
| 2021 | 4,350,000 | 6,513,781.96 | 10,863,781.96 |
| 2022 | 4,705,000 | 6,379,714.96 | 11,084,714.96 |
| 2023 | 4,970,000 | 6,218,239.36 | 11,188,239.36 |
| 2024 | 5,150,000 | 6,037,728.96 | 11,187,728.96 |
| 2025 | 5,350,000 | 5,840,380.96 | 11,190,380.96 |
| 2026 | 5,560,000 | 5,630,018.96 | 11,190,018.96 |
| 2027 | 5,790,000 | 5,400,279.76 | 11,190,279.76 |
| 2028 | 6,035,000 | 5,155,246.96 | 11,190,246.96 |
| 2029 | 6,295,000 | 4,893,810.76 | 11,188,810.76 |
| 2030 | 6,575,000 | 4,611,668.86 | 11,186,668.86 |
| 2031 | 6,880,000 | 4,310,402.36 | 11,190,402.36 |
| 2032 | 7,215,000 | 3,971,149.56 | 11,186,149.56 |
| 2033 | 7,570,000 | 3,615,377.90 | 11,185,377.90 |
| 2034 | 7,945,000 | 3,242,101.20 | 11,187,101.20 |
| 2035 | 8,340,000 | 2,850,333.26 | 11,190,333.26 |
| 2036 | 8,750,000 | 2,439,087.86 | 11,189,087.86 |
| 2037 | 9,190,000 | 1,998,000.36 | 11,188,000.36 |
| 2038 | 9,655,000 | 1,534,732.46 | 11,189,732.46 |
| 2039 | 10,140,000 | 1,048,023.90 | 11,188,023.90 |
| 2040 | 10,650,000 | 536,866.50 | 11,186,866.50 |

## SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS

### Sources of Payment

The Series 2015 Bonds are secured by a lien on and pledge of (i) the Southwest Waterfront Pledged Revenues, (ii) the Southwest Waterfront Fund, (iii) the moneys and investments on deposit in certain funds and accounts established under the Indenture, including the Debt Service Reserve Fund, and (iv) to the extent the Southwest Waterfront Pledged Revenues are insufficient to pay principal of and interest on the Series 2015 Bonds, the Available Increment (Downtown).

As more fully described herein, the lien on and pledge of the Available Increment (Downtown) (A) is subordinate to certain obligations and (B) is on parity with certain other outstanding obligations and any Additional Debt. Additionally, the amount of the Available Increment (Downtown) available for debt service on the Series 2015 Bonds could be reduced by any allocation of Footprint Increment to a Future Downtown Project. For more information on the Available Increment (Downtown), see "– Available Increment (Downtown)," "– Covenants and Agreements of the District – *Additional Obligations Secured by Available Increment (Downtown)*," and "THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN)."

The right of Bondholders to payment of principal of and interest on the Series 2015 Bonds is limited to payment from the Southwest Waterfront Pledged Revenues and Available Increment (Downtown) to the extent described herein. Payment of debt service on the Series 2015 Bonds is not subject to annual appropriation by the Council of the District of Columbia (the "Council") or the United States Congress ("Congress").

### Southwest Waterfront Pledged Revenues

The Southwest Waterfront Pledged Revenues are comprised of (i) the Available Sales Tax Revenues (The Wharf Project), (ii) the Southwest Waterfront PILOT Increment, and (iii) the Southwest Waterfront Special Assessment. Each of these components is described in more detail below.

*Available Sales Tax Revenues (The Wharf Project)*. Under the Southwest Waterfront Act, certain sales tax revenues are available for debt service on the Bonds and are referred to herein as the "Available Sales Tax Revenues (The Wharf Project)." Such revenues are the sales tax revenues in excess of $208,549 generated in the Southwest Waterfront PILOT/TIF Area in any fiscal year of the District commencing on the Commencement Date resulting from the imposition of the sales tax under Chapter 20 of Title 47, including penalty and interest charges. Such revenues include sales taxes collected from any business existing in the Southwest Waterfront PILOT/TIF Area on October 22, 2008, but only after the business has re-opened as a result of the development of any portion of the Southwest Waterfront (Wharf) Project. Available Sales Tax Revenues (The Wharf Project) do not include that portion of sales tax revenues required to be deposited in (i) the Washington Convention Center Fund established pursuant to D.C. Official Code § 10-1202.08 or (ii) the General Fund and allocated to the Metrorail/Metrobus Account established pursuant to D.C. Official Code § 9-1111.15.

*Southwest Waterfront PILOT Increment*. Pursuant to D.C. Official Code § 47-4616, during the PILOT Period, the lots in the Southwest Waterfront PILOT/TIF Area that are subject to the payments in lieu of taxes ("PILOT") are exempt from real property taxation, including the Special Real Property Tax. Possessory interests in such lots are exempt from the possessory interest tax.

Each owner of a lot, other than the United States or the District, or an otherwise taxable possessory interest in a lot in the Southwest Waterfront PILOT/TIF Area has entered, or is expected to enter, into a PILOT agreement with the District obligating the owner to make an annual PILOT payment in an amount equal to the real property taxes, including the Special Real Property Tax, or possessory interest taxes that the owner would be obligated to pay on the lot or possessory interest in the Southwest Waterfront PILOT/TIF Area, absent the Southwest Waterfront Act. Such agreements run with the land and are binding on the successors and assigns of the original owner.

The CFO determines the amount of PILOT payments due for each lot and generally administers the PILOT program. The PILOT payments are made at the same time and in the same manner as real property taxes. The PILOT payments are subject to the same penalty and interest provisions as unpaid real property taxes or unpaid possessory interest taxes. All PILOT payments are made to the District and allocated as provided in the Southwest Waterfront Act.

A lien for unpaid PILOT payments, including penalty and interest, attaches to the applicable lot within the Southwest Waterfront PILOT/TIF Area in the same manner and with the same priority as a lien for delinquent real property tax. The owner of a lot or possessory interest within the Southwest Waterfront PILOT/TIF Area may challenge any assessment or reassessment of the lot or possessory interest.

*Southwest Waterfront Special Assessment*. Under D.C. Official Code § 47-895.01-06, the District has established a special assessment for the Southwest Waterfront Improvement Benefit District (the "Southwest Waterfront Special Assessment"), which will be levied each fiscal year beginning with the fiscal year following the issuance of the Bonds. All real property in the Southwest Waterfront Improvement Benefit District is subject to such special assessment. The Southwest Waterfront Special Assessment will be collected each year for the preceding fiscal year in the same manner and at the same time as real property taxes are collected.

To determine the Southwest Waterfront Special Assessment, the statute utilizes two key terms – the Maximum Special Assessment and the Special Assessment Requirement. The Maximum Special Assessment will be established by the Chief Financial Officer to reflect the rate of interest on the Bonds, and the amount of the Bonds issued, in an amount that provides for adequate revenue to pay debt service on the Bonds and any other expected amounts of the Special Assessment Requirement as provided in the Indenture. The Special Assessment Requirement for any fiscal year is an amount equal to (i) the amount required in such fiscal year to pay (A) principal, interest, and premium, if any, on the Bonds and other periodic costs, including deposits to sinking funds; (B) any amount required to replenish any reserve fund established in association with the Bonds; (C) any amount equal to the estimated delinquencies expected in payment of the Southwest Waterfront Special Assessment not otherwise taken into account; and (D) the costs of remarketing, credit enhancement, bond insurance, and liquidity facility fees, including fees for instruments that serve as the basis of a reserve fund related to any indebtedness in lieu of cash; less (ii) a credit equal to the sum of (A) Available Sales Tax Revenues (The Wharf Project) and Southwest Waterfront PILOT Increment available to apply to the Special Assessment Requirement for that fiscal year; (B) any credits available pursuant to the Indenture, such as capitalized interest, reserves, and investment earnings on any account balances; and (C) any other revenues available to apply to the Special Assessment Requirement. Subsection (ii) of this paragraph is referred to herein as the "Special Assessment Credit." For the purposes of calculating the Special Assessment Credit, the Indenture provides that only the Redemption Fund and the Capitalized Interest Account will be considered available reserves in determining the amount of such credit.

Commencing with the fiscal year in which any Bonds are issued and for each following fiscal year, the District will determine the Special Assessment Requirement, if any, for the fiscal year and collect the Special Assessment proportionately from each lot in arrears in an amount up to the Adjusted Maximum Special Assessment (which is equal to the Maximum Special Assessment for the lot less the Special Assessment Credit for the lot).

The Southwest Waterfront Special Assessment is scheduled to terminate on the earlier of (i) September 30, 2044; or (ii) at the end of the fiscal year when all of the Bonds are paid for and are no longer outstanding pursuant to their terms. Any delinquent payments and penalties and interest related to the Southwest Waterfront Special Assessment remain due until fully paid.

The owner of a lot subject to the Southwest Waterfront Special Assessment may contest the amount of such special assessment, but not the authority to levy such special assessment, by filing a written notice of appeal of the amount with the Chief Financial Officer not later than 180 days after the due date of the payment of the Southwest Waterfront Special Assessment. If the result of the appeal requires the Southwest Waterfront Special Assessment to be modified or changed in favor of the owner of the lot, a cash refund will not be made (except in the last year of the levy), but there will be an adjustment to the next Southwest Waterfront Special Assessment to be collected from that lot. No interest on the adjustment will be due to the owner of the lot.

*Implementation of Southwest Waterfront Pledged Revenues Receipts.* Notwithstanding the establishment of the Southwest Waterfront Special Assessment, the District expects to utilize the Available Sales Tax Revenues (The Wharf Project) and the Southwest Waterfront PILOT Increment as the primary sources to pay debt service on the Series 2015 Bonds. While the Southwest Waterfront Special Assessment will be levied, as required by statute, each fiscal year beginning with the fiscal year following the issuance of the Series 2015 Bonds, the District does not expect to collect such assessment unless the Available Sales Tax Revenues (The Wharf Project) and the Southwest Waterfront PILOT Increment in any subsequent fiscal year are projected to be insufficient to pay debt service on the Series 2015 Bonds due in such subsequent fiscal year. See Table 1 for projected debt service coverage on the Series 2015 Bonds, which is calculated using only projected Available Sales Tax Revenues (The Wharf Project) and Southwest Waterfront PILOT Increment.

*Southwest Waterfront Fund and Collection of Southwest Waterfront Pledged Revenues.* Pursuant to the Indenture, the District has agreed to cause the Southwest Waterfront Pledged Revenues to be deposited in the Southwest Waterfront Fund in accordance with the Amended and Restated Collection Instructions (as defined herein). The Indenture grants the Trustee, on behalf of the holders of the Bonds, a first priority security interest in any amounts in the Southwest Waterfront Fund to secure the payment of the principal of (including prepayments), interest on, and other amounts payable on, the Bonds, to fund deficiencies in the Debt Service Reserve Fund and to secure payment to the Trustee of any Administrative Expenses, all pursuant to the Indenture. In the Indenture, the District has agreed to take reasonable measures to collect the Southwest Waterfront Pledged Revenues.

Pursuant to the Collection Contract, the Home Rule Act, and the Southwest Waterfront Act, the District issued on August 18, 2015, amended and restated collection instructions to the Collection Agent to collect, deposit, and distribute (i) PILOT payments related to the Southwest Waterfront PILOT/TIF Area, which include the Southwest Waterfront PILOT Increment, (ii) the Available Sales Tax Revenues (The Wharf Project), and (iii) the Southwest Waterfront Special Assessment (the “Amended and Restated Collection Instructions”).

The Amended and Restated Collection Instructions direct the Collection Agent to establish the following accounts: (i) the Southwest Waterfront PILOT Account, (ii) the Southwest Waterfront Sales Tax Account, and (iii) the Southwest Waterfront Special Assessment Account. The Southwest Waterfront Special Assessment Account will not be established until the Collection Agent has received the first certificate relating to the Special Assessment Requirement.

Southwest Waterfront PILOT Increment. Pursuant to the Amended and Restated Collection Instructions, during the PILOT Period, the Collection Agent will deposit all PILOT payments related to the Southwest Waterfront PILOT/TIF Area as designated by the District into the Southwest Waterfront PILOT Account. The Collection Agent will keep all such payments in such account until the amount equals the Southwest Waterfront PILOT Base Amount. At such point, the Collection Agent will immediately transfer such amount to the District according to the District's written instructions once each year, and then transfer the Southwest Waterfront PILOT Increment on the last business day of each month to the Trustee.

Available Sales Tax Revenues (The Wharf Project). Pursuant to the Amended and Restated Collection Instructions, the Collection Agent will immediately deposit all payments of applicable sales taxes from the Southwest Waterfront PILOT/TIF Area as designated by the District into the Southwest Waterfront Sales Tax Account. For as long as the Bonds are outstanding or until September 30, 2044, whichever is earlier, the Collection Agent will keep all such payments in the Southwest Waterfront Sales Tax Account until the amount equals the Southwest Waterfront Sales Tax Base Amount. At such point, the Collection Agent will immediately transfer such amount to the District according to the District's written instructions once each year, and then transfer the Available Sales Tax Revenues (The Wharf Project) to the Trustee on the last business day of each month.

Southwest Waterfront Special Assessment. Pursuant to the Amended and Restated Collection Instructions, for as long as the Bonds are outstanding, the Collection Agent will, upon receipt of the annual Special Assessment Requirement certificate, immediately deposit all Southwest Waterfront Special Assessment payments into the Southwest Waterfront Special Assessment Account. The Collection Agent will transfer such amount to the Trustee on the last business day of each month.

Miscellaneous. Within two business days after receiving the written notice from the Trustee certifying the full payment of the Bonds, the Collection Agent will transfer any amount left in the accounts established in the Amended and Restated Collection Instructions to the District.

Commencing on June 15, 2016 and every June 15 thereafter for as long as the Bonds are outstanding, the District will issue and deliver a copy of the annual Special Assessment Requirement certificate to the Collection Agent. If June 15 is not a business day, the certificate will be issued on the business day immediately following June 15.

The Collection Agent will provide a monthly written report to the District on the first business day of each month, commencing on October 1, 2015, that includes complete and correct entries regarding the deposit and transfer of the money in the accounts established pursuant to the Amended and Restated Collection Instructions. The Collection Agent will also provide a final written report to the District within thirty days from the final transfer of any remaining funds in such accounts.

For further discussion of the collection of sales taxes, PILOT payments, and special assessments that constitute the Southwest Waterfront Pledged Revenues, see "COLLECTION OF REAL PROPERTY TAXES AND SALES TAXES IN THE DISTRICT – Collections."

*Feasibility Report*. The District engaged Emax Financial & Real Estate Advisory Services, LLC ("Emax") to (i) provide real estate financial analysis services for the Southwest Waterfront (Wharf) Project and (ii) determine whether Available Sales Tax Revenues (The Wharf Project) and Southwest Waterfront PILOT Increment are projected to produce at least 1.50 times debt service coverage on the Series 2015 Bonds in each Bond Year (as calculated in accordance with the Financial Analysis under the Funding Agreement). Emax delivered a report to the District, dated July 27, 2015 (the "Feasibility Report"), which includes projections of Available Sales Tax Revenues (The Wharf Project) and Southwest Waterfront PILOT Increment.

The Feasibility Report concludes that such revenues will produce at least 1.50 times debt service coverage in each Bond Year, commencing in Bond Year 2020, through the expected final maturity of the Series 2015 Bonds (June 1, 2040), assuming (i) the issuance of bonds in a principal amount of $141 million and estimated interest rates as of June 22, 2015, and (ii) the additional contributions of (A) capitalized interest to pay debt service in Bond Year 2016 through Bond Year 2018, (B) capitalized interest and the Available Sales Tax Revenues (The Wharf Project) and Southwest Waterfront PILOT Increment that accumulate during the capitalized interest period to pay debt service in Bond Year 2019, and (C) approximately $1.1 million from the Available Sales Tax Revenues (The Wharf Project) and Southwest Waterfront PILOT Increment that accumulate during the capitalized interest period to pay a portion of the debt service due in Bond Year 2020. The revenue projections in Table 1 is derived from data contained in the Feasibility Report.

The Feasibility Report contains certain assumptions based on information collected and reviewed by Emax, including broad market information relating to national trends in interest rates and inflation, as well as metropolitan area and neighborhood specific information regarding current local market conditions and forecasts. For residential, office, retail, parking, and the concert venue (collectively, the "Project Components"), the assumptions include, among others, (i) 2% inflation rate across all Project Components, (ii) vacancy rates of 5.9% for residential, 9.7% for office, 9.2% for retail, 5.0% for parking, and 40.0% for the concert venue, (iii) parking leased at $569.00 per space and the concert venue leased at $17.11 per square foot, and (iv) capitalization rates of 4.5% for residential, 5.0% for office, 5.5% for retail, 6.7% for parking, and 5.0% for the concert venue.

Emax also evaluated planned construction in the District in developing its assumptions. In the Feasibility Report, Emax notes the following: (i) apartment and condominium construction has been very strong in the District in recent years, but the Feasibility Report assumes such building activity would slow down slightly; (ii) office space construction has not been as robust as apartment and condominium construction in the District with 1.1 million square feet of office space expected to be delivered in 2015, which is below the 5-year average of between 1.5 million to 2.0 million square feet each year; and (iii) over 2.3 million square feet of retail space is expected to be constructed in 2015 and there are signs of growth in the retail market.

Table 1 shows (i) Southwest Waterfront Pledged Revenues projected to be collected for Bond Years 2016-2025 and expected to be available for the payment of principal of, redemption premium, if any, and interest on the Series 2015 Bonds for Phase 1 of the Project, and (ii) debt service on the Series 2015 Bonds and the resulting debt service coverage. Amounts may not sum due to rounding.

**Table 1. Projected Southwest Waterfront Pledged Revenues – Phase 1 of the Project**
**(Series 2015 Debt Service and Projected Debt Service Coverage)**
**($000s)**

| | Bond Year Ending June 1, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Available Sales Tax Revenues (The Wharf Project)[1] | - | - | $1,377 | $4,517 | $5,467 | $5,868 | $5,986 | $6,106 | $6,228 | $6,352 |
| Southwest Waterfront PILOT Increment[1] | $711 | $730 | $2,979 | $6,775 | $9,326 | $10,429 | $10,647 | $10,870 | $11,097 | $11,329 |
| Southwest Waterfront Special Assessment | - | - | - | - | - | - | - | - | - | - |
| **Total Projected Southwest Waterfront Pledged Revenues** | **$711** | **$730** | **$4,356** | **$11,292** | **$14,793** | **$16,298** | **$16,633** | **$16,975** | **$17,325** | **$17,681** |
| Net Debt Service on the Series 2015 Bonds[2] | - | - | - | - | $9,860 | $10,864 | $11,085 | $11,188 | $11,188 | $11,190 |
| Debt Service Coverage | N/A | N/A | N/A | N/A | 1.50x | 1.50x | 1.50x | 1.52x | 1.55x | 1.58x |

Source: District records and projections derived from data contained in the Feasibility Report.

1. Based on the financial analysis report completed for the Office of the Chief Financial Officer by Emax.
2. Capitalized interest and Available Sales Tax Revenues (The Wharf Project) and Southwest Waterfront PILOT Increment that accumulate during the capitalized interest period will be used to pay all or portion of debt service on the Series 2015 Bonds in Bond Years 2016-2020.

**Available Increment (Downtown)**

The Available Increment (Downtown) is, for any fiscal year, (i) the sum of (A) the Available Real Property Tax Increment, plus (B) the Available Sales Tax Increment, less (ii) any allocation of the Footprint Increment for any Downtown Project. For information on how the Available Increment (Downtown) is calculated each fiscal year, see "THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN) – Calculation of Available Increment (Downtown)."

*Available Increment (Downtown) Not Subject to Appropriation.* The use of the Available Increment (Downtown), if required to pay debt service on the Series 2015 Bonds, is not subject to appropriation by the Council or Congress.

*Allocation of Available Increment (Downtown).* As described in the Indenture, to the extent necessary and to the extent authorized in the Home Rule Act and the Southwest Waterfront Act, the District will allocate the Available Increment (Downtown) to the payment of principal of, redemption premium, if any, on and interest on the Series 2015 Bonds and other amounts owed with respect to the Series 2015 Bonds, and to cause such amounts of Available Increment (Downtown) to be transferred to the Trustee for deposit in accordance with the Indenture. Notwithstanding anything in the Funding Agreement or the Indenture to the contrary, no amount of the Budgeted Reserve (as described below) will be available for transfer, or will be transferred, to the Trustee as part of the Available Increment (Downtown). The District has agreed to take reasonable measures to collect the real property and sales taxes that constitute the source of the Available Increment (Downtown).

