

AN ACT

---

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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*Codification  
District of  
Columbia  
Official Code*

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To authorize and provide for the issuance, sale, and delivery of District of Columbia revenue bonds in an aggregate principal amount not to exceed \$50 million in one or more series and to authorize and provide for the loan of the proceeds of the bonds to assist in the financing, refinancing, or reimbursing of costs associated with improvements to the Verizon Center; and to amend Chapter 20 of Title 47 of the District of Columbia Official Code to impose an additional sales tax of 4.25% on the gross receipts of any person from the sale at the Verizon Center of tangible personal property or services and tickets to fund improvements to the Verizon Center.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Verizon Center Sales Tax Revenue Bond Approval Act of 2007”.

Sec. 2. Definitions.

For the purposes of this act, the term:

(1) “Authorized Delegate” means the 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 subdelegated, any of the Mayor’s functions under this act pursuant to section 422(6) of the Home Rule Act.

(2) “Available Increment” shall have the same meaning as set forth in the Reserve Agreement.

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

(4) “Bond Funded Expenditures” shall mean the actual or proposed expenditure of funds, raised from the issuance of the bonds, or any interest accrued from the deposit of proceeds of the issuance of the bonds, upon the project.

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

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

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

(8) “Development Plan” shall mean an account of the proposed Bond Funded Expenditures on the project, submitted to the Mayor for review, which shall contain, at a minimum, the following information:

(A) A specific period covered by the Development Plan, with specific beginning and ending dates;

(B) The total amount of any planned Bond Funded Expenditures during the period specified in the Development Plan; and

(C) A breakdown of the planned Bond Fund Expenditures by expenditure type, with sufficient detail to determine the suitability of the proposed expenditures.

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

(10) “Home Rule Act” means the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 774; D.C. Official Code § 1-201.01 *et seq.*).

(11) “Issuance Costs” means all fees, costs, charges, and expenses paid or incurred in connection with the authorization, preparation, printing, issuance, sale, and delivery of the bonds, including, but not limited to, underwriting, legal, accounting, rating agency, and all other fees, costs, charges, and expenses incurred in connection with the development and implementation of the Financing Documents, the Closing Documents, and those other documents necessary or appropriate in connection with the authorization, preparation, printing, issuance, sale, marketing, and delivery of the bonds, together with financing fees, costs, and expenses, including fees paid to financial institutions and insurance companies, initial letter of credit fees, and compensation to financial advisors and other persons (other than full-time employees of the District) and entities performing services on behalf of or as agents for the District.

(12) “Project” means the financing, refinancing, or reimbursing of costs incurred for the construction, installation and equipping of renovations to, and refurbishment of, the Verizon Center, including Issuance Costs, capitalized interest, and reserves.

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

(14) “Verizon Center” has the same meaning as in D.C. Official Code § 47-2002.06(a)(3).

**Sec. 3. Creation of Verizon Center Fund.**

(a) There is established within the General Fund of the District of Columbia a special nonlapsing account to be denominated as the "Verizon Center Fund." The Chief Financial Officer shall pay into the Verizon Center Fund all receipts from those taxes and fees specifically identified by any provision of District of Columbia law to be paid into the fund. The Chief Financial Officer shall create a sub-account within the Verizon Center Fund for each type of tax and fee that is to be paid into the fund and shall allocate the receipts from each type of tax and fee to the appropriate sub-account. The Mayor may pledge and create a security interest in the funds in the Verizon Center Fund, or any sub-account or sub-accounts within the fund for the payment of the debt service on the bonds.

(b) If, at the end of any fiscal year of the District, the balance of cash and investments in the Verizon Center Fund exceeds the amount of debt service (including prepayment of principal and interest) and reserves on the bonds during the upcoming fiscal year, the excess shall be transferred to the unrestricted balance of the General Fund of the District of Columbia.

**Sec. 4. Bond authorization.**

(a) The Council authorizes and approves the issuance of bonds in one or more series in an aggregate principal amount not to exceed \$50 million for payment of the costs of the project. There is allocated to the bonds the funds in the Verizon Center Fund or such portion of the funds as shall be determined in accordance with the terms of the bonds for the payment of debt service on the bonds.