As set forth in the Reserve Agreement, the Budgeted Reserve refers to an amount of funds that the District is required to maintain each year as a reserve, which is to be made available to support debt service on the Mandarin Oriental Bonds (as defined herein). The Budgeted Reserve is equal to maximum annual debt service on the Mandarin Oriental Bonds, which (i) is equal to $4,509,125, (ii) occurs in fiscal years 2015, 2018, and 2021, and (iii) is fully funded. In addition to the Budgeted Reserve, the Mandarin Oriental Bonds are also secured by a reserve account that is funded at maximum annual debt service (the "Mandarin Reserve Account"). The Series 2015 Bonds will not be secured by the Budgeted Reserve or the Mandarin Reserve Account. For more information on the Mandarin Oriental Bonds, see "THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN) – Senior Lien Project."

If the amounts transferred to the Trustee from the Southwest Waterfront Fund on the last business day of any April or October are insufficient, together with any other available amounts in the Revenue Fund, the Debt Service Fund, the Redemption Fund, and the Debt Service Reserve Fund (collectively, the "Transferred Amounts"), to pay the amounts due on the next Interest Payment Date, the Trustee will notify the District in writing within five days of the receipt of the Transferred Amounts stating the amounts (the "Shortfall") needed to make the required payment on such next Interest Payment Date. By not less than ten days prior to such next Interest Payment Date, the District will transfer to the Trustee from the Available Increment (Downtown) the amount of the Shortfall; provided that the District will have no obligation to make any such transfer from any source other than the Available Increment (Downtown).

*Allocation on Parity with Certain Other Projects*. The allocation of Available Increment (Downtown) (after satisfying requirements related to the Mandarin Oriental Bonds) to holders of the Series 2015 Bonds is on parity with the allocations of the Available Increment (Downtown) previously made in connection with the financing of other projects, and will be on parity with any such allocation to any future project. See "THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN) – Parity Lien Projects."

*Footprint Increment and Additional Projects in the Downtown TIF Area.* Pursuant to the Indenture, after the date thereof, the District may allocate to any Future Downtown Project up to 100% of the Footprint Increment from such Future Downtown Project, and following the effective date of such allocation, such Footprint Increment for the Future Downtown Project will not be included in the Available Increment (Downtown), but only if, on the date of issuance of any bonds to be secured or paid from such Footprint Increment, there has been no failure to pay any principal of or interest on any bonds that are currently secured, in whole or in part, by the Available Increment (Downtown) and the District provides to the Trustee the report of an independent consultant, reasonably experienced in such matters, demonstrating that, as of the effective date of the allocation to the Future Downtown Project as stated in the applicable Council resolution, the amount of the Available Increment (Downtown) from the Downtown TIF Area, less the Footprint Increment for such project, would be equal to at least 1.0 times maximum annual debt service on all bonds that are currently secured, in whole or in part, by the Available Increment (Downtown) (without giving effect to any provisions for payment of principal or interest on different terms following any payment with respect to any of such obligations by any credit support provider for any such obligations) after giving effect to both (i) a 15% decline in total sales tax collections from the Downtown TIF Area and (ii) a simultaneous 30% decline in the total assessed value of Commercial Real Property within the Downtown TIF Area. The test described in this paragraph applies to all obligations of the District with a pledge the Available Increment (Downtown), regardless of whether a project financed by any such obligation is within or outside the Downtown TIF Area. The methodology to be used in calculating Available Increment (Downtown) for purposes of the test described in this paragraph is set forth in the Reserve Agreement.

Once the obligations secured by any particular Footprint Increment are paid in full, the Footprint Increment becomes part of the Available Increment (Downtown) again. To date, the projects that have received the benefit of their own Footprint Increment are the Gallery Place Project, the Mandarin Oriental Hotel Project, the Verizon Center (as to a portion of sales tax increment only), the Convention Center Hotel Project, and the City Market at O Street Project. For more information on the conditions precedent to the issuance of additional obligations secured by the Available Increment (Downtown), see "– Covenants and Agreements of the District – *Additional Obligations Secured by Available Increment (Downtown)*." For more information about projects secured by the Available Increment (Downtown), see "THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN) – Senior Lien Project" and "– Parity Lien Projects," as well as Table 6.

Table 2 shows historical levels of the Available Increment (Downtown) as collected in fiscal years 2010-2014. Table 2 also shows the Available Increment (Downtown) projected to be collected in fiscal years 2015-2019 and available to be allocated to the payment of principal and interest when due on the Series 2015 Bonds, to the extent the Southwest Waterfront Pledged Revenues are insufficient for such payment. Table 2 also shows maximum annual debt service on all Parity Lien Projects and projected debt service coverage on such projects in fiscal year 2021. As noted above, the allocation of the Available Increment (Downtown) is subordinate to certain claims and is on parity with certain other claims as more fully described herein. The table also shows the debt service coverage for all Parity Lien Projects, assuming that such projects generate no revenue from their respective Footprint Increments and must rely solely on the Available Increment (Downtown) to support their respective debt service payments.

## Table 2. Available Increment (Downtown) – Historical and Projected Debt Service and Debt Service Coverage ($000s)

| | Fiscal Year Ending September 30, | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Historical | | | | | Projected | | | | | |
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | MADS[(4), (5), (6)] |
| Total Available Real Property Tax Increment[(1)] | $453,071 | $398,478 | $510,618 | $592,145 | $640,113 | $648,724 | $660,591 | $684,450 | $691,772 | $707,258 | $640,113 |
| Total Available Sales Tax Increment[(1)] | 127,751 | 120,413 | 153,290 | 187,440 | 206,332 | 226,220 | 247,017 | 268,767 | 291,514 | 315,302 | 206,332 |
| **Total Available Increment (Downtown)** | **$580,822** | **$518,891** | **$663,908** | **$779,585** | **$846,446** | **$874,944** | **$907,609** | **$953,217** | **$983,286** | **$1,022,560** | **$846,446** |
| Debt Service on Senior Lien Projects[(2)] | $9,710 | $9,708 | $9,709 | $4,509 | $4,504 | $4,509 | $4,504 | $4,504 | $4,509 | $4,504 | $4,509 |
| **Total Available Increment (Downtown) available for Parity Lien Projects** | **$571,112** | **$509,184** | **$654,198** | **$775,076** | **$841,942** | **$870,434** | **$903,105** | **$948,713** | **$978,777** | **$1,018,055** | **$841,937** |
| Debt Service on Parity Lien Projects[(3)] | $3,357 | $17,992 | $5,813 | $10,439 | $22,693 | $10,173 | $10,504 | $10,679 | $10,794 | $16,470 | $29,600 |
| Debt Service Coverage on Parity Lien Projects | 170.1x | 28.3x | 112.5x | 74.2x | 37.1x | 85.6x | 86.0x | 88.8x | 90.7x | 61.8x | 28.4x |

Source: District records.

1. Historical values based on annual certifications by the Deputy Chief Financial Officer.
2. The Gallery Place Refunding Bonds (as defined herein) were issued in June 2012 on a parity lien basis. Debt service on the Gallery Place Bonds (as defined herein) that were refunded is included in "Debt Service on Senior Lien Projects" for fiscal year 2010 and 2011. Debt service on the Gallery Place Refunding Bonds is included in "Debt Service on Parity Lien Projects" for all other fiscal years.
3. Historical debt service includes repayment on various projects in fiscal years 2011-2014.
4. For the MADS column, the total Available Increment (Downtown) represents actual amounts collected in fiscal year 2014 and assumes no growth.
5. MADS occurs in fiscal year 2021 and includes debt service on the Series 2015 Bonds, as well as projected debt service on the proposed financings to be supported by the Available Increment (Downtown) (as calculated in accordance with the assumptions in footnote 6).
6. For bonds expected to be issued in connection with future phases of the Project, the MADS column assumes such bonds will be issued in August 2016 and include the following: (i) a principal amount of $52.56 million, (ii) $39.55 million deposited in the Project Fund, (iii) a three-year capitalized interest period, (iv) the Debt Service Reserve Fund funded at maximum annual debt service, (v) an interest rate of 5%, and (vi) current market estimates for costs of issuance, including an underwriter's discount. The MADS column also assumes that the District will issue bonds in connection with the proposed Skyland Project in June 2016 and that such bonds will include the following: (A) a principal amount of $40 million, (B) 20-year final maturity, (C) an interest rate of 5%, (D) a debt service reserve fund funded at maximum annual debt service, and (E) current market estimates for costs of issuance, including an underwriter's discount.

**Covenants and Agreements of the District**

*Bond Authorization.* Pursuant to the Southwest Waterfront Act, the District is authorized to issue one or more series of bonds in a total principal amount not to exceed $198 million. The District may use $148 million in bond proceeds (in 2008 dollars adjusted for inflation by the Consumer Price Index, which is currently estimated to equal approximately $164 million) for development costs for the Southwest Waterfront (Wharf) Project. The balance of the bond proceeds may be used to pay financing costs incurred by the District and to fund capitalized interest and required reserves.

*Additional Obligations Secured by Southwest Waterfront Pledged Revenues.* Pursuant to the Indenture, the District may issue Additional Bonds secured by the Southwest Waterfront Pledged Revenues if prior to the issuance of any Additional Bonds, the Trustee receives a report of an independent feasibility consultant evidencing that Southwest Waterfront Pledged Revenues are not less than 1.50 times the debt service on outstanding Bonds and such Additional Bonds in each Bond Year (as calculated in accordance with the Funding Agreement).

*Additional Obligations Secured by Available Increment (Downtown).* In the Indenture, the District has also covenanted that, after the issuance of the Series 2015 Bonds, (i) the District will not issue any debt or other obligations ("Additional Debt") to be paid, in whole or in part, from the Available Increment (Downtown) on parity with the Series 2015 Bonds unless the Available Increment (Downtown) for the fiscal year immediately preceding the issuance of such Additional Debt is not less than 3.0 times the maximum annual debt service on the Series 2015 Bonds and any other obligations of the District, including such Additional Debt, that are also to be paid, in whole or in part, from the Available Increment (Downtown) on parity with the Series 2015 Bonds, and (ii) the District will not issue any Additional Debt that is, with respect to any payments from or security interest in the Available Increment (Downtown), senior to the Series 2015 Bonds.

*Maintenance of Pledge.* Pursuant to the Indenture, the District has pledged to and covenanted and agreed with the holders of the Bonds that, subject to the provisions of the Indenture, the District will not limit or alter the Southwest Waterfront Fund pledged to secure the Bonds, will not in any way impair the rights or remedies of the holders of the Bonds until the Bonds, together with interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any suit, action or proceeding by or on behalf of the holders, are fully met and discharged. Except as set forth in the preceding sentence, the District will not make any pledge or assignment of or create or suffer any lien or encumbrance upon the Debt Service Fund, the Debt Service Reserve Fund, the Project Fund, the Revenue Fund, the Redemption Fund, or the Southwest Waterfront Fund prior to or on parity with the pledge under the Indenture.

*Collection of Southwest Waterfront Pledged Revenues.* The District has covenanted to enforce its right to collect the Southwest Waterfront Pledged Revenues by promptly pursuing or causing to be pursued remedies available to it in accordance with the D.C. Official Code.

*Collection of Available Increment (Downtown).* The District has agreed that it will take reasonable measures to collect the real property and sales taxes that constitute the source of the Available Increment (Downtown).

**Indenture Flow of Funds**

Pursuant to the Indenture, the District has agreed to cause (i) the Southwest Waterfront Pledged Revenues to be deposited in the Southwest Waterfront Fund in accordance with the Amended and Restated Collection Instructions and (ii) all amounts in the Southwest Waterfront Fund to be transferred to the Trustee for deposit into the Revenue Fund on the last business day of each month while any Bonds are outstanding. The Trustee is required under the Indenture to apply moneys deposited into the Revenue Fund in the following priority:

First, an amount equal to the interest due on the Bonds on the next Interest Payment Date to the Debt Service Fund (less any amount on deposit in the Debt Service Fund and available to pay the interest due on the Series 2015 Bonds on the next Interest Payment Date);

Second, an amount equal to the principal due on the Bonds on the next scheduled Bond Payment Date to the Debt Service Fund (less any amount on deposit in the Debt Service Fund and available to pay the principal due or any sinking fund installment due on the Series 2015 Bonds on the next Bond Payment Date);

Third, an amount necessary to cause the sum thereof, together with such moneys as are then on deposit in the Administrative Expenses Fund, to equal the amount needed to pay the administrative expenses due and payable thereunder during the current and subsequent calendar year;

Fourth, an amount necessary to cause the sum thereof, together with such moneys as are then on deposit in the Debt Service Reserve Fund, to equal the Debt Service Reserve Fund Requirement to the Debt Service Reserve Fund; and

Fifth, any remaining amounts to the Redemption Fund.

**Debt Service Fund**

Pursuant to the Indenture, at the end of any fiscal year after the period commencing upon the date of issuance of the Bonds and ending on December 1, 2018, if the amount in the Debt Service Fund (excluding any amounts in the Capitalized Interest Account) exceeds the sum of (i) the amount to be paid for principal and redemption price of and interest on the Interest Payment Dates during the next fiscal year and (ii) any estimated administrative expenses during the next fiscal year (including any amounts to be paid to the Trustee), the District may direct the Trustee to remit such excess in the Debt Service Fund to the Redemption Fund.

**Debt Service Reserve Fund**

Pursuant to the Indenture, upon issuance of the Series 2015 Bonds, a portion of the proceeds of the Series 2015 Bonds, in an amount equal to the Debt Service Reserve Fund Requirement, will be deposited into the Debt Service Reserve Fund. The Debt Service Reserve Fund Requirement may be satisfied by cash or by one or more credit facilities, or by any combination thereof. Following the issuance of the Series 2015 Bonds, the District expects to satisfy the Debt Service Reserve Fund Requirement with cash.

The District has agreed to maintain the Debt Service Reserve Fund at the Debt Service Reserve Fund Requirement. If the funds on deposit in the Debt Service Reserve Fund are less than the Debt Service Reserve Fund Requirement, the Trustee will transfer funds from the Redemption Fund (as described in "– Redemption Fund" below) to restore such balance to the Debt Service Reserve Fund Requirement.

Pursuant to the Indenture, moneys on deposit in the Debt Service Reserve Fund will be applied to cure deficiencies in the Debt Service Fund to pay debt service on the Bonds. If amounts on deposit in the Debt Service Reserve Fund exceed the Debt Service Reserve Fund Requirement, the Trustee is required to notify the District of the amount of such excess and the District will then direct the Trustee to transfer an amount equal to such excess from the Debt Service Reserve Fund to the Redemption Fund.

On or after December 1, 2019, subject to no event of default under the Indenture having occurred and continuing, all or a portion of the proceeds of the Series 2015 Bonds originally deposited into the Debt Service Reserve Fund pursuant to the Indenture, plus any proceeds of Additional Bonds deposited in the Debt Service Reserve Fund, will be transferred by the Trustee, at the written direction of the District, to the Project Fund for the benefit of the Project Developer, subject to: (A) receipt by the District of (x) a written request from an Authorized Officer of the Project Developer for such transfer, and (y) a certificate of an Authorized Officer of the Project Developer certifying that there is no outstanding litigation, including unfiled potential litigation known to the Project Developer, with respect to the Southwest Waterfront (Wharf) Project or the Project Developer; and (B) delivery to the Trustee of a certificate from an authorized delegate of the Chief Financial Officer certifying that (x) the Southwest Waterfront Pledged Revenues collected in the prior fiscal year is not less than 1.50 times the debt service, at stabilization (as contemplated in the definition of "Financial Analysis" in the Funding Agreement), on all outstanding Bonds, and (y) the amount to be transferred to the Project Fund pursuant to the terms of the Indenture, together with the proceeds of the Series 2015 Bonds originally deposited into the Project Fund pursuant to the Indenture and any interest earned in the Project Fund will not exceed $113 million for the Series 2015 Bonds and will not, in the aggregate if additional deposits have been made to the Project Fund, exceed $148 million in 2008 dollars (adjusted for inflation by the Consumer Price Index); *provided*, *however*, that if there is any litigation identified by the Project Developer or the District, before any amounts can be released from the Debt Service Reserve Fund pursuant to the Indenture, the District will provide written notice to the Trustee and the Project Developer that, in the District's reasonable judgment such litigation: (a) would not have a materially adverse impact on the Project Developer's ability to substantially complete the applicable construction phase or phases of the Southwest Waterfront (Wharf) Project funded by the outstanding Bonds by the scheduled completion date or dates; or (b) would not either currently impede, or reasonably be anticipated to impede, the payment or collection of Southwest Waterfront Pledged Revenues.

## Redemption Fund

In the Indenture, the District has established the Redemption Fund. On the last business day of any April or October, moneys on deposit in the Redemption Fund will be applied in the following order of priority: *first*, to cure any deficiency in amounts available in the Debt Service Fund to pay debt service on the Bonds, and *second*, to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement, if necessary. The Indenture also provides that moneys in the Redemption Fund may be used for (i) the payment of the principal of, and accrued interest and premium, if any, on, the Bonds in connection with an optional redemption or (ii) the purchase of the Bonds by the District.

At the written direction of the District, once the amount on deposit in the Redemption Fund equals or exceeds the aggregate principal amount of all outstanding Bonds, all excess revenues deposited to the Redemption Fund pursuant to the Indenture will be transferred to the District.

# THE SOUTHWEST WATERFRONT

## The Southwest Waterfront PILOT/TIF Area

The Southwest Waterfront (Wharf) Project is located in the Southwest Waterfront PILOT/TIF Area. Maps of the Southwest Waterfront PILOT/TIF Area are set forth herein. See Maps 1 and 2 herein.

## Southwest Waterfront (Wharf) Project

*General*. The Southwest Waterfront (Wharf) Project is located in the Southwest quadrant of the District of Columbia, just south of the National Mall and the Project site is bounded by the 14th Street Bridge, Maine Avenue SW, N Street SW, and the Washington Channel. The Project site spans 24 acres of land and 50 acres of water and is comprised of 3.2 million square feet of residential, hotel, office, restaurant, retail, and cultural space. The Project is also located near two Metro stations with access to five different Metro lines.

The Project is being developed by the Project Developer and is being built in multiple phases. Phase 1 is expected to open in the fall of 2017 (“Phase 1”).

*Phase 1.* Phase 1 is currently under construction with approximately 1.2 million square feet being developed, which includes (i) approximately 130,000 square feet of retail space, (ii) approximately 650 residential rental apartments, (iii) one luxury condominium building with approximately 112 units, (iv) approximately 210,000 square feet of office space, (v) Wharf Hall, an approximately 140,000 square foot concert and multi-use/convention facility, (vi) a parking garage with approximately 1,160 parking spaces, and (vii) parks and open spaces. All applicable District and federal approvals necessary for the commencement of construction of Phase 1 have been obtained.

*Future Phases.* Future phases are in various stages of development, and are expected to include (i) three hotels with a total of approximately 675 rooms, (ii) approximately 665,000 to 760,000 square feet of office development, (iii) approximately 300 apartment units, (iv) approximately 120 luxury condominiums, and (v) approximately 175,000 to 215,000 square feet of retail. All remaining phases are expected to commence by 2018.

**The Project Developer**

The Project Developer is comprised of managing members, PN Hoffman and Associates ("PN Hoffman") and Madison Marquette ("Madison Marquette"), as well as a group of additional local development partners.

*PN Hoffman*. PN Hoffman is one of Washington, D.C.'s premier developers of urban residential and mixed-use neighborhoods. Since its formation in 1993, PN Hoffman has successfully completed over 35 projects, including the first LEED certified residential high-rise in Washington, D.C. The company has received numerous local and national trade association and community project awards.

PN Hoffman's principals have collectively more than 100 years of experience in entitlement, development, construction, financing, and legal industries in connection with large-scale real estate development projects.

PN Hoffman has worked on two notable regional projects in recent years – (i) The Darcy and The Flats in Bethesda, MD, which included a 400,000 square foot, two-tower residential and retail project in Bethesda's downtown district, and (ii) Northern Exchange in Washington, D.C., which was the redevelopment of a historic 32,000 square-foot building into 36 condominium units and 1,300 square feet of retail space in Washington, D.C.'s 14th Street, NW corridor.

*Madison Marquette*. Madison Marquette is a privately-held Washington, D.C. based investor, developer, and operator of urban retail, entertainment, and mixed-use real estate throughout the United States. The company specializes in creating unique retail destinations that respond best to consumer preferences and is internationally acknowledged for its high quality and innovative developments. Madison Marquette has an established track record of investment discipline and strong results, having successfully executed over 60 investments in major markets around the country. Madison Marquette (i) oversees 23 million square feet of retail real estate, (ii) owns 34 projects valued in excess of $4 billion, and (iii) manages 36 properties totaling 9 million square feet on behalf of various third-party owners.

Madison Marquette was founded in 1992 and is wholly owned by Capital Guidance, an international investment company headquartered in Paris, France.

Madison Marquette has worked on the following notable projects – (i) Bay Street in Emeryville, CA, which included the transformation of a 19-acre industrial brownfield site into a retail, entertainment, dining, and residential "Urban Village" in San Francisco's East Bay area and (ii) Cityline at Tenley in Washington, D.C., which included the redevelopment of a historic department store into a mixed-use project featuring retail and residential units in Washington, D.C.'s Tenleytown neighborhood.

*Local Partners*. The Project Developer has also partnered with four local development firms, including (i) ER Bacon Development, a real estate development and consulting firm established in 2002 to focus on urban infill, historic preservation, affordable and mixed income housing, and community revitalization, (ii) CityPartners, a development group focused on creating partnerships for the acquisition, design, and development of commercial, residential, and mixed-use real estate, (iii) Triden Development Group, a Washington, D.C.-based real estate development firm with over 70 years of combined experience in real estate and financial transactions, and (iv) Paramount Development, a commercial development company focused on the acquisition and ground-up development of commercial buildings and hotels in Washington D.C.

**Construction Plan of Finance**

The total cost for Phase 1 is approximately $825,000,000 and the plan of finance for such phase consists of (i) a $400,000,000 syndicated first lien construction note (the "Construction Note"), (ii) $309,000,000 in total cash equity, (iii) $113,000,000 in proceeds from the Series 2015 Bonds, and (iv) approximately $3,000,000 in other funds. The Project Developer has delivered to the District evidence that the Construction Note has been fully executed.

**Construction Contractor Summary**

*Design.* Perkins Eastman DC has been selected as the master planner and architect for the Project. Founded in 1981, Perkins Eastman is an international architecture, interior design, and urban design firm offering programming, planning, design, strategic planning and consulting, real estate and economic analyses, and program management services.

Rockwell Group was also selected as design architect for the Project and the Wharf Hall component, in particular. The Rockwell Group is a specialty architectural and design practice that designs projects as varied as themed restaurant to hotels to concert halls to Broadway stage sets.

*Marine Engineer*. Moffatt & Nichol ("M&N") was selected as the marine engineer for the Project and has experience designing, engineering, and implementing large marine installations, piers, and seawalls worldwide. M&N dates back to 1945 and has a portfolio of over 7,000 projects, including marina facilities, boat slips, piers and wharves, bulkheads, breakwaters, and dredging.

*Landside Construction.* The Project Developer engaged with Clark Construction ("Clark") for landside construction services and select waterside elements. Clark is one of the largest general contracting firms in the United States that was founded over 100 years ago. In the metropolitan Washington, D.C. area, Clark has delivered over 900 projects with more than 500 projects in Washington, D.C. proper.

*Waterside Construction – Floating Structures*. Bellingham Marine International ("BMI") was selected as the manufacturer of the floating dock system. BMI has completed several dozen marinas with M&N and is a global leader in design, manufacture, and construction of marinas.

*Waterside Construction – Fixed Structures*. Cianbro was selected to construct and install piers and bulkhead structures for the Project. Cianbro has completed several projects for M&N.

## THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN)

### Background and General Description

Pursuant to the TIF Act and related resolutions, the District designated over 2,500 acres of its downtown and surrounding area as the Downtown TIF Area (the "Downtown TIF Area"). The Downtown TIF Area is located primarily in the northwest quadrant of the District of Columbia and covers a substantial portion of the downtown area of the District of Columbia. It includes the National Mall and the White House and is located very near the District of Columbia's geographical center. The Available Increment (Downtown) is currently generated by over 15,000 taxable properties included in the Available Increment (Downtown) calculation, including, but not limited to: (i) 452 large commercial office buildings, which accounted for 64.2% of the assessed value of the Downtown TIF Area properties in fiscal year 2014; (ii) 89 hotels and/or motels, which accounted for 6.9% of the assessed value of the Downtown TIF Area properties in fiscal year 2014; (iii) 453 retail and restaurant properties, which accounted for 1.9% of the assessed value of the Downtown TIF Area properties in fiscal year 2014; (iv) 1,222 other commercial properties, which accounted for 8.9% of the assessed value of the Downtown TIF Area properties in fiscal year 2014; and (v) 12,680 residential rental properties that are included in the Available Increment (Downtown), which accounted for 12.6% of the assessed value of the Downtown TIF Area properties in fiscal year 2014.

The District estimates that (i) assessed value of the Downtown TIF Area properties represents approximately 37% of the 2014 total assessed valuation of all taxable properties within the District of Columbia, (ii) the Downtown TIF Area represents approximately 80% of the District's overall commercial assessed value, and (iii) approximately 44% of the District's sales taxes are collected from businesses in the Downtown TIF Area. See Map 1 herein, which depicts the Downtown TIF Area.

A large amount of the Downtown TIF Area is devoted to public use – notably the National Mall, which extends from the Capitol to the Lincoln Memorial, and numerous governmental buildings. Such public use of real property yields no property taxes due to exemptions of various kinds, including exemption of property of the federal government. The remainder of the Downtown TIF Area has a predominance of office use, although most other general categories of urban use, with the exception of industrial, are represented.

The following table lists the top ten property owners in the Downtown TIF Area.

**Table 3. Downtown TIF Area – Top Ten Property Owners**

| Name | Address | Fiscal Year 2014 Assessed Value | % of Downtown TIF Assessed Value |
|---|---|---|---|
| CC Owner LLC | 400 7th St SW | $725,842,610 | 1.2% |
| 555 12th REIT LLC | 555 12th St NW | 543,859,750 | 0.9% |
| Carr CRHP Properties LLC | 1835 I St NW | 516,653,000 | 0.9% |
| Maria C Tripoli | 1050 Connecticut Ave NW | 476,951,200 | 0.8% |
| United Brotherhood of Carpenters and Joiners of America | 101 Constitution Ave NW | 446,114,890 | 0.7% |
| Warner Investments LP | 501 13th St NW | 383,904,530 | 0.6% |
| George Washington University | 2200 Pennsylvania Ave | 346,553,090 | 0.6% |
| Ocean View Development Company LP | 600 Maryland Ave SW | 342,567,940 | 0.6% |
| BP/CRF 901 New York Avenue LLC | 901 New York Ave NW | 335,367,570 | 0.6% |
| Willard Associates | 1401-1415 Pennsylvania Ave NW | 329,943,490 | 0.6% |
| | **Total** | **$4,447,758,070** | 7.4% |
| | | | |
| **Fiscal Year 2014 Assessed Value of Downtown TIF Area** | | **$59,864,464,841** | |

Source: District records.

**Calculation of Available Increment (Downtown)**

*Tax Revenues from the Downtown TIF Area*. Property tax revenues generated from the Downtown TIF Area include taxes on all commercial property in the area, including rental residential property but excluding allocation of the Footprint Increment with respect to certain Downtown Projects described herein. As seen in Table 5, assessed values on commercial properties in the Downtown TIF Area, net of Footprint Increment allocations, grew from $28.4 billion in fiscal year 2005 to $59.9 billion in fiscal year 2014.

Based upon District-wide estimates of real property tax revenues, the District's projections of Downtown TIF assessed values are expected to rise to $62.1 billion in fiscal year 2015. Annual growth thereafter is projected resulting in a projected Downtown TIF assessed value of approximately $72.2 billion in fiscal year 2019.

Since 2009, the tax rate on commercial properties has consisted of two tiers – the first $3 million of value is taxed at $1.65 per $100, and the remaining value is taxed at $1.85 per $100. The tax rate on rental residential property declined from $0.96 in 2003 to $0.88 in fiscal year 2007 and has been $0.85 for the last five fiscal years. See Table 8.

Sales tax revenues include taxes on the sale of most tangible items, as well as taxes on parking, hotel rooms or other transient lodging, food for immediate consumption, and vehicle rentals. A fixed percentage of restaurant, alcoholic beverage, rental car and hotel sales tax revenues is allocated to WCSA, as successor to the Washington Convention Center Authority[*] (the "WCSA Allocation"). Sales tax collections, net of the WCSA Allocation, increased from $323.1 million in fiscal year 2005 to

[*] On October 1, 2009, the Washington Convention Center Authority ("WCCA") merged with the District of Columbia Sports and Entertainment Commission to form the Washington Convention and Sports Authority ("WCSA"), the successor to WCCA in right and time.

$434.2 million in fiscal year 2014. For more discussion regarding the WCSA Allocation, see "COLLECTION OF REAL PROPERTY TAXES AND SALES TAXES IN THE DISTRICT – Collections – WCSA Allocation."

*Base Year Revenues*. A base level of $13,809,663,000 of assessed value of commercial real property in the Downtown TIF Area was established as of January 1, 1999, and a base level of $227,876,000 of sales taxes was established for the Downtown TIF Area during the District's fiscal year 1999. The District retains the base level revenues annually for its general use. These amounts do not constitute Available Increment (Downtown) and are not available for the payment of principal of, premium, if any, or interest on the Series 2015 Bonds or debt service on any Parity Lien Projects.

*Special Real Property Tax*. The District is required to dedicate a portion of real property tax collections (i.e., the Special Real Property Tax) in amounts sufficient to pay the principal of and interest on its general obligation bonds. The District's Special Real Property Tax rate is set each September for the following real property tax year, which coincides with the District's fiscal year. The District is obligated to establish a Special Real Property Tax rate calculated to yield sufficient funds to make required deposits to a debt service fund for the general obligation bonds (the "Special Real Property Tax Fund"). The percentage of real property tax collections that were dedicated to the payment of principal and interest on the District's general obligation bonds declined from 28% in fiscal year 2010 to 13.5% in fiscal year 2015. The decline in such percentage is due to both (i) increases in the District's real property tax collections and (ii) the refinancing of a large portion of the District's general obligation debt with income tax secured bonds. The Special Real Property Taxes do not constitute Available Increment (Downtown) and are not available for the payment of principal of, premium, if any, or interest on the Series 2015 Bonds or debt service on any Parity Lien Projects.

The following table details the actual (2010 through 2015) and estimated (2016 through 2019) portion of the District's real property tax collections for calculating the Special Real Property Tax for 2010 through 2019.

**Table 4. Special Real Property Tax Percentage**
**($000s)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| | (final rate) | (final rate) | (final rate) | (final rate) | (final rate) | (final rate) | (estimated) | (estimated) | (estimated) | (estimated) |
| Expected District G.O. Debt Service | $425,919 | $263,057 | $209,796 | $175,651 | $180,164 | $254,252 | $317,469 | $347,311 | $422,611 | $485,885 |
| Estimated District Net Real Property Tax Revenue | $1,738,471 | $1,571,051 | $1,832,888 | $1,886,854(1) | $1,985,426(2) | $2,152,765(2) | $2,273,244(2) | $2,344,454(2) | $2,428,073(2) | $2,507,005(2) |
| Special Real Property Tax Percentage(3) | 28.0% | 20.0% | 14.0% | 11.0% | 10.5% | 13.5% | 16.0% | 17.0% | 20.0% | 22.0% |

Source: District records.

1. Based on revenue estimates dated February 2014.
2. Based on revenue estimates dated June 2015.
3. The percentage is the portion of real property tax revenues necessary to pay general obligation debt service, after providing for a minimum 1.15 coverage ratio. Such percentage is used to determine the Special Real Property Tax Rate.

The following table shows the historical and projected Available Increment (Downtown).

## Table 5. Total Available Increment (Downtown) ($000s)

| Historical[1] | Assessed Value | Incremental Assessed Value | Allocation to General Obligation Debt | Commercial Rate per $100[2] | Rental Residential Rate per $100 | Available Real Property Tax Increment | Sales Tax Collections[4] | Available Sales Tax Increment | Total Available Increment (Downtown) | % Change over Prior Year |
|---|---|---|---|---|---|---|---|---|---|---|
| (Base) | $13,809,663 | | | | | | $227,876 | | | |
| 2005 | $28,383,806 | $14,574,143 | 45% | $1.85 | $0.96 | $171,977 | $323,146 | $95,270 | $267,247 | 37% |
| 2006 | $32,479,306 | $18,669,643 | 45% | $1.85 | $0.96 | $176,439 | $348,499 | $120,623 | $297,062 | 11% |
| 2007 | $39,659,894 | $25,850,231 | 45% | $1.85 | $0.88 | $241,515 | $402,959 | $175,082 | $416,597 | 40% |
| 2008 | $49,659,045 | $35,849,382 | 32% | $1.85 | $0.85 | $419,025 | $357,374 | $129,497 | $548,522 | 32% |
| 2009 | $52,376,486 | $38,566,823 | 28% | $1.85 | $0.85 | $455,563 | $354,692 | $126,816 | $582,379 | 6% |
| 2010 | $52,656,312 | $38,846,649 | 28% | $1.85 | $0.85 | $453,071 | $355,627 | $127,751 | $580,822 | 0% |
| 2011 | $45,835,548 | $32,025,885 | 20% | $1.85 | $0.85 | $398,478 | $348,290 | $120,413 | $518,891 | -11% |
| 2012 | $51,439,885 | $37,630,222 | 14% | $1.85 | $0.85 | $510,618 | $381,166 | $153,290 | $663,908 | 28% |
| 2013 | $55,559,955 | $41,750,292 | 11% | $1.85 | $0.85 | $592,145 | $415,317 | $187,440 | $779,585 | 17% |
| 2014 | $59,864,465 | $46,054,802 | 11% | $1.85 | $0.85 | $640,113 | $434,209 | $206,332 | $846,445 | 9% |
| **Projected[3]** | | | | | | | | | | |
| 2015 | $62,102,728 | $48,293,065 | 14% | $1.85 | $0.85 | $648,724 | $454,096 | $226,220 | $874,944 | 3% |
| 2016 | $64,449,771 | $50,640,108 | 16% | $1.85 | $0.85 | $660,591 | $474,893 | $247,017 | $907,609 | 4% |
| 2017 | $66,910,880 | $53,101,218 | 17% | $1.85 | $0.85 | $684,450 | $496,643 | $268,767 | $953,217 | 5% |
| 2018 | $69,491,600 | $55,681,937 | 20% | $1.85 | $0.85 | $691,772 | $519,390 | $291,514 | $983,286 | 3% |
| 2019 | $72,197,742 | $58,388,079 | 22% | $1.85 | $0.85 | $707,258 | $543,178 | $315,302 | $1,022,560 | 4% |

Source: District records.

1. Historical values are based on annual certifications by the Deputy Chief Financial Officer.
2. Beginning in 2009, the first $3 million of value is taxed at $1.65 per $100, and the remaining value is taxed at $1.85 per $100. A complete list of real property tax rates by class since 2011 is set forth in Table 8.
3. Projected values are based on District estimates.
4. Net of the WCSA Allocation. See "– Calculation of Available Increment (Downtown) – *Tax Revenues from the Downtown TIF Area.*"

At the end of fiscal year 2014, the aggregate assessed value of taxable commercial property in the Downtown TIF Area was approximately $59.9 billion, compared to a base value of approximately $13.8 billion established as of January 1, 1999 for use in fiscal year 2000, representing an increase in incremental value of approximately $46.1 billion. After applying the average applicable tax rate (1.55% for fiscal year 2014) and subtracting the amount of Available Increment (Downtown) necessary to pay debt service on the District's general obligation bonds (such amount being equal to the amount of the Special Real Property Tax), the amount of Available Real Property Tax Increment for fiscal year 2014 was approximately $640.1 million. As discussed herein, the Available Real Property Tax Increment does not include tax revenue derived from (i) the Footprint Increments of (A) the project area for Gallery Place, (B) the project area for the Mandarin Oriental Hotel, (C) the project area for the Convention Center Hotel, or (D) the project area for the City Market at O Street, or (ii) any projects located outside the Downtown TIF Area, such as the Southwest Waterfront (Wharf) Project. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Available Increment (Downtown) – *Footprint Increment and Additional Projects in the Downtown TIF Area*" and "– Parity Lien Projects – *General*."

At the end of fiscal year 2014, the sales tax collections in the Downtown TIF Area were approximately $434.2 million (after accounting for $71.1 million for the WCSA Allocation), compared to a base value of approximately $227.9 million established in fiscal year 1999 for use in fiscal year 2000, which produced an amount of Available Sales Tax Increment of approximately $206.3 million. As discussed herein, the Available Sales Tax Increment does not include tax revenue derived from (i) the Footprint Increments of (A) project area for Gallery Place, (B) the project area for the Mandarin Oriental Hotel, (C) the project area for the Convention Center Hotel, or (D) the project area for the City Market at O Street, (ii) any projects located outside the Downtown TIF Area, such as the Southwest Waterfront (Wharf) Project, or (iii) sales tax revenues pledged for the repayment of bonds issued in connection with the Verizon Center. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Available Increment (Downtown) – *Footprint Increment and Additional Projects in the Downtown TIF Area*" and "– Parity Lien Projects – *General*."

The total amount of the Available Increment (Downtown) at the end of fiscal year 2014 was approximately $846.4 million.

**Senior Lien Project**

In 2002, the District issued approximately $46 million of current interest and capital appreciation tax increment bonds (the "Mandarin Oriental Bonds") to assist with the financing of the Mandarin Oriental Hotel Project, which is a full service luxury hotel with certain ancillary uses and amenities located at 1330 Maryland Avenue, S.W. in the District of Columbia. The principal components of the hotel complex include: (i) a 400-guest room luxury hotel with associated convention, meeting and banquet space, (ii) two restaurants, (iii) a Mandarin Oriental Spa and Health Club with indoor pool, and (iv) an approximately 90,000 square foot parking garage. The Mandarin Oriental Hotel Project is also referred to herein as the "Senior Lien Project."

The Mandarin Oriental Bonds currently outstanding consist of non-callable bonds, which will mature on July 1, 2021, and a term bond, which will mature on July 1, 2022. Approximately $15.5 million of the Mandarin Oriental Bonds remain outstanding. Maximum annual debt service on the Mandarin Oriental Bonds is $4,509,125. The Footprint Increment being generated at the Mandarin Oriental Hotel Project to date has been sufficient to fully cover debt service on, and other obligations relating to, the Mandarin Oriental Bonds. As noted above, the District has the Budgeted Reserve and the Mandarin Reserve Account available to pay debt service on the Mandarin Oriental Bonds, if necessary. The obligations issued to fund the Parity Lien Projects, including the Series 2015 Bonds, are not secured by the Budgeted Reserve or the Mandarin Reserve Account. See "SECURITY AND SOURCES OF PAYMENT

FOR THE SERIES 2015 BONDS – Available Increment (Downtown) *Allocation of Available Increment (Downtown)*."

The initial claim on the Available Increment (Downtown) each year is that amount, if any, needed to pay debt service on the Mandarin Oriental Bonds, in the event the revenues generated by its Footprint Increment in such year are not sufficient. Such claim is senior to the obligations issued to fund the Parity Lien Projects, including the Series 2015 Bonds.

**Parity Lien Projects**

*General*. The District has previously financed projects in the Downtown TIF Area and has pledged their respective Footprint Increments to secure the bonds and notes issued for such projects. Thus, such Footprint Increments are excluded from Available Increment (Downtown). In addition, the District has previously financed projects outside the Downtown TIF Area and has pledged the Available Increment (Downtown) to such financings. The various projects, both within and outside the Downtown TIF Area, that are secured by Available Increment (Downtown) are described in Table 6 and in the subsections following such table. Such projects are collectively referred to herein as the "Parity Lien Projects."

In addition, the District may in the future finance additional projects in the Downtown TIF Area. The District could determine to pledge to such financings the Footprint Increments of such projects, with the result that such Footprint Increments would be excluded from Available Increment (Downtown). Furthermore, the District could finance additional Parity Lien Projects within or outside the Downtown TIF Area for which it may pledge Available Increment (Downtown). The contractual limitations on the issuance of Additional Debt secured by the Available Increment (Downtown) are set forth above under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Covenants and Agreements of the District – *Additional Obligations*." In addition, the Debt Ceiling Act, described below, could limit the issuance of Additional Debt.

**Table 6. Projects with Outstanding Debt Secured by the Available Increment (Downtown)**

| Project Name | Initial Issuance Amount | Amount Outstanding as of July 1, 2015 | Maximum Annual Debt Service (MADS) | Year(s) MADS Occurs | Final Maturity |
|---|---|---|---|---|---|
| *Senior Lien Project* | | | | | |
| Mandarin Oriental Hotel Project | $45,995,387 | $15,515,047 | $4,509,125 | 2015, 2018, and 2021 | 2022 |
| *Parity Lien Projects* | | | | | |
| Gallery Place Project | 73,650,000 | 46,730,000 | $4,315,000 | 2019 | 2031 |
| Verizon Center Project | 50,000,000 | 49,830,000 | $4,688,417 | 2045 | 2047 |
| City Market at O Street Project | 38,650,000 | 38,650,000 | $2,978,556 | 2031 | 2041 |
| Howard Theatre Project | 4,000,000 | 3,244,055 | $741,703 | 2020 | 2021 |
| **TOTAL** | **$212,295,387** | **$153,969,102** | | | |

Source: District records.

*Gallery Place.* In 2002, the District issued $73,600,000 in bonds to help finance the construction of the Gallery Place Project (the "Gallery Place Bonds"). The Gallery Place Bonds provided bond holders with a senior lien on the Available Increment (Downtown), on parity with the Mandarin Oriental Bonds. The Gallery Place Project was completed in March 2005 and includes (i) approximately 200,000 square feet of retail space; (ii) approximately 190 market-rate condominium units located at 777 7th Street, N.W.; (iii) over 200,000 square feet of office space located at 616 H Street, N.W.; and (iv) a below-grade parking garage with almost 700 parking spaces. In 2012, the District refinanced the remaining $52,365,000 in Gallery Place Bonds with refunding bonds and pledged a parity lien on the Available Increment (Downtown) (the "Gallery Place Refunding Bonds"). The Gallery Place Refunding Bonds mature in 2031 with a maximum annual debt service of $4,315,000. As of the date hereof, $46,730,000 of the Gallery Place Refunding Bonds are outstanding. The Footprint Increment for the Gallery Place Project TIF Area currently exceeds debt service on the Gallery Place Refunding Bonds.

*Verizon Center*. The District and DC Arena L.P., a District of Columbia limited partnership, entered into a Development Agreement, dated as of December 1, 2007, relating to the improvement, renovation, and refurbishment of the approximately 20,000 seat Verizon Center in the District of Columbia. In order to finance a portion of the costs and related expenses of improvements to the Verizon Center, the District issued two series of bonds in the aggregate principal amount of $50 million, $49,830,000 of which are currently outstanding (the "Verizon Center Bonds"). The notes securing the Verizon Center Bonds mature in 2027 and 2047. The Verizon Center Bonds are to be repaid from a 4.25% sales tax added to ticket and merchandise sales at the Verizon Center. The Available Increment (Downtown) is a secondary payment source of debt service on the Verizon Center Bonds. Maximum annual debt service on the Verizon Center Bonds is $4,688,417. The sales tax revenues pledged for the repayment of the Verizon Center Bonds currently exceed debt service on such bonds.

*City Market at O Street*. The District and City Market, LLC entered into a Development Agreement, dated as of September 23, 2010, relating to the City Market at O Street project, a 1 million square-foot urban infill project that will include 80,000 square feet of retail, 400 units of market rate rental housing, a 182-room limited service hotel, an 84-unit affordable senior housing building, a 145-unit condominium building, 489 underground parking spaces and common areas (the "City Market at O Street Project"). The District issued $38,650,000 in TIF bonds (the "City Market at O Street Bonds") in November 2011 to contribute towards the first phase of construction is complete (which includes a garage, retail, rental apartments, and hotel). The District has authorized the dedication of the Footprint Increment from the City Market at O Street TIF Area to the payment of debt service on the City Market at O Street Bonds and, as a secondary payment source, the Available Increment (Downtown). Maximum annual debt service on the City Market at O Street Bonds is $2,978,556, and they mature from 2016 to 2041. June 2015 was the first payment due after the capitalized interest period ended. The Footprint Increment for the City Market at O Street TIF Area currently exceeds debt service on the City Market at O Street Bonds.

*Howard Theatre*. The District and Howard Theatre Restoration, Inc., a District of Columbia non-profit corporation, entered into a Development Agreement, dated as of May 1, 2011, relating to the renovation of a historic, District-owned theater (the "Howard Theatre") in the District of Columbia's U Street corridor and Shaw neighborhood. In order to finance a portion of the cost of renovation of the Howard Theatre and related costs, the District issued a $4,000,000 note (the "Howard Theatre Project Note"), which is currently outstanding, and authorized the dedication of the Available Increment (Downtown) to the payment of debt service on the Howard Theatre Project Note. Maximum annual debt service on the Howard Theatre Project Note is $741,703 and such note matures in 2021. The primary sources of revenues pledged for the repayment of the Howard Theatre Project Note are currently insufficient to cover debt service on such note. Some funds from the Available Increment (Downtown) have been used to pay debt service on such note to date. Such draws from the Available Increment (Downtown) for debt service on the Howard Theatre Project Note are also projected to be needed in future fiscal years.

**The District's Debt Ceiling Act**

The District's Debt Ceiling Act restricts the issuance of any Tax-Supported Debt 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. The District's 12% debt ceiling limit (which includes TIF bonds, such as the Series 2015 Bonds) is expected to constrain the issuance of additional District debt, including economic development debt in the near to foreseeable future. Following the issuance of the Series 2015 Bonds, the District will have approximately $9.64 billion of Tax-Supported Debt outstanding, the debt service on which would produce a Debt Ceiling percentage of approximately 9.8% in Fiscal Year 2016 (in relation to the 12% limit), which would comply with the District's Debt Ceiling Act. The figures in the preceding sentence include the expected issuance of additional debt in connection with future phases of the Southwest Waterfront (Wharf) Project.

Following the issuance of the Series 2015 Bonds, the District projects its Debt Ceiling percentages for fiscal years 2017 through 2020 as set forth below. Such projections assume the issuance of the bonds, notes, or other obligations set forth in the District's capital improvements plan for such fiscal years with an assumed interest rate of 5.5%.

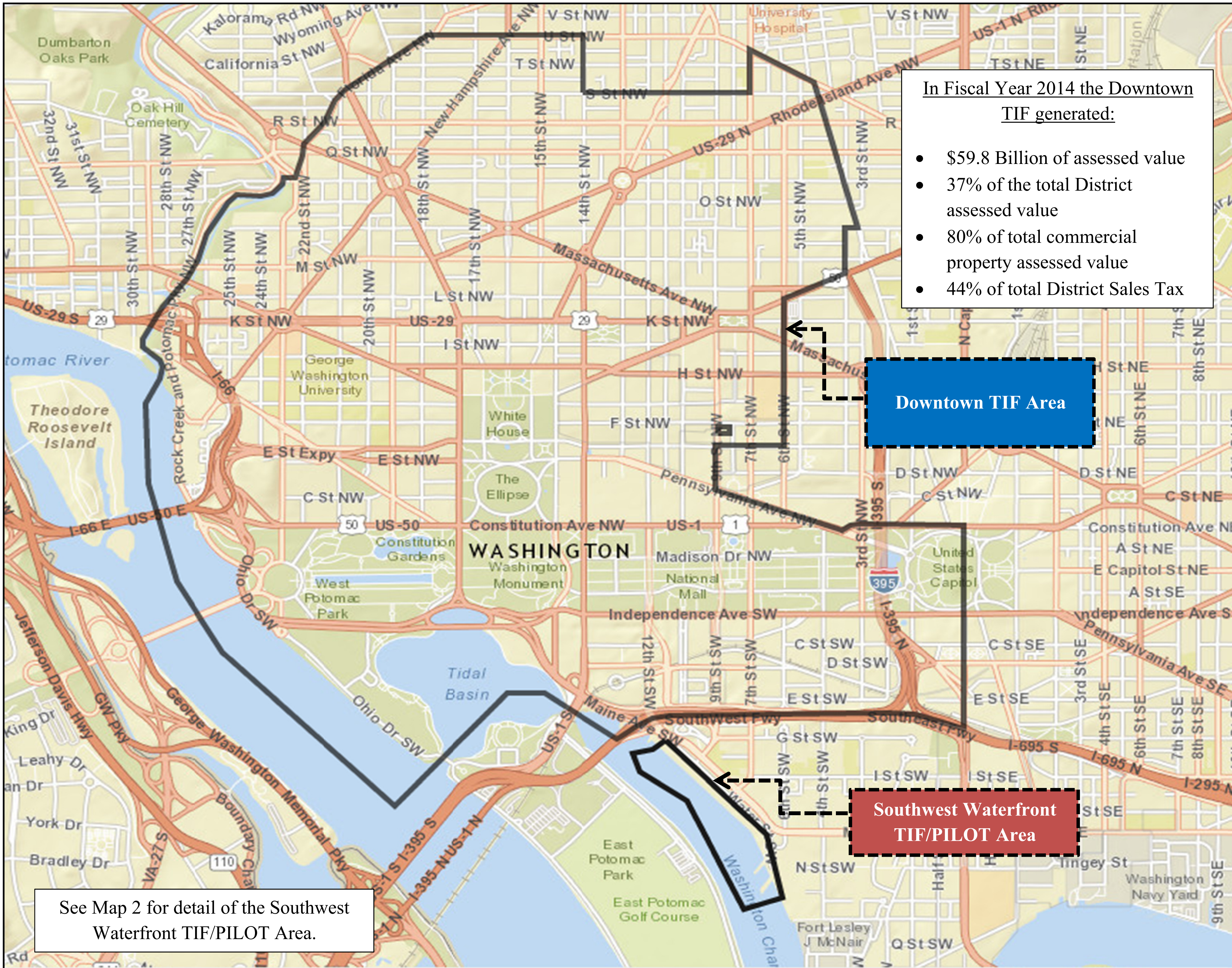
**Table 7. Projected Annual Debt Ceiling Percentages for Fiscal Years 2017-2020***

| Fiscal Year | Projected Debt Ceiling Percentage |
|---|---|
| 2017 | 10.29% |
| 2018 | 11.22% |
| 2019 | 11.84% |
| 2020 | 11.84% |

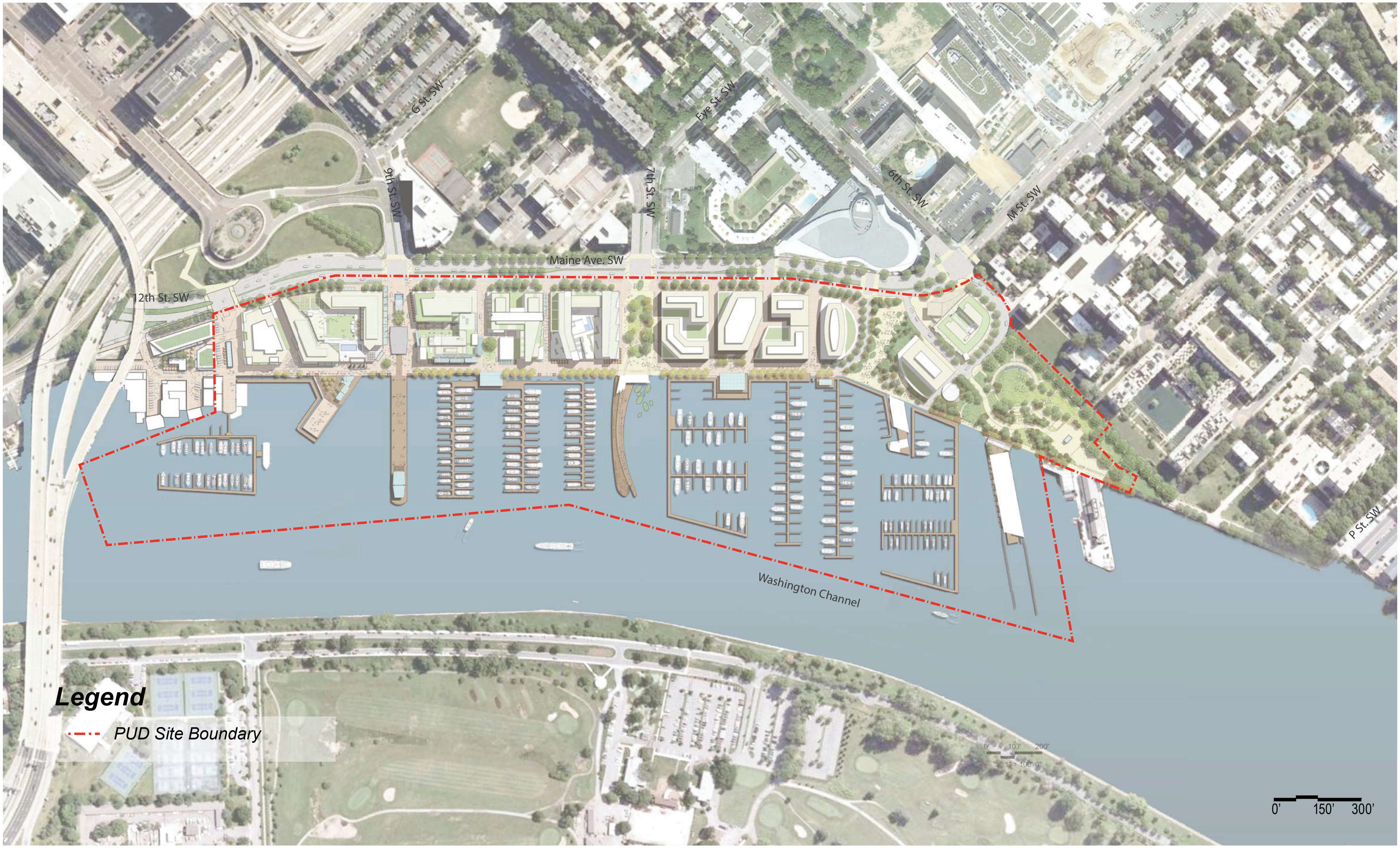
* Debt ceiling assumptions are preliminary, subject to change.

For a more detailed description of the District's Debt Ceiling Act, see "APPENDIX A" attached hereto.

Map 1. Downtown TIF Area



Map 2. Southwest Waterfront TIF/PILOT Area



## COLLECTION OF REAL PROPERTY TAXES AND SALES TAXES IN THE DISTRICT

### General

As described herein, the Series 2015 Bonds are secured by the Southwest Waterfront Pledged Revenues, which are comprised of (i) the Available Sales Tax Revenues (The Wharf Project), (ii) the Southwest Waterfront PILOT Increment, and (iii) the Southwest Waterfront Special Assessment. The Series 2015 Bonds are also secured by the Available Increment (Downtown), if there is an insufficiency in the Southwest Waterfront Pledged Revenues. This section details the payment and collection of real property and sales taxes in the District, including the taxes that constitute the Available Increment (Downtown) and the Available Sales Tax Revenues (The Wharf Project). The description of the collection procedures in this section apply to the payments made to the District in connection with the Southwest Waterfront PILOT Increment and the Southwest Waterfront Special Assessment. As described herein, payments related to the Southwest Waterfront PILOT Increment and the Southwest Waterfront Special Assessment are collected in the same manner and at the same time as real property taxes in the District.

For more information on the Southwest Waterfront Pledged Revenues, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Southwest Waterfront Pledged Revenues." For more information on the Available Increment (Downtown), see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Available Increment (Downtown)" and "THE DOWNTOWN TIF AREA AND AVAILABLE INCREMENT (DOWNTOWN)."

### Real Property Taxes

*General*. The District levies its real property tax pursuant to D.C. Official Code § 47-811. The Special Real Property Tax pledged to the payment of the general obligation bonds is authorized by the Home Rule Act. There is no limitation in the Home Rule Act on the amount or rate of real property tax levies. Since 1993, the District's real property tax year has been the 12-month period beginning October 1 and ending September 30, the same as the District's Fiscal Year. Real property taxes are due in semi-annual equal installments on March 31 and September 15 of each year.

Pursuant to D.C. Official Code § 47-812, the Council sets real property tax rates that remain in effect until amended annually. Pursuant to D.C. Official Code § 47-815, (i) the Council receives from the Mayor an estimate of the assessment roll before September 16 of each year, and (ii) if the Council establishes the real property tax rates and the Special Real Property Tax rates as a sum, the CFO will determine and publish a notice annually before September 16 of each preceding tax year the Special Real Property Tax rates to be applied during the tax year. The Home Rule Act requires the Council to provide in each annual budget sufficient funds to pay the principal of and interest on general obligation bonds and notes issued by the District under the Home Rule Act. The Special Real Property Tax is collected at the same time as the real property tax.

*Real Property Tax Rates*. The District has established four classes of real property: Class 1, which includes 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 nontransient residential dwelling purposes; Class 2, which consists of all real property not in Class 1, Class 3 or Class 4 (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. See Table 8 for the property tax rates reflecting the aggregate of the general real property tax rate and the Special Real Property Tax rate. The effective rate for Class 1 property may be reduced in individual cases by credits and deductions. For instance, Class 1 property owners over 65 whose annual adjusted gross income is less than $127,100 are eligible for a 50% reduction in their real property taxes.

*Historical and Current Real Property Tax Rates*. The real property tax rates per $100 of assessed value for the different classes of property for the tax years shown below are as follows:

**Table 8. Real Property Tax Rates[1]**

| | Tax Year | | | | |
|---|---|---|---|---|---|
| | **2011** | **2012** | **2013** | **2014** | **2015** |
| Class 1 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 |
| Class 2 | 1.65/1.85[2] | 1.65/1.85[2] | 1.65/1.85[2] | 1.65/1.85[2] | 1.65/1.85[2] |
| Class 3 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Class 4 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

1. The Special Real Property Tax is a component of these real property tax rates.
2. There is a split rate for Class 2 property of $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.

*Exemptions*. The District is unique in that a relatively large proportion of real property is exempt from real property tax. The District is able to levy a real estate tax on approximately 65%-69% of the total assessed value of real property within the District of Columbia. The remaining 31%-35% of the real property tax base is exempt from real estate taxes because it is used by the federal government, District government, foreign governments, nonprofits, or other tax-exempt organizations.

*Assessment*. The assessed value of all real property is the estimated full market value of the property as of the January 1 preceding the Fiscal Year during which the property will be taxed. The District currently assesses real property on an annual basis.

For tax year 2015, a property owner entitled to claim a homestead deduction for his or her property is allowed a $71,400 deduction in value before the tax rate is applied to the remaining value (the "Real Property Tax Homestead Exemption"). The remaining value is known as the "taxable assessment." In addition, the taxable assessment cannot, by law, increase by more than 10% from year to year, even though real property assessments will continue to be based upon the estimated market value, as required under District law. The $71,400 homestead deduction is subject to annual adjustments upward by the annual increase in the Washington area consumer price index.

*Appeals*. Property owners may appeal the proposed assessed value of property by petitioning for an administrative review. The first-level administrative review provides an opportunity for considering information that may enhance the accuracy of the property assessment. A property owner may appeal the first-level administrative review determination to the Real Property Tax Appeals Commission ("RPTAC"). The petition for a first-level administrative review is generally a prerequisite for filing an appeal with RPTAC. RPTAC must hear and decide each appeal and present any revised assessment to the Office of Tax and Revenue. A property owner may appeal RPTAC's final determination to the Superior Court. To seek review of the assessment by the Superior Court, however, the property owner must first exhaust his or her administrative remedies described above, pay the tax and any interest and penalty thereon and file an appeal with the Superior Court on or before September 30 (the end of the tax year). The full appeal process can last approximately three to four years before a final decision is reached, depending on the circumstances of the appeal.

*Delinquent Real Property Taxes*. Taxes become delinquent upon the failure to timely pay any installment thereof. Delinquent real property taxes are subject to a penalty of 10% of the unpaid amount if payment is not received on or before the due date and interest accrues at the rate of 1.5% per month on the amount due for each month or part thereof that the tax is in arrears. Real property taxes are due semiannually on March 31 and September 15. Delinquent real property taxes subject the related property to an automatic lien, which is perfected whenever full payment, including penalty and interest, is not made on or before the due date of the applicable semiannual bill.

**Sales Taxes**

*Tax Rates*. There is no limitation in the Home Rule Act on the amount or rate of sales tax that may be levied by the District. The District imposes its sales tax on the sale of most tangible items and on a wide array of services pursuant to D.C. Official Code § 47-2002. The District levies a general sales tax of 5.75% on the sale of tangible property, selected services, medical marijuana, some sweetened beverages and food sold in vending machines. Other sales and use tax rates range from 10.0% to 18.0%. A portion of these taxes are dedicated to paying debt service on revenue bonds issued by WCSA to finance the construction of the Walter E. Washington Convention Center and a hotel in connection with the Convention Center and to paying operating expenses of the WCSA. The convention center taxes are collected by the District in accordance with certain lockbox and collection agreements and consist of 4.45% of the gross receipts for the sale or charges for any hotel room in the District and 1% of the gross receipts from the sale or charges made in the District for restaurant meals, alcoholic beverages consumed on premises and rental vehicle charges.

*Collection of Sales Tax*. The District's sales tax is imposed on the vendors of items being taxed, is self-assessed by vendors, and paid by vendors on a monthly basis. Such taxes are remitted to the Collection Agent pursuant to the terms of the Collection Contract. See "– Collections" above regarding discrepancies in sales tax returns.

*Exemptions from Sales Tax*. Most exemptions from the District's sales tax are based upon the identity of the purchaser. For example, sales to semipublic institutions[*] located in the District of Columbia that provide substantial benefits to the District of Columbia's citizens, the United States government, certain organizations that are exempt from federal taxation and sales of personal property to toll telecommunications companies are exempt from taxation. In addition, sales of certain categories of items are exempt from taxation, including prescription and non-prescription medications, medical devices used by individuals, food and drink provided to persons confined to their homes or to the residents and employees of a senior citizens' facility, residential cable television services, and printing services and materials used by publishers to produce newspapers distributed free of charge in the District of Columbia.

*Remedies/Penalties for Failure to Pay Sales Tax*. If it appears that a vendor has failed to pay all the sales taxes due and owing to the District, the District may determine the amount of sales tax due. The vendor may contest the District's determination and request a hearing to resolve the matter. After the hearing, the District must give notice of its final determination. If the vendor is found to owe additional sales taxes, penalties and interest are added to the amount of sales tax owed. Conversely, vendors may

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[*] "Semipublic institution" means any corporation, and any community chest, fund, or foundation, organized exclusively for religious, scientific, charitable, or educational purposes, including hospitals, no part of the net earnings of which inures to the benefit of any private shareholder or individual. D.C. Official Code § 47-2001(r).

request a refund of sales taxes paid and if the District determines that sales taxes were overpaid by the vendor, the District will refund the overpaid sales taxes, with interest. Taxpayers may, within six months after a final determination of the amount of sales taxes owed, or a request for refund, file an appeal in the Superior Court contesting the amount of sales tax owed.

**Collections**

*General*. All District real property taxes and sales taxes currently are collected by the Collection Agent. The portion of the real property tax constituting the Special Real Property Tax is pledged to the repayment of the District's general obligation bonds. Pursuant to the Collection Contract, the Collection Agent collects the real property tax and allocates the Special Real Property Tax to an account pledged to the holders of the District's general obligation bonds. The balance of the real property tax (the "General Real Property Tax") is allocated to the District and is a part of the District's General Fund revenues. Detailed instructions on the procedures to be followed in collecting and allocating the real property taxes are issued by the District to the Collection Agent in accordance with the Collection Contract.

*WCSA Allocation*. A portion of the District's sales and use tax on the gross receipts from hotel room sales and charges (4.45% of a total imposition of 14.50%), and a portion of the District's tax on gross receipts from restaurant, alcoholic beverages and rental car sales and charges (1.0% of a total imposition of 10.0%) (such portions, collectively, constituting the WCSA Allocation) are pledged to the repayment of the WCSA Bonds. Pursuant to the Collection Contract, the WCSA Allocation is allocated to the WCSA Dedicated Taxes Pledged Account on behalf of WCSA.

The "WCSA Bonds" include approximately $492 million of bonds issued by the WCSA in 2007 and approximately $250 million of bonds issued by the WCSA in October 2010.

The balance of these taxes, and the receipts from all other District sales taxes, are allocated to the District and are a part of the District's General Fund revenues. Detailed instructions on the procedures to be followed in collecting and allocating the sales taxes are issued by the District to the Collection Agent in accordance with the Collection Contract. For more information on the sales and use taxes, see "– Sales Taxes." Pursuant to the Collection Contract, sales taxes remitted with returns which contain discrepancies (historically, approximately 10% of sales tax returns District-wide) are to be deposited in an Exceptions Account pending reconciliation, and are thereafter to be transferred to the appropriate accounts on a monthly basis.

*Collection of TIF & Dedicated PILOT Revenues*. The Collection Contract also provides for the collection and allocation of incremental real property tax revenues from designated TIF Areas and PILOT payments that are pledged to pay debt service on PILOT debt. Currently, there are 12 TIF Areas located in the District of Columbia and four areas subject to PILOT collections pledged for debt service (a "PILOT Area"). When the District certifies a new project in a TIF or PILOT Area, the District notifies the Collection Agent and supplies it with a new schedule reflecting the new TIF or PILOT Area, as applicable. The schedule provides the calculation of the initial real property assessed value and initial sales taxes with respect to the new project in the TIF or PILOT Area, as applicable. The PILOT payments that constitute the Southwest Waterfront PILOT Increment are collected and allocated in the manner described in this paragraph.

*Collection of Special Assessments*. The special assessment payments that constitute the Southwest Waterfront Special Assessment are collected and allocated in the same manner as incremental real property tax revenues from designated TIF Areas and PILOT payments, as described above.

**Electronic Tax Collection Process**

The District allows electronic filing of certain taxes (including sales, franchise and income tax) on a voluntary basis. The District mandates an electronic filing procedure for all Tax Increment Financings from a Project Area. The information that will be encoded with the filing includes taxpayer and address, place of business (for those taxpayers having multiple locations), account number, tax period, date of filing, amount owed and authorization for bank debit. The debit amount will be electronically remitted directly to the Collection Agent.

## LITIGATION

There is no litigation pending against the District 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 2015 Bonds or the performance of the obligations of the District or the Mayor under the Home Rule Act, the Southwest Waterfront Act, or the Indenture or the Series 2015 Bonds, which would have a material adverse impact on the obligations of the District or the Mayor under the Series 2015 Bonds, which contests the District's right to enter into any agreement in connection with the authorization, issuance or sale of the Series 2015 Bonds, or which in any way contests or may call into question the District's authority to impose and collect the Southwest Waterfront Pledged Revenues or the Available Increment (Downtown) or the validity or enforceability of (i) the Series 2015 Bonds, (ii) the Southwest Waterfront Act, or (iii) 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 2015 Bonds or the District's long term financial condition.

There is currently litigation between Hoffman-Struever Waterfront LLC ("HSW") and Global Capital Markets Advisors, LLC ("GCMA"), involving a contract dispute. The Master Developer for the Southwest Waterfront (Wharf) Project is the assignee of HSW. GCMA is seeking to enforce a contract under which it would be paid a fee for arranging certain financing (known as EB-5) for the Southwest Waterfront (Wharf) Project. The timeframe for a resolution of this matter is not known. It is not expected at this time that the litigation would have an adverse impact on either (i) the construction of the Southwest Waterfront (Wharf) Project or (ii) the collection of the Southwest Waterfront Pledged Revenues or Available Increment (Downtown).

On July 23, 2015, two tenants of the Fish Market filed suit in the United States District Court for the District of Columbia against the District and Hoffman-Madison Waterfront, LLC and an affiliate ("HMW"), an affiliate of the Project Developer. The complaint alleges that the District and HMW conspired to injure the plaintiff's businesses through various actions connected with the development of Southwest Waterfront (Wharf) Project. The complaint seeks compensation from the District for what the complaint alleges was an unlawful taking of the plaintiff's property occasioned by the closure of a public street adjacent to project area. The complaint further seeks injunctive and other equitable relief and both compensatory and punitive damages from HMW for alleged interference with the plaintiff's quiet enjoyment of their leased property. HMW has filed a motion to dismiss. If and when answers are due, the District and HMW intend to file answers to the complaint denying all liability. The District does not anticipate that this lawsuit will have a material adverse effect on the Southwest Waterfront (Wharf) Project or the District's ability to pay debt service on the Series 2015 Bonds.

## TAX MATTERS

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 2015 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that the Series 2015 Bonds, the interest thereon, and the income therefrom is exempt from taxation by the District of Columbia except for estate, inheritance, and gift taxes. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2015 Bonds. The proposed form of opinion of Bond Counsel is contained in APPENDIX C hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Series 2015 Bonds that acquire their Series 2015 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 U.S. Internal Revenue Service (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 2015 Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. 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 2015 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 2015 Bonds pursuant to this offering for the issue price that is applicable to such Series 2015 Bonds (i.e., the price at which a substantial amount of the Series 2015 Bonds are sold to the public) and who will hold their Series 2015 Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Series 2015 Bonds 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 Series 2015 Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Series 2015 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 Series 2015 Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2015 Bonds (including their status as U.S. Holders or Non-U.S. Holders).

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 2015 Bonds in light of their particular circumstances.

**U.S. Holders**

*Interest.* Interest on the Series 2015 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 2015 Bonds is less than the amount to be paid at maturity of such Series 2015 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2015 Bonds), the difference may constitute original issue discount ("OID"). U.S. Holders of Series 2015 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 2015 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 2015 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 2015 Bond.

*Sale or Other Taxable Disposition of the Series 2015 Bonds.* Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the State) or other disposition of a Series 2015 Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Series 2015 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 Series 2015 Bond, 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 Series 2015 Bond (generally, the purchase price paid by the U.S. Holder for the Series 2015 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 2015 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 2015 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 2015 Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

*Information Reporting and Backup Withholding.* Payments on the Series 2015 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 2015 Bonds may be subject to backup withholding at the current rate of 28% with respect to "reportable payments," which include interest paid on the Series 2015 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2015 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. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

**Non-U.S. Holders**

*Interest*. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "FATCA," payments of principal of, and interest on, any Series 2015 Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the District through stock ownership and (2) a bank which acquires such Series 2015 Bonds 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 2015 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 2015 Bonds*. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "FATCA," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition of a Series 2015 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.

*U.S. Federal Estate Tax*. A Series 2015 Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such Series 2015 Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

*Information Reporting and Backup Withholding*. Subject to the discussion below under the heading "FATCA," under current U.S. Treasury Regulations, payments of principal and interest on any Series 2015 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 2015 Bond or a financial institution holding the Series 2015 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. The current backup withholding tax rate is 28%.

**Foreign Account Tax Compliance Act ("FATCA") – U.S. Holders and Non-U.S. Holders**

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. 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 and principal under the Series 2015 Bonds and sales proceeds of Series 2015 Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and will apply to (i) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2016 and (iii) certain "pass-thru" payments no earlier than January 1, 2017. 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 2015 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 2015 Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

## FINANCIAL ADVISOR

First Southwest Company, LLC, Dallas, Texas, serves as financial advisor to the District for debt management and certain other financial matters (the "Financial Advisor"). The Financial Advisor has provided certain services to the District in connection with the issuance of the Series 2015 Bonds and assisted in the preparation of this Official Statement. The Financial Advisor has 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.

## 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 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 bond 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 issued in accordance with the Home Rule Act.

## LEGAL MATTERS

The validity of the Series 2015 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. The proposed form of Bond Counsel opinion is set forth as APPENDIX C 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 and Lewis & Munday, A Professional Corporation, both of 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 C, 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 since July 2009 are available at www.emma.msrb.org.

The District filed a notice of a rating upgrade by S&P (as defined herein) of Assured Guaranty Ltd. ("Assured") dated March 18, 2014, which affected the insured ratings on certain bonds issued by the District and insured by Assured, but failed to include the Mandarin Oriental Bonds among the bonds identified in the notice filing. The notice failure with respect to the Mandarin Oriental Bonds insured by Assured was cured by the District on July 17, 2014.

On February 28, 2011, the District made a timely filing of its annual financial information and operating data for fiscal year 2010 (the "FY 2010 Filing") for its Deed Tax Revenue Bonds (Housing Production Trust Fund – New Communities Project), Series 2007A (the "Series 2007A Bonds"), and its Deed Tax Revenue Bonds, Series 2010A, Deed Tax Revenue Bonds, Series 2010B, and Taxable Deed Tax Revenue Bonds, Series 2010C (collectively, the "Series 2010 Bonds"). However, the FY 2010 Filing was not properly linked to the Series 2010 Bonds on EMMA. On July 27, 2015, the District corrected this error with respect to the Series 2010 Bonds.

## RATINGS

Standard & Poor's Ratings Services ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings, Inc. ("Fitch") have assigned ratings of "A+," "Aa3," and "AA-," respectively, to the Series 2015 Bonds. The outlook for each such rating is "stable." 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 2015 Bonds. An explanation of the procedure and methodology used by each rating agency and the significance of the ratings may be obtained from Standard & Poor's Ratings Services, 55 Water Street, New York, New York; Moody's Investors Service, Inc., 7 World Trade Center, New York, New York; and Fitch Ratings, Inc., One State Street Plaza, New York, New York. 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 2015 Bonds. The District furnished to the rating agencies identified above the information contained in this Official Statement and certain other materials and information about the District, the Southwest Waterfront PILOT/TIF Area, and the Downtown TIF Area. Generally, a rating agency bases its rating on such materials and information, as well as investigations, studies and assumptions by the rating agency.

## UNDERWRITING

The underwriters identified on the cover of this Official Statement (the "Underwriters") have agreed to purchase the Series 2015 Bonds from the District at an aggregate price of $144,655,993.85, reflecting the aggregate principal amount of the Bonds of $145,445,000.00, less the Underwriters' discount of $789,006.15. The obligations of the Underwriters to purchase the Series 2015 Bonds are subject to certain terms and conditions set forth in the Bond Purchase Agreement relating to the Bonds dated August 18, 2015, among the District and the Underwriters. The Series 2015 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 respective 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. Certain of the Underwriters and their respective 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 respective 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 respective 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.

Wells Fargo Securities 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 ("WFBNA").

WFBNA, one of the Underwriters of the Series 2015 Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2015 Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2015 Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2015 Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

## CERTAIN RELATIONSHIPS

In addition to serving as an Underwriter for the Series 2015 Bonds, WFBNA, is lead syndication agent and lender for the Construction Note. Bank of America Merrill Lynch, one of the Underwriters for the Series 2015 Bonds, is part of the syndicate for the Construction Note. See "THE SOUTHWEST WATERFRONT – Construction Plan of Finance."

Bond Counsel has previously represented the Underwriters in unrelated transactions.

## EXECUTION OF OFFICIAL STATEMENT

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

DISTRICT OF COLUMBIA

By: /s/ Brian Kenner
Name: Brian Kenner
Title: Deputy Mayor for Planning and Economic Development

# APPENDIX A

# THE DISTRICT OF COLUMBIA

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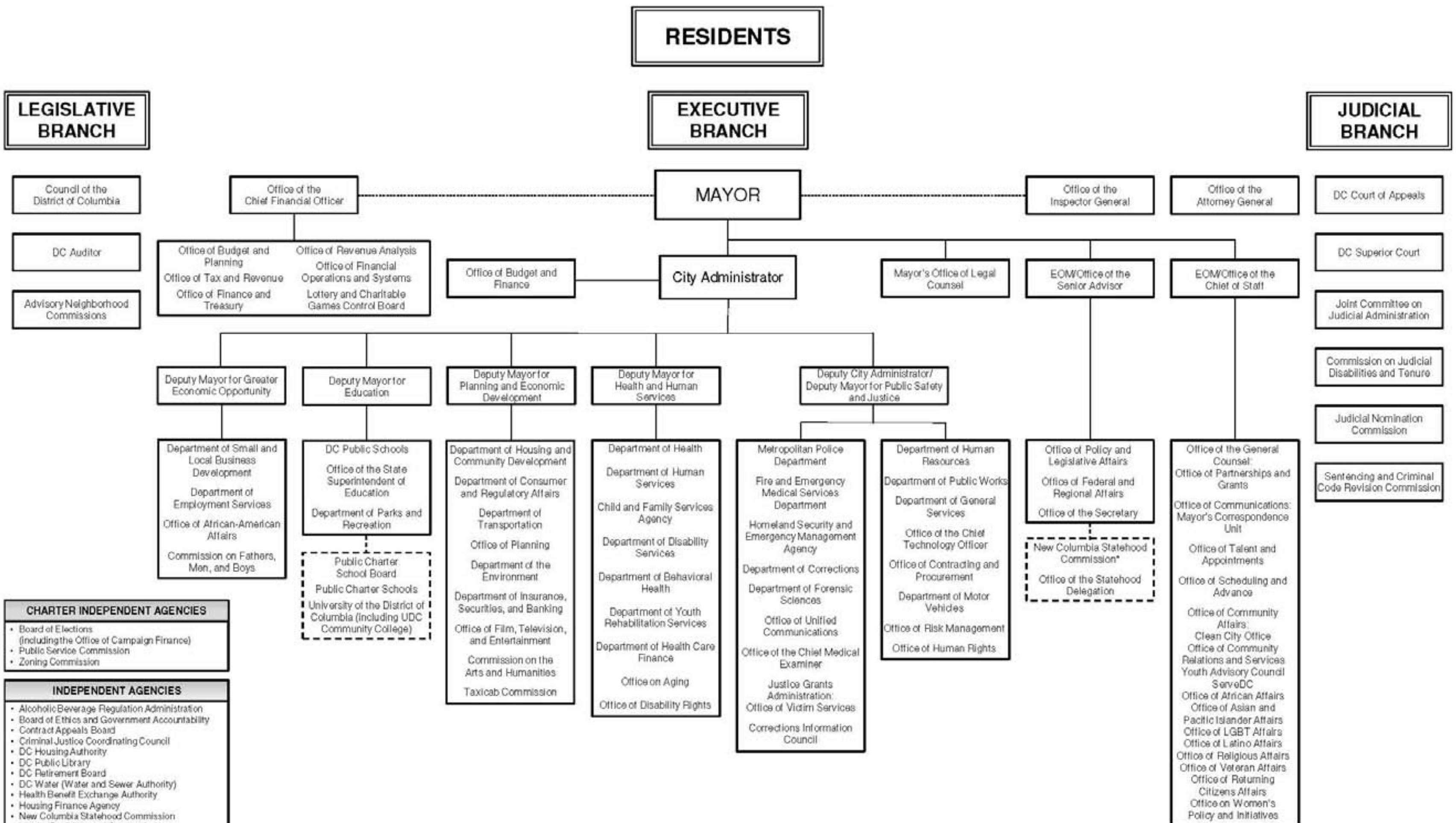
# GOVERNMENT OF THE DISTRICT OF COLUMBIA




**CHARTER INDEPENDENT AGENCIES**

- Board of Elections (including the Office of Campaign Finance)
- Public Service Commission
- Zoning Commission

**INDEPENDENT AGENCIES**

- Alcoholic Beverage Regulation Administration
- Board of Ethics and Government Accountability
- Contract Appeals Board
- Criminal Justice Coordinating Council
- DC Housing Authority
- DC Public Library
- DC Retirement Board
- DC Water (Water and Sewer Authority)
- Health Benefit Exchange Authority
- Housing Finance Agency
- New Columbia Statehood Commission
- Not-for-Profit Hospital Corporation
- Office of Administrative Hearings
- Office of Employee Appeals
- Office of the People's Counsel
- Office of the Statehood Delegation
- Office of the Tenant Advocate
- Office of Zoning
- Public Charter School Board
- Public Employee Relations Board
- Real Property Tax Appeals Commission
- State Board of Education
- University of the District of Columbia (including UDC Community College)
- Washington Convention and Sports Authority

**REGIONAL BODIES**

- Metropolitan Washington Council of Governments
- National Capital Planning Commission
- Washington Metropolitan Area Transit Authority
- Washington Metropolitan Area Transit Commission
- Washington Metropolitan Airports Authority

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NOTE: Agencies enclosed within dashed boxes are independent agencies.

* The New Columbia Statehood Commission is co-chaired by the Mayor and the Council Chairman.

## THE DISTRICT OF COLUMBIA

### Creation and Charter

The District of Columbia was created in 1791 by 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, the District may not obligate or expend funds absent annual Congressional appropriation.

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 also operate a university, a hospital, 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. Six members of the Council were elected in the general election held on November 4, 2014. A special election was held on April 28, 2015 to fill the vacancies on the Council for Wards 4 and 8, and such Council members were sworn in on May 14, 2015.

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, and include the authority to pass laws, create and abolish any office (subject to certain protections applicable to the Office of the Chief Financial Officer 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 before they take effect.

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 instance, 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 a Superior Court and a Court of Appeals (together, 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. Muriel Bowser was elected as Mayor in the general election held on November 4, 2014 and was sworn into office on January 2, 2015.

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 Greater Economic Opportunity.

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. Once the Council has approved the budget, the Mayor forwards the budget to the President for submission to Congress.

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.

***The Attorney General for the District of Columbia***. The Attorney General for the District of Columbia (the "Attorney General") is charged to conduct all law 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. Until recently, the Attorney General was appointed by the Mayor and confirmed by the Council. Pursuant to an amendment to the Home Rule Act, the Attorney General has become an elected official. Karl A. Racine was elected as Attorney General in the general election held on November 4, 2014 and was sworn into office on January 2, 2015.

***Office of the Chief Financial Officer***. 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 and retirement systems, 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 CFO also 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 all 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 Chief Financial Officer (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 re-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 District of Columbia Lottery and Charitable Games Control Board. 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 submitted to the Committees on Appropriations of the Senate and the House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform of the House for a 30-day period of review and comment before the appointment takes effect. The CFO may be dismissed from office for cause by the Mayor and approval of that dismissal by a two-thirds vote of the Council. Upon approval of that dismissal by the Council, notice of the dismissal must be submitted to the Committees on Appropriations of the Senate and the House, the Committee on Governmental Affairs of the Senate and the Committee on Government Reform of the House for a 30-day period of review and comment before the dismissal takes effect.

Jeffrey S. DeWitt was sworn in as the District's CFO on January 2, 2014, and his term will expire on June 30, 2017. Mr. DeWitt's term is shorter than the statutory five-year term described above, as he is completing the remainder of the term of the District's prior CFO.

***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 and 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 for a six-year term. 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. On October 28, 2014, the Council approved the Mayor's nomination of Daniel W. Lucas as the new Inspector General. He was sworn into office on November 17, 2014.

***District Auditor***. The District of Columbia Auditor (the "District Auditor") is appointed for a term of six years and is responsible for an annual audit of the District's accounts and operations. The District Auditor is appointed by the Chairman of the Council, subject to the approval of a majority of the Council. 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 also is required to certify the Mayor's estimate of local revenues for purposes of the general obligation bond debt limitation.

***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's 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.

**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.

**The Authority**

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 defaults with respect to any loan, bond, note or other form of borrowing issued by the District; (iii) the District fails to meet its payroll for any pay period; (iv) 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; (v) the District fails to make required payments relating to pensions and benefits for current and former District government employees; or (vi) the District fails to make payments to any entity under an interstate compact to which the District is a signatory. 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.

**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 general obligation 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) to which income tax secured bonds have been applied by District statute) during the Fiscal Year in which such issuances are made. General obligation bonds 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, 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").

### 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 revenue bonds and notes ("PILOT Notes"). TIF Bonds generally are payable from incremental increases in certain dedicated real property and sales tax revenues generated from the respective project TIF Areas. Some TIF Bonds and PILOT Notes are additionally secured by 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.

## CERTAIN FINANCIAL INFORMATION

Tables A-1 through A-5 provide certain key financial information regarding the District, including (i) major tax rates, (ii) tax revenues by source, (iii) percent of total real property tax dedicated to general obligation bond debt service, (iv) real property tax levies and collections, and (v) assessed value of taxable property. For more information on real property taxes and sales taxes, see the information provided under the caption "COLLECTION OF REAL PROPERTY TAXES AND SALES TAXES IN THE DISTRICT" in the Official Statement.

## Table A-1. Major Tax Rates

Fiscal Years 2011-2015

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| **Property[1]** | | | | | |
| **Real** | | | | | |
| **Class 1** | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 |
| **Class 2** | 1.65/1.85[2] | 1.65/1.85[2] | 1.65/1.85[2] | 1.65/1.85[2] | 1.65/1.85[2] |
| **Class 3** | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| **Class 4** | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| **Personal** | 3.40 | 3.40 | 3.40 | 3.40 | 3.40 |
| **Sales and Use[3]** | | | | | |
| **General[4]** | 0.06 | 0.06 | 0.06 | 0.0575 | 0.0575 |
| **Selective** | | | | | |
| **Cigarettes[5]** | 2.50 | 2.86[6] | 2.86[6] | 2.86[6] | 2.90[6] |
| **Motor Fuel[7]** | 0.235 | 0.235 | 0.235 | 0.235 | 0.235 |
| **Income and Receipts[8]** | | | | | |
| **Individual** | 0.04-0.085 | 0.04-0.0895 | 0.04-0.0895 | 0.04-0.0895 | 0.04-0.0895 |
| **Business** | 0.09975 | 0.09975 | 0.09975 | 0.09975 | 0.0940 |
| **Gross Receipts** | | | | | |
| **Public Utility[9]** | | | | | |
| **Residential Customers[10]** | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 |
| **Non-Residential Customers[11]** | 0.11 | 0.11 | 0.11 | 0.11 | 0.11 |
| **Public Utility (Electrical)[12]** | | | | | |
| **Residential Customers** | 0.0070 | 0.0070 | 0.0070 | 0.0070 | 0.0070 |
| **Non-Residential Customers[13]** | 0.0077 | 0.0077 | 0.0077 | 0.0077 | 0.0077 |
| **Ballpark Fee[14]** | $5,500-16,500 | $5,500-16,500 | $5,500-16,500 | $5,500-16,500 | $5,500-16,500 |

(1) 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. For Fiscal Years 2011 and 2012, 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 nontransient residential dwelling purposes; 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.

(2) $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.

(3) 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 WCSA and its predecessor, the 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.

(4) Per $1 of general sales. Does not include the additional 4.25% Ballpark Sales Tax (as defined below) 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.

(5) Dollars ($) per pack.

(6) 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 will be reviewed and adjusted as necessary annually in March. Beginning in Fiscal Year 2015, $0.04 was added to the cigarette tax.

(7) Dollars ($) per gallon.

(8) Per $1 of taxable income.

(9) 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.

(10) 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 end-users in the District of Columbia for the preceding billing period.

(11) One-eleventh of the non-residential tax is deposited into the District's Ballpark Revenue Fund (as defined below) to be used for debt service on bonds issued by the District (the "Ballpark Bonds") to fund the construction of a baseball stadium. 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 non-residential end-users in the District, of which $0.017 for each gallon is required to be deposited into the District's Ballpark Revenue Fund.

(12) $0.007 per Kilowatt–hour of electricity delivered to end-users in the District.

(13) $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.

(14) 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 are either subject to filing 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 greater than $16,000,000, the fee is $16,500.

**Table A-2. Tax Revenues by Source, Governmental Funds**
Last Ten Fiscal Years
(modified accrual basis of accounting, $ in thousands)

| | Property Tax | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Fiscal Year** | **Real** | **Personal** | **Rental** | **Sales and Use** | **Income and Franchise** | **Gross Receipts** | **Other Taxes** | **Total** |
| 2005 | $1,058,100 | $72,068 | $18,165 | $957,394 | $1,472,432 | $295,819 | $377,213 | $4,251,191 |
| 2006 | 1,163,598 | 55,548 | 22,336 | 970,885 | 1,591,483 | 278,453 | 390,542 | 4,472,845 |
| 2007 | 1,452,267 | 67,394 | 32,239 | 1,056,780 | 1,736,361 | 302,768 | 498,198 | 5,146,007 |
| 2008 | 1,666,315 | 59,690 | 33,086 | 1,101,859 | 1,755,894 | 302,873 | 413,401 | 5,333,118 |
| 2009 | 1,832,748 | 69,163 | 32,612 | 1,052,011 | 1,478,068 | 315,976 | 261,909 | 5,042,487 |
| 2010 | 1,790,519 | 56,501 | 34,264 | 1,081,005 | 1,434,131 | 295,531 | 264,959 | 4,956,910 |
| 2011 | 1,715,069 | 52,696 | 32,980 | 1,121,257 | 1,656,283 | 279,002 | 403,199 | 5,260,486 |
| 2012 | 1,843,918 | 55,734 | 35,134 | 1,218,576 | 1,956,590 | 319,036 | 404,066 | 5,833,054 |
| 2013 | 1,940,169 | 54,878 | 45,450 | 1,247,374 | 2,094,179 | 345,852 | 400,308 | 6,128,210 |
| 2014 | 2,037,905 | 55,413 | 41,719 | 1,282,573 | 2,094,754 | 389,539 | 423,354 | 6,325,257 |

Source: District's CAFR for Fiscal Year 2014; Statistical Section, Exhibit S-1E.

**Table A-3. Percent of Total Real Property Tax**
**Dedicated to General Obligation Bond Debt Service**[(1)]
(Fiscal Years 2010-2015)

| Fiscal Year | Dedicated Percentage |
|---|---|
| 2010 | 28.0% |
| 2011 | 20.0 |
| 2012 | 14.0 |
| 2013 | 11.0 |
| 2014 | 10.5 |
| 2015 | 13.5 |

(1) The decreases in the dedicated percentage shown in Table A-3 are, in part, due to the District's issuance of income tax bonds in lieu of general obligation bonds in recent fiscal years.

## Table A-4. Real Property Tax Levies and Collections (All Classes)[1]

Last Five Fiscal Years

($ in thousands)

| Fiscal Year Ended Sept. 30 | Current Levy | | | Prior Years | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | Levy | Collections | Percent Collected | Outstanding Balances Billed | Collections | Percent Collected | Billed | Collected | Total |
| 2010 | $1,792,100 | $1,735,602[2] | 96.8% | $144,883 | $ 94,683[1] | 65.4% | $1,936,983 | $1,830,285 | 94.5% |
| 2011 | 1,639,902 | 1,610,533 | 98.2 | 226,333 | 111,465 | 49.2 | 1,866,235 | 1,721,998 | 92.3 |
| 2012 | 1,814,958 | 1,784,196 | 98.3 | 152,954 | 78,989 | 51.6 | 1,967,912 | 1,863,185 | 94.7 |
| 2013 | 1,909,967 | 1,872,534 | 98.0 | 145,546 | 82,977 | 57.0 | 2,055,513 | 1,955,511 | 95.1 |
| 2014 | 2,000,814 | 1,969,905 | 98.5 | 139,400 | 80,076 | 57.4 | 2,140,214 | 2,049,981 | 95.8 |

(1) Table A-4 reflects a modification to the tax levy data previously reported, which included new billings of prior year tax, penalty and interest amounts due. Data has been reformatted to specifically identify prior year amounts included in the annual amounts billed.

(2) Previously reported collections for 2010 include tax overpayments for both the current levy and prior year balances of $10,940 and $2,361, respectively.

Source: District’s CAFR for Fiscal Year 2014; Statistical Section, Exhibit S-2F.

**Table A-5. Assessed Value of Taxable Property[(1)]**
Last Ten Fiscal Years
($ in thousands)

| | Estimated actual value | | | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | Commercial Property | Residential Property[(2)] | Total Taxable | Tax Exempt | Total Value | Total Direct Tax Rate[(3)] | Tax exempt as a % of total actual value |
| 2005 | $36,905,213 | $49,982,554 | $86,887,767 | $43,219,725 | $130,107,492 | 1.37 | 33.2 |
| 2006 | 40,400,447 | 58,090,888 | 98,491,335 | 59,664,865 | 158,156,200 | 1.34 | 37.7 |
| 2007 | 51,748,487 | 73,126,786 | 124,875,273 | 57,690,545 | 182,565,818 | 1.31 | 31.6 |
| 2008 | 61,557,827 | 81,400,361 | 142,958,188 | 67,869,520 | 210,827,708 | 1.30 | 32.2 |
| 2009 | 68,495,502 | 84,544,053 | 153,039,555 | 81,211,121 | 234,250,676 | 1.29 | 34.7 |
| 2010 | 68,254,862 | 81,862,427 | 150,117,289 | 82,113,504 | 232,230,793 | 1.30 | 35.4 |
| 2011 | 59,224,100 | 80,063,402 | 139,287,502 | 81,528,158 | 220,815,660 | 1.25 | 36.9 |
| 2012 | 65,903,077 | 80,598,880 | 146,501,957 | 83,399,263 | 229,901,220 | 1.26 | 36.3 |
| 2013 | 70,337,945 | 81,406,777 | 151,744,722 | 84,690,034 | 236,434,756 | 1.23 | 35.8 |
| 2014 | 74,834,806 | 85,465,264 | 160,300,070 | 87,287,954 | 247,518,024 | 1.24 | 35.3 |

(1) Assessed value is 100% of estimated actual value.
(2) After deduction of homestead deduction and credits against tax for 2005-2007. Does not reflect: (i) the 2005 cap on increases in assessments of 12% for class 1 real properties with homestead deductions; or (ii) the 2006-2012 cap on increases in assessments of 10% for Class 1 real properties with homestead deductions. After homestead deductions for 2008-2014.
(3) The total direct tax rate is the weighted rate of all taxable real property, obtained by multiplying the weighted rate by the percentage of the total value of real property for each class.

Source: District's CAFR for Fiscal Year 2014; Statistical Section, Exhibit S-2A.

# 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 of the seventh largest metropolitan area in the United States. The District of Columbia covers approximately 61 square miles and had a resident population of 658,893 as of July 1, 2014 according to the U.S. Census Bureau estimates. The Washington primary metropolitan statistical area (the "PMSA") encompasses 20 jurisdictions in Maryland, Virginia and West Virginia, as well as the District.

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 206 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.

In 2013, approximately 17.4 million domestic visitors and 1.6 million international visitors traveled to the District. The District was the eighth most visited destination in the U.S. for international travelers in 2013. Visitors are attracted not only by the need to do business with the federal government and regional businesses but also by the national monuments, 350 historic sites, more than 50 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 of Columbia. In 2013, total visitor spending in the District of Columbia was approximately $6.7 billion.

The District's tourism statistics for 2014 are expected to be released in the summer of 2015 by Destination DC, a private, non-profit corporation that supports the District's travel and tourism sector. Preliminary statistics show approximately 18.3 million domestic visitors traveled to the District in 2014 with total visitor spending increasing to approximately $6.8 billion.

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, and 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.

## Recent Economic Development

Economic development in the District continues to be strong. Currently, there are 15 hotels under construction (representing 2,800 rooms) and seven hotels are expected to break ground over the next 18 months (representing an additional 1,600 rooms). In the first quarter of calendar year 2015, multi-family housing construction grew as compared to the same period for 2014 with 2,680 groundbreakings in 2015 compared to 1,081 groundbreakings in 2014. At the CityCenter DC Project, 16 of the 21 luxury retailers are now open. Walmart has also opened two stores in the District with a third under construction and two others planned to break ground in the next 18 months.

**Population**

The U.S. Census Bureau estimated that the District of Columbia's population was 658,893 as of July 1, 2014, which is an increase of 12,444 or 1.93%, as compared to July 1, 2013. From April 1, 2010 to July 1, 2014, the District of Columbia experienced a higher rate of population growth (9.5%) than the average rate for the United States (3.3%).

Per capita personal income in the District of Columbia has been consistently higher than all of the 50 states. In 2014, per capita personal income in the District of Columbia was $76,532, compared to $46,129 for the United States as a whole, based on estimates by the U.S. Bureau of Economic Analysis. Based upon data collected by the U.S. Census Bureau from 2009 through 2013, median household income over that period for District of Columbia residents was $65,830, compared to $53,046 nationwide. The high per capita and household incomes in the District result from a combination of factors, including multiple-earner households, small household size (average of 2.20 persons based upon data collected by the U.S. Census Bureau from 2013), and a large percentage of college graduates employed in highly-skilled occupations. The District of Columbia has a significant number of lower-income residents, with an average of 18.6% of the population below the poverty line in 2013. Based upon data collected by the U.S. Census Bureau from 2009 through 2013, an average of 88.4% of District of Columbia residents age 25 or older are high school graduates, compared to 86.0% nationwide; 52.4% of District of Columbia residents in the same age group had earned a bachelor's degree (or higher), compared to 28.8% nationwide.

**Table A-6. Demographic Statistics**

| | Population | Median Age (Years) | Per Capita Personal Income | | |
|---|---|---|---|---|---|
| **Year** | **D.C.** | **D.C.** | **D.C.** | **U.S.** | **Ratio of D.C. to U.S.** |
| 2010 | 605,125 | 33.8 | $69,431 | $40,144 | 173.0% |
| 2011 | 619,624 | 33.7 | $74,103 | $42,332 | 175.1% |
| 2012 | 633,427 | 33.6 | $75,950 | $44,200 | 171.8% |
| 2013 | 646,449 | 33.8 | $75,329 | $44,765 | 168.3% |
| 2014 | 658,893 | N/A | $76,532 | $46,129 | 165.9% |

Sources: U.S. Department of Commerce, U.S. Census Bureau; U.S. Department of Commerce, Bureau of Economic Analysis.

**Table A-7. Sources of Income of District Residents**(1)

| Source of Income | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Net earnings | 72.5% | 71.9% | 71.8% | 70.9% | 70.9% |
| Dividends, interest and rents | 14.7% | 15.7% | 16.5% | 17.0% | 17.0% |
| Transfer payments(2) | 12.8% | 12.4% | 11.7% | 12.1% | 12.1% |

(1) Each of the years listed is a calendar year.
(2) 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.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

**Table A-8. Personal Income Tax Filers and Liability by Income Level**
(2014)

| Income Level | Number of Filers | Percentage of Total Filers | Percentage of Total Income Taxes Collected |
|---|---|---|---|
| $100,001 and higher | 61,740 | 17.0% | 72.1% |
| $75,001 - $100,000 | 29,385 | 8.0 | 9.0 |
| $50,001- $75,000 | 49,504 | 13.6 | 9.5 |
| $25,001- $50,000 | 83,056 | 22.7 | 7.5 |
| $10,001 - $25,000 | 69,113 | 18.9 | 1.8 |
| $10,000 and lower | 72,295 | 19.8 | 0.1 |
| | 365,093 | 100.0% | 100.0% |

Source: District's CAFR for Fiscal Year 2014; Statistical Section, Exhibit S-2H.

### 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 May 2015, total resident employment in the PMSA was approximately 3,140,257 (preliminary), and total resident employment in the District of Columbia was approximately 354,750 (preliminary), which is 11.30% of the PMSA total.

District residence employment, as measured by the 3-month moving average, was up 12,019, or 3.5%, in May 2015 as compared to May 2014. The District's large service sector accounted for 745,500 (preliminary) jobs located in the District of Columbia as of May 2015. Public sector employment in the District of Columbia helped stabilize District employment during the U.S. economic recession that began in December 2007. As of May 2015, there were 235,167 public sector employment in the District of Columbia, up 1.0% as compared to May 2014.

***Income***. Wage and salary employment in the District of Columbia, as measured by the three-month moving average, was up 9,500, or 1.3%, in May 2015 as compared to May 2014. In the quarter ended March 2015, District of Columbia personal income grew by 3.6% and estimated wages and salaries of District of Columbia residents grew 3.4%, as compared to the same period one year earlier. The personal income gain was lower than the 4.4% gains experienced by the United States as a whole. For the quarter ended March 2015, wages and salaries earned in the District grew by 2.6%.

***Tourism***. The convention and tourism industry that services the business traveler, conventioneer and tourist is one of the District's core industries and is a major source of jobs and sales tax revenue.

The Walter E. Washington Convention Center opened in 2003 with the goal of increasing the District's desirability as 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 total square feet, including 703,000 square feet of exhibit space, 198,000 square feet for meeting space divisible into 77 rooms and 44,000 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.

With the opening of the Hotel in 2014, the District has further capabilities for citywide conferences and events with 1,175 hotel rooms, 49 suites and an additional 100,000 square feet of meeting space at the Hotel. A pedestrian connector joins the Convention Center and the Hotel.

***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 the University of the District of Columbia. Other major universities in the PMSA include George Mason University and the University of Maryland.

***Real Estate***. In the month of May 2015, there were 383 single family home sales (completed contracts) (1.3% less than the year before) with an average price of $852,117 (with no change in percentage than the year before) and 372 condo/co-op sales (completed contracts) (4.1% less than the year before) with an average price of $513,958 (2.4% more than the year before) in the District of Columbia. For the quarter ending March 2015, the commercial office space vacancy rate in the District of Columbia was 6.8% (excluding sublet space), down from 6.9% for the prior quarter.

Tables A-9 through A-12 illustrate the growth and decline of various District of Columbia employment sectors over time, the largest private and non-profit employers in the District and the change in employment over time for the District, the PMSA and the nation.

**Table A-9. Employment in the District of Columbia By Industry**
**(Annual Average Data)**[(1), (2), (3), (4)]
(in thousands)

| Calendar Year | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Federal Government | 210.6 | 212.2 | 208.3 | 204.7 | 197.0 |
| District Government | 32.5 | 31.1 | 30.8 | 31.4 | 33.5 |
| Public Transportation | 3.8 | 3.8 | 4.0 | 4.3 | 4.3 |
| Trade, Trans. & Utilities | 27.3 | 27.4 | 28.1 | 29.1 | 30.7 |
| Financial Activities | 26.9 | 27.6 | 28.2 | 29.0 | 30.3 |
| Professional & Business Services | 147.7 | 150.4 | 154.1 | 155.9 | 157.8 |
| Other private | 263.3 | 273.7 | 281.3 | 293.9 | 300.1 |
| **Total Service-Providing** | **700.4** | **713.0** | **720.2** | **733.3** | **738.5** |
| **Total Goods-Producing** | **11.7** | **13.2** | **14.6** | **15.0** | **15.3** |
| **Total Non-Farm** | **712.1** | **726.2** | **734.8** | **748.3** | **753.8** |

(1) Reflects place of employment, not place of residence.
(2) Not seasonally adjusted. Data may not equal totals due to independent rounding. Industry classification is based on the North American Industry Classification System (“NAICS”).
(3) 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.
(4) 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 A-10. Top 10 Private Sector Employers in the District[1], [2]**
(2014)

| Employer | Rank[3] |
|---|---|
| Georgetown University | 1 |
| Washington Hospital Center | 2 |
| George Washington University | 3 |
| Children's National Medical Center | 4 |
| American University | 5 |
| Georgetown University Hospital | 6 |
| Howard University | 7 |
| Fannie Mae | 8 |
| Booz Allen & Hamilton Inc. | 9 |
| Allied Barton Security Services LLC | 10 |

(1) This data is produced through the Quarterly Covered Employment and Wage Program, a Bureau of Labor Statistics federal/state cooperative statistical program. 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.

(2) Table A-10 does not include the federal and local government as employers. With the exception of Booz Allen & Hamilton Inc. and Fannie Mae, all of the employers listed above are not-for-profit entities.

(3) Ranked by size of workforce.

Source: District's CAFR for Fiscal Year 2014; Statistical Section, Exhibit S-4B.

**Table A-11. 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.**

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Labor Force | 346,065 | 350,842 | 365,025 | 373,495 | 377,448 |
| Number Employed | 313,508 | 315,159 | 332,013 | 341,753 | 348,049 |
| Number Unemployed | 32,557 | 35,683 | 33,012 | 31,742 | 29,399 |
| Unemployment Rate | 9.4% | 10.2% | 9.0% | 8.5% | 7.8% |

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

**Washington, PMSA**

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Labor Force | 3,150,740 | 3,198,176 | 3,237,000 | 3,258,140 | 3,262,248 |
| Number Employed | 2,950,673 | 3,003,103 | 3,050,759 | 3,078,147 | 3,098,615 |
| Number Unemployed | 200,067 | 195,073 | 186,241 | 179,993 | 163,633 |
| Unemployment Rate | 6.3% | 6.1% | 5.8% | 5.5% | 5.0% |

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

**United States**
(in thousands, other than unemployment rate)

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Labor Force | 153,889 | 153,617 | 154,975 | 155,389 | 155,922 |
| Number Employed | 139,064 | 139,869 | 142,469 | 143,929 | 146,305 |
| Number Unemployed | 14,825 | 13,747 | 12,506 | 11,460 | 9,617 |
| Unemployment Rate | 9.6% | 8.9% | 8.1% | 7.4% | 6.2% |

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

**Table A-12. Unemployment Rates**[1]

| Calendar Year | District | Washington, PMSA | U.S. |
|---|---|---|---|
| 2010 | 9.4% | 6.3% | 9.6% |
| 2011 | 10.2% | 6.1% | 8.9% |
| 2012 | 9.0% | 5.8% | 8.1% |
| 2013 | 8.5% | 5.5% | 7.4% |
| 2014 | 7.8% | 5.0% | 6.2% |
| May 2014 | 7.4%[2] | 5.0%[2] | 6.1%[2] |
| May 2015 | 6.7%[3], [4] | 4.7%[3], [4] | 5.3%[3] |

(1) Not seasonally adjusted. Annual rates are an average of monthly rates for the given year.
(2) Monthly rate for May 2014.
(3) Monthly rate for May 2015.
(4) Preliminary.

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

## APPENDIX B

## SUMMARY OF CERTAIN DEFINITIONS AND PROVISIONS OF THE INDENTURE

The following is a summary of the Indenture of Trust (the "Indenture"). This summary does not purport to set forth all of the provisions of the Indenture, to which reference is made for the complete and actual terms thereof.

Certain terms used in the Indenture are defined below unless otherwise defined herein or the context clearly indicates otherwise. When and if such terms are used in the Official Statement they shall have the meanings set forth below. Any capitalized term used in the Official Statement regarding the Indenture and not defined herein shall have the meaning given such term by the Indenture.

### DEFINITIONS OF CERTAIN TERMS IN THE INDENTURE

**"Additional Bonds"** means any bonds as designated and authorized to be issued under a Supplemental Indenture.

**"Administrative Expense Fund"** means the Administrative Expense Fund created pursuant to the Indenture.

**"Administrative Expenses"** means (i) the fees, expenses and costs of the Trustee (including its legal counsel) in the discharge of the duties required of it in its capacities as Trustee, Paying Agent and Registrar under the Indenture and (ii) administrative costs of the District related to the issuance of the Bonds and the performance by the District of its covenants and agreements hereunder. On or before October 1 of each year, beginning October 1, 2015, the District will provide the Trustee with a listing of authorized and approved Administrative Expenses for the upcoming fiscal year, which listing shall be amended from time to time, as necessary to accommodate unanticipated costs and expenses.

**"Authorized Actions"** means, collectively, the Southwest Waterfront Act and the Home Rule Act.

**"Authorized Denomination"** means $5,000 or any integral multiple of $5,000 in excess thereof.

**"Authorized CFO Delegate"** shall mean the Chief Financial Officer or the Treasurer and Deputy Chief Financial Officer, or any officer or employee of the Office of the Chief Financial Officer to whom the Chief Financial Officer has delegated or to whom the foregoing individuals have sub-delegated any of the Chief Financial Officer's functions.

**"Authorized Officer"** means (i) in the case of the District, the District's City Administrator, Chief Financial Officer, Treasurer and Deputy Chief Financial Officer, the Deputy Mayor for Planning and Economic Development or any officer or employee of the executive office of the Mayor to whom the Mayor has delegated or to whom the foregoing individuals have sub-delegated any of the Mayor's functions and (ii) in the case of the Project Developer, President, Co-President or Executive Vice President. The Project Developer may add additional Authorized Officers or change any Authorized Officer by notice to the District and the Trustee in accordance with the Indenture.

**"Available Increment"** has the meaning given that term in the Funding Agreement.

**"Bond Counsel"** means any attorney or firm of attorneys selected by the District and nationally recognized for expertise in rendering opinions as to the legality of securities issued by public entities.

The firm of Orrick, Herrington & Sutcliffe LLP is recognized as constituting Bond Counsel, subject to further action by the District.

**"Bonds"** means the Series 2015 Bonds and any Additional Bonds.

**"Business Day"** means a day of the year, other than (i) a Saturday, (ii) a Sunday; (iii) a day on which commercial banks located in the District or in any city in which the principal corporate trust office of the Trustee is located are required or authorized by law to remain closed: or (iv) a day on which the New York Stock Exchange is closed.

**"Capitalized Interest Account"** means the account of that name established pursuant to the Indenture.

**"Capitalized Interest Period"** means the period commencing upon the date of issuance of the Bonds and ending on December 1, 2018.

**"Chief Financial Officer"** means the Chief Financial Officer of the District or any official of the District succeeding to the rights, powers and authority of such office.

**"Closing Date"** means, with respect to any series of Bonds, the date of original issuance of such Bonds.

**"Collection Agent"** means Wells Fargo Bank, N. A., as collection agent under the Collection Contract.

**"Collection Contract"** means the Comprehensive Banking Services Contract dated December 16, 2010, between the District and the Collection Agent.

**"Consumer Price Index"** has the same meaning as provided in the Funding Agreement

**"Construction Phase"** has the meaning given that term in the Funding Agreement.

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

**"Costs of Issuance"** has the same meaning as Financing Costs in the Funding Agreement.

**"Costs of Issuance Fund"** means the Costs of Issuance Fund created pursuant to the Indenture.

**"Debt Service Fund"** means the Debt Service Fund created pursuant to the Indenture.

"**Debt Service Reserve Fund**" shall mean the Debt Service Reserve Fund created pursuant to the Indenture.

"**Debt Service Reserve Fund Requirement**" shall mean 100% of the maximum annual debt service payable on the Series 2015 Bonds, and any Additional Bonds designated to be secured by the Debt Service Reserve Fund in any Supplemental Indenture, which as of the date of issuance of the Series 2015 Bonds equals $11,190,402.36.

**"Defeasance Securities"** means (1) non-callable direct obligations of the United States of America ("Treasuries"), (2) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (3) pre-refunded municipal obligations rated equal to the full faith and credit rating of the U.S. Government by S&P and by Moody's, respectively or (4) securities eligible for "AAA" defeasance under then existing criteria of S&P.

**"Development Costs"** has the meaning given that term in the Funding Agreement.

**"District"** means the District of Columbia, a body corporate and politic existing under the Constitution and the laws of the United States of America.

**"Financing Costs"** has the same meaning as Financing Costs in the Funding Agreement.

**"Fiscal Year"** means a period of 12 consecutive months commencing on the first day of October of any year and ending on the last day of September of the following year, or, as to be evidenced for purposes of the Indenture by a certificate of an Authorized Officer filed with the Trustee, such other consecutive 12-month period as may hereafter be established as the fiscal year of the District for budgeting, appropriations and accounting purposes.

**"Funding Agreement"** means the Public Infrastructure Development and Funding Agreement between the District and the Project Developer dated as of April 23, 2014, as the same may be supplemented or amended from time to time, a copy of which is attached at Appendix D to the Indenture.

**"Holder,"** or **"holder"** or **"Bondholder"** or **"Owner"** means any person who shall be the registered owner of any Outstanding Bond.

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

**"Indenture"** means the Indenture of Trust, as amended or supplemented by any Supplemental Indenture adopted pursuant to the provisions hereof, as the same may be amended, supplemented or restated from time to time.

**"Interest Payment Date"** means each June 1 and December 1, commencing December 1, 2015.

**"Mayor"** means the Mayor of the District.

**"Moody's"** means Moody's Investors Service, Inc. and any successor thereto.

**"MSRB"** means the Municipal Securities Rulemaking Board.

**"Officer's Certificate"** means a written certificate of the District or the Project Developer, as applicable, signed by an Authorized Officer.

**"Outstanding"** or **"outstanding"** means, as of any particular date, all Bonds authenticated and delivered under the Indenture except (a) any Bond canceled by the Trustee (or delivered to the Trustee for cancellation) at or before such date, (b) any Bond for the payment of the principal or Redemption Price of and interest on which provision shall have been made as provided in the Indenture and (c) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to the Indenture.

**"Participants"** means entities that are listed as Participants by the Securities Depository.

**"Paying Agent"** means the Trustee in its capacity as paying agent under the Indenture.

**"Permitted Investments"** means, subject to any limitation in any applicable Supplemental Indenture,

(1) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

(2) Federal Housing Administration debentures.

(3) The listed obligations of government-sponsored agencies, which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)
  Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
  Senior Debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal
  Intermediate Credit Banks and Banks for Cooperatives)
  Consolidated system-wide bonds and notes -
  Federal Home Loan Banks (FHL Banks)
  Consolidated debt obligations
- Federal National Mortgage Association (FNMA)
  Senior debt obligations
  Mortgage-backed securities (excluded are stripped mortgage securities, which are purchased at prices exceeding their principal amounts)
- Financing Corporation (FICO)
  Debt obligations
- Resolution Funding Corporation (REFCORP)
  Debt obligations

(4) Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated "A-1" or higher by S&P and "Prime-1" or higher by Moody's.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC) or 100% collateralized by United States Treasury Obligations, in banks, which have capital and surplus of at least $50 million.

(6) Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by S&P and "Prime-1" by Moody's.

(7) Money market funds rated 'AAm' or 'AAm-G' or higher by S&P, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(8) "State Obligations", which means:

(i) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" or higher by Moody's and "A" or higher by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(ii) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A1+" by S&P and "MIG-1" by Moody's.

(iii) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated 'AA' or higher by S&P and 'Aa' or higher by Moody's.

(9) Pre-refunded municipal obligations rated equal to the full faith and credit rating of the U.S. Government by S&P and by Moody's and meeting the following requirements:

(i) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(ii) the municipal obligations are secured by cash or United States Treasury Obligations, which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(iii) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations;

(iv) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(v) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new verification report by an independent certified public accountant; and

(vi) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(10) Repurchase agreements:

(i) With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by S&P and Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by S&P and Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; provided that:

(A) The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach);

(B) The Trustee or a third party acting solely as agent therefor or for the District (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(C) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(D) All other requirements of S&P and Moody's in respect of repurchase agreements shall be met.

(E) The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of the District or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the District or the Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (A) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P and Moody's, respectively.

(11) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a mono line financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

(i) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Bonds;

(ii) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the District and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(iii) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(iv) the District or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the District) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the District;

(v) the investment agreement shall provide that if during its term

(1) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and

(2) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the District or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the District or the Trustee, and

(vi) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of Collateral is in possession); and

(vii) the investment agreement must provide that during its term

(1) if the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the District or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or the Trustee, as appropriate, and

(2) if the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or the Trustee, as appropriate.

**"Project"** has the same meaning as Southwest Waterfront Project in the Funding Agreement.

**"Project Developer"** shall mean Wharf Horizontal REIT Leaseholder LLC and Wharf District Master Developer LLC or their respective designees, successors or assigns.

**"Project Fund"** means the District of Columbia Southwest Waterfront Bonds Project Fund created pursuant to the Indenture.

**"Redemption Date"** shall mean the date fixed for the redemption of Bonds subject to redemption as set forth in any notice of redemption given in accordance with the terms of the Indenture.

"**Redemption Fund**" shall mean the Redemption Fund created pursuant to the Indenture.

**"Redemption Price"** means, when used with respect to any Bond or portion thereof to be redeemed, the principal amount of such Bond or such portion thereof payable upon redemption, premium, if any, on such Bonds, and accrued and unpaid interest on such Bonds to the applicable Redemption Date.

**"Registrar"** means the Trustee in its capacity as Bond registrar under the Indenture.

**"Regular Record Date"** shall mean the close of business on the 15th day of the calendar month next preceding an Interest Payment Date.

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

**"Revenue Fund"** shall mean the Revenue Fund created pursuant to the Indenture.

**"Revenues"** shall mean those Southwest Waterfront Pledged Revenues, including any amounts constituting penalties and interest, paid by the Collection Agent, on behalf of the District, to the Trustee, for the account of the District, under the provisions of the Southwest Waterfront Act and the Indenture, and any Available Increment, that are allocated and pledged to pay annual debt service on the Bonds.

**"S&P"** means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, and any successor thereto.

**"Securities Depository"** shall mean The Depository Trust Company and its successors and assigns, and any replacement qualified securities depository.

**"Series 2015 Bonds"** means the $145,445,000 in aggregate principal of District of Columbia Southwest Waterfront Project Revenue Bonds (The Wharf Project) Series 2015 (Federally Taxable) executed, issued and delivered pursuant hereto.

**"Series 2015 Development Costs"** shall mean the portion of the Development Costs financed with proceeds of the Series 2015 Bonds, as described in the Appendix E attached to the Indenture.

**"Series 2015 Project"** shall mean the portion of the Project financed with proceeds of the Series 2015 Bonds.

**"Sinking Fund Installment"** means the amount of money provided in the Indenture to redeem or pay at maturity Bonds at the times and in the amounts provided in the Indenture.

**"Southwest Waterfront Act"** means Southwest Waterfront Bond Financing Act of 2008, effective October 22, 2008 (D.C. Law 17-252; D.C. Official Code, § 2-1217.131 et seq.).

"**Southwest Waterfront Available Sales Tax Revenues**" means the revenues in excess of $208,549 generated in the Southwest Waterfront PILOT/TIF Area in any fiscal year of the District commencing on the Commencement Date resulting from the imposition of the sales tax under Chapter 20 of Title 47, including penalty and interest charges, exclusive of the portion required to be deposited in (i) the Washington Convention Center Fund established pursuant to D.C. Official Code § 10-1202.08 and (ii) the General Fund and allocated to the Metrorail/Metrobus Account established pursuant to D.C. Official Code § 9-1111.15. This defined term includes sales tax revenues from any business existing in the Southwest Waterfront PILOT/TIF Area on October 22, 2008, only after the business has re-opened as a result of the development of any portion of the Project.

**"Southwest Waterfront Fund"** means the fund created pursuant to Section 3 of the Southwest Waterfront Act.

"**Southwest Waterfront PILOT**" means the payment in lieu of taxes from the Southwest Waterfront PILOT/TIF Area required by D.C. Official Code § 47-4615.

"**Southwest Waterfront PILOT Base Amount**" means $945,000.

"**Southwest Waterfront PILOT Increment**" means the amount of the Southwest Waterfront PILOT that exceeds the Southwest Waterfront PILOT Base Amount.

**"Southwest Waterfront PILOT/TIF Area"** has the meaning given that term in the Funding Agreement.

**“Southwest Waterfront Pledged Revenues”** means, collectively, (i) the Southwest Waterfront Available Sales Tax Revenues, (ii) the Southwest Waterfront PILOT Increment, and (iii) the Southwest Waterfront Special Assessment.

“**Southwest Waterfront Special Assessment**” means the special assessment relating to the Southwest Waterfront Improvement Benefit District established by D.C. Official Code § 47-895.02.

**“Supplemental Indenture”** means an indenture the execution of which is authorized by an order which has been duly executed by an Authorized Officer of the District and which indenture is amendatory of or supplemental to the Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

**Trust Estate”** shall have the meaning set forth in the Granting Clauses of the Indenture.

**“Trustee”** means The Bank of New York Mellon, and its successors, and any other entity that may at any time be substituted in its place as provided in the Indenture.

**“Valuation Date”** shall mean (i) with respect to a Debt Service Reserve Fund, the tenth Business Day prior to each Interest Payment Date, and (ii) with respect to all other Funds and Accounts, the last Business Day of each calendar month.

## INDENTURE

The following is a summary of certain provisions of the Indenture. Such summary does not purport to be complete or definitive and reference is made to the Indenture for a full and complete statement of the terms and provisions and for the definition of capitalized terms used in this summary and not otherwise defined under **"DEFINITIONS OF CERTAIN TERMS IN THE INDENTURE."**

**Pledge and Assignment.** In order to secure (i) the payment of the principal or Redemption Price of, and interest on the Bonds either at maturity or upon redemption thereof, according to their tenor and effect and (ii) the performance and observance by the District of all the covenants expressed or implied in the Indenture and in the Bonds, the District grants, bargains, sells, conveys, assigns and pledges, and grants a security interest in, the Trust Estate to the Trustee and its successors in trust and assigns, forever, subject only to the provisions of the Indenture permitting the application thereof on the terms and conditions set forth in the Indenture.

**Certificated Bonds.** If the District discontinues the maintenance of the Bonds under a book-entry system, the District will issue Bonds directly to the Participants or, to the extent requested by any Participant, to the beneficial owners of Bonds. The District will make provision to notify Participants and the beneficial owners of the Bonds, by mailing an appropriate notice to the Securities Depository, or by other means deemed appropriate by the District in its discretion, that it will issue Bonds directly to the Participants or, to the extent requested by any Participant, to beneficial owners of Bonds as of a date set forth in such notice, which will be a date at least 10 days after the date of mailing of such notice (or such fewer number of days as will be acceptable to the Securities Depository).

**Books.** The District will cause books for registration and the registration of transfer of Bonds to be prepared. The registration books will be kept by the Registrar

**Transfer and Exchange.** If any Bond is surrendered to the Registrar at its designated office for transfer or exchange in accordance with the provisions of such Bond, the District will execute and the

Registrar will authenticate and deliver in exchange for such Bond a new Bond or Bonds, in any Authorized Denominations, bearing interest at the same rate and having the same stated maturity date, in aggregate principal amount equal to the principal amount of the Bond so surrendered, upon reimbursement to the District and the Registrar of an amount equal to any tax or other governmental charge required to be paid with respect to such exchange. Neither the District nor the Registrar will be required to register the transfer of any Bond or make any such exchange of any Bond during the 15 days preceding an Interest Payment Date applicable to such Bond, during the 15 days preceding the date of mailing of any notice of redemption or after such Bond has been called for redemption. The Trustee will require the payment by any Owner requesting exchange or transfer of any Bond of a sum sufficient to cover any tax or other governmental charge required to be paid with respect to such exchange or transfer.

**Nonpresentment of Bonds.** In the event any Bond is not presented for payment when the principal of such Bond becomes due, either at maturity, or at the date fixed for redemption of the Bond, or otherwise, or if any interest check is not cashed, if funds sufficient to pay such Bond or interest have been made available by the District to the Trustee or the Paying Agent for the benefit of the Owner of the Bond, all liability of the District to the Owner of the Bond for the payment of such Bond or interest, as the case may be, will cease, terminate and be completely discharged, upon which event it will be the duty of the Trustee to segregate such funds and to hold such segregated funds in trust, uninvested and without liability for interest on such funds, for the benefit of the Owner of such Bond or interest, as the case may be, who will thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Indenture or on, or with respect to, such Bond or interest, as the case may be, provided that any money deposited with the Trustee for the payment of the principal of, and redemption premium, if any, on, or interest on, any Bond and remaining unclaimed for three (3) years (or such period of time as is then specified by the law governing unclaimed or abandoned property) after such principal and redemption premium, if any, or interest has become due and payable will be paid pursuant to the law governing unclaimed or abandoned property.

**Creation of Funds and Accounts; Deposit of and Use of Moneys.** The funds and accounts created with respect to the Bonds under the Indenture will be held and maintained by the Trustee, except as otherwise specifically provided, under the Indenture (or in any Supplemental Indenture with respect to any Additional Bonds) and as described below concerning certain Funds:

*Debt Service Fund.* A Debt Service Fund will be established. All moneys received by or on account of the District and required by the Indenture to be deposited, transferred, or credited to the Debt Service Fund (including without limitation the Southwest Waterfront Pledged Revenues and the Available Increment, if any), and all other moneys transferred or allocated to or received for the purposes of that Fund, will be deposited with the Trustee and credited to the Debt Service Fund. Moneys in the Debt Service Fund will be used solely for the payment of the principal of, Redemption Price of, purchase price of, and interest on the Bonds as the same become due and payable and the payment of Administrative Expenses. Within the Debt Service Fund there is a Capitalized Interest Account, the funds of which will be used during the Capitalized Interest Period, to make interest payments with respect to the Bonds.

*Project Fund.* A Project Fund will be established. On the Closing Date, a portion of the proceeds of the Bonds will be deposited in the Project Fund and used to finance, refinance or reimburse Development Costs in accordance with the Indenture. The interest earnings in the Project Fund shall be retained in the Project Fund, and, together with the proceeds of the Series 2015 Bonds originally deposited in the Project Fund on the Closing Date, shall be considered net proceeds available for the payment of the Series 2015 Development Costs, which payments shall not exceed the maximum amount authorized for the payment of the Series 2015 Development Costs pursuant to the Funding Agreement and the Southwest Waterfront Act.

*Costs of Issuance Fund.* A Costs of Issuance Fund will be established. A portion of the proceeds of the Bonds will be deposited by the Trustee in the Costs of Issuance Fund. Amounts in the Costs of Issuance Fund will be disbursed to pay Costs of Issuance.

*Administrative Expense Fund.* An Administrative Expense Fund will be established. On the date of issuance of the Bonds, the District shall transfer moneys to the Trustee for deposit into the Administrative Expense Fund. Amounts in the Administrative Expense Fund will be disbursed to pay Administrative Expenses.

*Debt Service Reserve Fund*. A Debt Service Reserve Fund will be established. A portion of the proceeds of the Bonds, in an amount equal to the Debt Service Reserve Fund Requirement, shall be deposited into the Debt Service Reserve Fund. Moneys on deposit in the Debt Service Reserve Fund shall be applied as follows:

(i) On the last Business Day of any April or October, after any transfers from the Redemption Fund pursuant to the Indenture, moneys on deposit in the Debt Service Reserve Fund shall be applied to cure any deficiency in amounts available in the Debt Service Fund to pay the principal, Sinking Fund Installments and interest on the Bonds;

(ii) If, on any Valuation Date, amounts on deposit in the Debt Service Reserve Fund exceed the Debt Service Reserve Fund Requirement, the Trustee shall notify the District of the amount of such excess and the District shall direct the Trustee to transfer an amount equal to such excess from the Debt Service Reserve Fund and to deposit such amount into the Redemption Fund.

(iii) On or after December 1, 2019, subject to no event of default under the Indenture having occurred and continuing, all or a portion of the proceeds of the Series 2015 Bonds originally deposited into the Debt Service Reserve Fund, plus any proceeds of Additional Bonds deposited in the Debt Service Reserve Fund, shall be transferred by the Trustee, at the written direction of the District, to the Project Fund for the benefit of the Project Developer, subject to: (A) receipt by the District of (x) a written request from an Authorized Officer of the Project Developer for such transfer, and (y) a certificate of an Authorized Officer of the Project Developer certifying that there is no outstanding litigation, including unfiled potential litigation known to the Project Developer, with respect to Project or the Project Developer; and (B) delivery to the Trustee of a certificate from an Authorized CFO Delegate certifying that (x) the Southwest Waterfront Pledged Revenues collected in the prior Fiscal Year is not less than 1.50 times the debt service, at stabilization (as contemplated in the definition of "Financial Analysis" in the Funding Agreement), on all Outstanding Bonds, and (y) the amount to be transferred to the Project Fund pursuant to the terms of the Indenture, together with the proceeds of the Series 2015 Bonds originally deposited into the Project Fund and any interest earned in the Project Fund shall not exceed $113 million for the Series 2015 Bonds and shall not, in the aggregate if additional deposits have been made to the Project Fund, exceed $148 million in 2008 dollars (adjusted for inflation by the Consumer Price Index); provided, however, that if there is any litigation identified by the Project Developer or the District, before any amounts can be released from the Debt Service Reserve Fund pursuant to this paragraph, the District shall provide written notice to the Trustee and the Project Developer that, in the District's reasonable judgment such litigation: (a) would not have a materially adverse impact on the Project Developer's ability to substantially complete the applicable Construction Phase or Construction Phases of the Project funded by the Outstanding Bonds by the scheduled completion date or dates; or (b) would not either currently impede, or reasonably be anticipated to impede, the payment or collection of Southwest Waterfront Pledged Revenues.

*Revenue Fund*. A Revenue Fund will be established. Southwest Waterfront Pledged Revenues shall be deposited into the Revenue Fund and held for the benefit of the Holders pending disbursement pursuant to the Indenture.

*Redemption Fund*. A Redemption Fund shall be established. Moneys in the Redemption Fund shall be used as follows:

(i) on the last Business Day of any April or October, moneys on deposit in the Redemption Fund FIRST shall be applied to cure any deficiency in amounts available in the Debt Service Fund to pay the principal, Sinking Fund Installments and interest on the Bonds and SECOND, if necessary, shall be applied to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement; and

(ii) for the payment of the principal of, accrued interest, if any, and premium, if any, on the Bonds in connection with an optional redemption pursuant to the Indenture, or the purchase of the Bonds by the District pursuant to the Indenture.

At the written direction of the District, once the amount on deposit in the Redemption Fund equals or exceeds the aggregate principal amount of all Bonds outstanding, all excess revenues deposited to the Redemption Fund shall be transferred to the District.

**Payment of Interest.** On each Interest Payment Date, the Trustee will pay the interest due on the Bonds on such date from amounts on deposit in the Debt Service Fund.

**Payment of Principal and Redemption Price.** On each date on which the principal or Redemption Price of any of the Bonds becomes due and payable, at maturity, upon redemption or otherwise, the Trustee will pay such principal or Redemption Price from amounts on deposit in the Debt Service Fund.

**Investments.** Moneys in any Fund or Account created under the Indenture will be invested by the Trustee at the direction of the District in Permitted Investments and such investments applied pursuant to and in accordance with the Indenture.

**No Indebtedness.** The Bonds are special obligations of the District, shall be nonrecourse to the District, shall not be a pledge of, and shall not involve, the full faith and credit or the taxing power of the District (other than the Southwest Waterfront Pledged Revenues and the Available Increment), shall not constitute a debt of the District, and shall not constitute lending of the public credit for private undertakings for purposes of Section 602(a) of the Home Rule Act.

**No Personal Liability.** No officer, official, agent or employee of the District will be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained will relieve any such officer, official, agent or employee from the performance of any official duty provided by law.

**Performance of Covenants of the District; Representations.** The District will at all times faithfully observe and perform all agreements, covenants, undertakings, stipulations and provisions contained in the Indenture and any and every Outstanding Bond executed, authenticated and delivered under the Indenture.

**Accounts and Records; Inspection.** The District will keep or instruct the responsible parties to keep proper books of record and account in which complete and correct entries are made of its transactions relating to the Indenture, including, but not limited to, records relating to collection and deposit of the Southwest Waterfront Revenues. The Trustee, or their authorized representatives, shall have the right at all reasonable times with reasonable notice to inspect those records and accounts.

**Removal of Trustee.** The Trustee may be removed at any time by (i) the Holders of a majority of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Holders or by their attorneys-in-fact, duly authorized and delivered to the District, or (ii) so long as no default has occurred and be continuing under the Indenture, the District. Copies of each such instrument will be delivered by the District to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the District or the Holders of not less than 10% of the Bonds.

**Default.** If there is a default in the payment of the principal of, or interest on, any Bonds after the principal or interest has become due and payable in accordance with the terms of the Indenture and the Authorized Actions, or if the District fails or refuses to carry out and perform the terms of any agreement with the holders of any of the Bonds set forth in the Indenture, the holders of the Bonds, or the Trustee, may, by action, writ or other proceeding, enforce all rights of the holders of the Bonds, including the right to require the District to carry out and perform the terms of any agreement with the holders of the Bonds set forth in the Indenture or its duties under the Authorized Actions; provided, however, that the holders of the Bonds are only entitled to enforce their rights by action, writ or other proceeding as described in Restrictions Upon Action by Individual Bondholders.

**Restrictions Upon Action by Individual Bondholders.** No holder of any Bond has any right to institute any suit, action or proceeding in equity or at law on any Bond for the execution of any trust under the Indenture or for any other remedy unless (i) such holder previously has given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be instituted, (ii) the holders of not less than a majority of the principal amount of the Bonds have made written request to the Trustee and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit or proceeding in its or their name, and (iii) there has been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are, at the option of the Trustee, conditions precedent to the enforcement by the Trustee of any remedy under the Indenture.

It is understood and intended that, except as otherwise provided above, (i) no one or more Bondholders has any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of the Indenture or to enforce any right thereunder except in the manner therein provided, (ii) all proceedings at law or in equity will be instituted, had and maintained in the manner therein provided and for the benefit of all Bondholders, and (iii) that any individual right of action or other right given by law to one or more of such holders is restricted by the Indenture to the rights and remedies therein provided.

**Supplemental Indenture Without Bondholder Consent.** Without notice to or the consent of the Bondholders, the District and the Trustee at any time and from time to time may enter into Supplemental Indentures supplementing, modifying or amending the Indenture or any Supplemental Indenture for one or more of the following purposes:

(a) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Trustee for the benefit of such holders;

(b) to add to the covenants and agreements of the District contained in the Indenture, other covenants and agreements thereafter to be observed relative to the acquisition, construction, equipping, operation, maintenance, development or administration of the Series 2015 Project or relative to the application, custody, use or disposition of the proceeds of Bonds;

(c) to surrender any right, power or privilege reserved to or conferred upon the District by the Indenture;

(d) to confirm, as further assurance, any pledge under, and the subjection to any lien on, or claim or pledge of (whether created or to be created by the Indenture), the Southwest Waterfront Fund or any other property pledged hereunder;

(e) to cure any ambiguity or to cure or correct any defect or inconsistent provisions contained in the Indenture or to make such provisions in regard to matters or questions arising under the Indenture as may be necessary or desirable and not contrary to or inconsistent with the Indenture;

(f) to permit the qualification of the Indenture or any Supplemental Indenture under any federal statute now or hereafter in effect or under any state blue sky law and, in connection therewith, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted or required by such federal statute or state blue sky law;

(g) to obtain or to maintain any ratings on any Bonds from any nationally recognized securities rating agency;

(h) to provide for a series of Additional Bonds; or

(i) to make any other change in the Indenture which the Trustee determines (which determination may be made in reliance upon an opinion of counsel) will not prejudice in any material respect the rights of the holders of the Bonds Outstanding at the date as of which such change will become effective.

**Supplemental Indenture with Bondholder Consent.** In addition to Supplemental Indentures permitted without the consent of Bondholders, with the prior written consent of the holders of a majority of the Bonds, the District and the Trustee at any time and from time to time may enter into Supplemental Indentures amending or supplementing the Indenture, any Supplemental Indenture or any Bond to modify any of the provisions thereof or to release the District from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained, provided that nothing contained herein will permit (i) a change in any terms of redemption or purchase of any Bond, the due date for the payment of the principal of or interest on any Bond or any reduction in the principal, Redemption Price of or interest rate on any Bond without the consent of the Holder of such Bond or (ii) a preference or priority of any

Bond over any other Bond or a reduction in the percentage of Bonds the consent of the Holders of which is required for any modification of the Indenture, without the unanimous consent of the holders of all Outstanding Bonds.

**Discharge of Indenture.** If the District pays or causes to be paid the full principal or Redemption Price of and interest on and other amounts, if any, due on all or a portion of the Bonds at the times and in the manner stipulated therein and in the Indenture, then the pledge of the Southwest Waterfront Fund and other property pledged under the Indenture to the Bonds or such portion thereof and all other rights granted thereby to the Bonds or a portion thereof will be discharged and satisfied. In such event, upon the request of the District, the Trustee will execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee will pay or deliver to the District, or to such officer, board or body as may then be entitled by law to receive the same, all property held by it pursuant to the Indenture to the extent applicable to such series (other than any moneys and securities required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption).

**Defeasance.** A Bond will be deemed to have been paid within the meaning of and with the effect expressed in the Indenture if (i) money for the payment or redemption of such Bond after the date of issuance of such Bond is held by the Trustee (through deposit by the District of moneys for such payment or redemption or otherwise, regardless of the source of such moneys), whether at or prior to the maturity or the redemption date of such Bond or (ii) if the maturity or redemption date of such Bond has not arrived (A) provision has been made by the District for the payment of the principal or Redemption Price of and interest on and other amounts, if any, due on such Bond on the due dates for such payments by deposit with the Trustee (or other method satisfactory to the Trustee) of moneys or Defeasance Securities, the principal of and the interest on and other amounts, if any, due on which when due will provide for such payment, and the District has made provision satisfactory to the Trustee for the mailing of a notice to the Holder of such Bond that such moneys are so available for such payment, (B) if such Bond is to be redeemed prior to the maturity thereof, the District has taken all action necessary to redeem such Bond and notice of such redemption has been duly given or provisions satisfactory to the Trustee have been made for the giving of such notice, and (C) the District has given to the Trustee in form satisfactory to the Trustee an opinion of Bond Counsel to the effect that such deposit and application of such moneys or Defeasance Securities and the principal or redemption price of and interest on or other amounts, if any due on such Defeasance Securities will not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes. The Trustee may rely upon a verification report by an independent public accountant or nationally recognized verification consultant as to the sufficiency of the deposit (or other method) under clause (A) above to provide for the payment described therein.

**Responsibilities of the Trustee.** The recitals contained in the Indenture and in the Bonds are statements of the District, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representation as to the validity or sufficiency of the Indenture or the Bonds or with respect to the security afforded by the Indenture, and the Trustee will incur no liability with respect thereto. Except as otherwise expressly provided in the Indenture, the Trustee has no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; or (iii) the application of any moneys paid to the District or others in accordance with the Indenture, except as to the application of any moneys paid to it in its capacity as Trustee. The duties and obligations of the Trustee will be determined by the express provisions of the Indenture, and the Trustee will not be liable except for the performance of such duties and obligations as are specifically set forth in the Indenture. The Trustee will not be liable for any action taken or omitted by it in the performance of its duties under the Indenture, except for its own negligence or willful misconduct.

The Trustee shall not be liable for any offering document prepared and/or distributed in connection with the issuance of the Bonds.

The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds, except as specifically required under the Indenture.

The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

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## APPENDIX C

## FORM OF APPROVING OPINION OF BOND COUNSEL

September __, 2015

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

**$145,445,000**
**District of Columbia**
**Southwest Waterfront Project Revenue Bonds**
**(The Wharf Project)**
**Series 2015 (Federally Taxable)**

Ladies and Gentlemen:

We have acted as bond counsel to the District of Columbia (the "Issuer") in connection with the issuance of $145,445,000 aggregate principal amount of its Southwest Waterfront Project Revenue Bonds (The Wharf Project), Series 2015 (Federally Taxable) (the "Bonds"), issued pursuant to the District of Columbia Home Rule Act, approved December 24, 1973 (PL 93-198; 87 Stat. 774; D.C. Official Code § 1-201.01, *et seq.*), as amended (the "Home Rule Act") and the Southwest Waterfront Bond Financing Act of 2008 (D.C. Law 17-252; D.C. Official Code, § 2-1217.131 et. seq.), as amended (the "Southwest Waterfront Act" and, together with the Home Rule Act, the "Authorizing Actions") and the Indenture of Trust, dated as of September 1, 2015 (the "Indenture"), by and between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

In such connection, we have reviewed the Authorizing Actions, the Indenture, certificates of the Issuer, 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 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 the date hereof. Accordingly, this opinion 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. We disclaim any obligation to update this opinion. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. 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 Indenture. We call attention to the fact that the rights and obligations under the Bonds and the Indenture 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 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 foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of any offering material relating to the Bonds and express no opinion 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 Bonds have been authorized and issued in accordance with the Authorizing Actions and constitute valid and binding special obligations of the Issuer.

2. The Authorizing Actions have been duly and legally adopted and constitute valid and binding obligations of the Issuer.

3. The Indenture has been duly authorized, executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, the Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

4. Interest on the Bonds is not excluded from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986. Interest on the Bonds is exempt from District of Columbia taxation, except for estate, inheritance and gift taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

## APPENDIX D

## BOOK-ENTRY-ONLY SYSTEM

*The information in this APPENDIX D 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 Bonds. The 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 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue 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 issue.

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 a Standard & Poor's 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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 Bonds within an issue 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 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the 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 Bonds purchased or tendered, through its Participant, to the Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 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 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, 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, Bond certificates will be printed and delivered to DTC.

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## APPENDIX E

## FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") dated September 3, 2015, is executed and delivered by the District of Columbia (the "Issuer") in connection with the issuance and sale of the Issuer's $145,445,000 Southwest Waterfront Project Revenue Bonds (The Wharf Project), Series 2015 (Federally Taxable) (the "Bonds"), issued pursuant to the Home Rule Act, the Southwest Waterfront Act, and the Indenture. Capitalized terms used in this Agreement which are not otherwise defined in the Official Statement or 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, 2015, the Issuer shall provide to the MSRB no later than February 28, 2016, 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 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), 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.

(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 Escrow Agent 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, 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 the 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 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, (i) collectively, 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) Audited Financial Statements, if available, or Unaudited Financial Statements for the immediately preceding fiscal year;

(b) the Issuer's Comprehensive Annual 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

(c) (1) the following actual results for the most recent fiscal year: (A) the Available Sales Tax Revenues (The Wharf Project) (see first row of Table 1), (B) the Southwest Waterfront Special Assessment (see third row of Table 1), (C) the Southwest Waterfront PILOT Increment (see second row of Table 1), (D) the total Southwest Waterfront Pledged Revenues (see fourth row of Table 1), (E) the total Available Increment (Downtown) (see third row of Table 2), and (F) debt service on Parity Lien Projects (including the Bonds) (see sixth row of Table 2), and (2) as of the date of the disclosure, the current outstanding balance of all project debt secured by the Available Increment (Downtown) (see second column of Table 6 and include any applicable additional project debt issued since the date of the Official Statement); 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 the Issuer, federal law, the Home Rule Act, 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) "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.

(5) "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.

(6) "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; and

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

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.

(7) "Official Statement" means the Official Statement dated August 18, 2015, of the Issuer relating to the Bonds.

(8) “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.

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

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

DISTRICT OF COLUMBIA

By: ______________________________________
Jeffrey Barnette
Deputy Chief Financial Officer and Treasurer

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