(b) The bonds shall be tax-exempt or taxable as the Mayor shall determine and shall be payable solely from, and secured by, funds deposited in the Verizon Center Fund.

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

**Sec. 5. Bond details.**

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

- (1) The final form, content, designation, and terms of the bonds, including a determination that the bonds may be issued in certificated or book-entry form;
- (2) The principal amount of the bonds to be issued and denominations of the bonds;
- (3) The rate or rates of interest or the method for determining the rate or rate of interest on the bonds;

(4) The date or dates of issuance, sale, and delivery of the bonds, and the maturity date or dates of the bonds;

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

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

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

(8) The time and place of payment of the bonds;

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

(10) The terms and types of any credit enhancement under which the bonds may be secured.

(b) The bonds shall contain a legend, which shall provide that the bonds are special obligations of the District, are not general obligations of the District, are not a pledge of, and do not involve the faith and credit or the taxing power of the District (other than the taxes and fees deposited into the Verizon Center Fund or the Available Increment), do not constitute a debt of the District, and do not constitute lending of the public credit for private undertakings as prohibited in section 602(a)(2) of the Home Rule Act.

(c) The bonds shall be executed in the name of the District and on its behalf by the manual or facsimile signature of the Mayor, and attested by the Secretary of the District of Columbia by the Secretary's manual or facsimile signature. The Mayor's execution and delivery of the bonds shall constitute conclusive evidence of the Mayor's approval, on behalf of the District, of the final form and content of the bonds.

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

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

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

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

(h) The District does pledge and covenant and agree with the holders of the bonds that, subject to the provisions of the Financing Documents, the District will not limit or alter the revenues pledged to secure the bonds or the basis on which such revenues are collected or

allocated, will not impair the contractual obligations of the District to fulfill the terms of any agreement made with the holders of the bonds, will not in any way impair the rights or remedies of the holders of the bonds, and will not modify in any way, with respect to the bonds, the exemption from taxation provided for in this act, 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 of the bonds, are fully met and discharged. This pledge and agreement for the District may be included as part of the contract with the holders of the bonds. This subsection shall constitute a contract between the District and the holders of the bonds. To the extent that any acts or resolutions of the Council may be in conflict with this act, this act shall be controlling.

(i) Consistent with section 490(a)(4)(B) of the Home Rule Act and notwithstanding Chapter 9 of Title 28 of the District of Columbia Official Code:

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

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

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

**Sec. 6. Development Plan requirement.**

(a) The entity responsible for identifying spending priorities for the project shall submit a Development Plan to the Mayor no fewer than 90 days prior to the beginning of the period covered by the Development Plan.

(b) The Mayor shall have 30 days to review the Development Plan. If, after 30 days, the Mayor has not approved or disapproved the Development Plan, the Development Plan shall be deemed approved.

(c) No Bond Funded Expenditures shall be permitted without an approved Development Plan.

**Sec. 7. Sale of the bonds.**

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

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

the sale of the bonds.

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

(d) The bonds shall not be issued until the Mayor receives an approving opinion from Bond Counsel as to the validity of the bonds.

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

**Sec. 8. Payment and security.**

(a) Except as may be otherwise provided in this act, the principal of, premium, if any, and interest on, the bonds shall be payable solely from proceeds received from the sale of the bonds, income realized from the temporary investment of those proceeds, receipts, and revenues deposited in the Verizon Center Fund, income realized from the temporary investment of those receipts and revenues prior to payment to the bond owners, other moneys that, as provided in the Financing Documents, may be made available to the District for the payment of the bonds, and other sources of payment (other than the District), all as provided for in the Financing Documents.

(b) There is further allocated to the payment of debt service on the bonds (and the funding of reserves for such purposes) the Available Increment, subordinate to the allocation of the Available Increment to the Budgeted Reserve, as defined in the Reserve Agreement, all as more fully described in the Reserve Agreement, to be used for the payment of debt service on the bonds (and the funding of reserves for such purpose) to the extent that the revenues allocated in subsection (a) of this section are inadequate to pay debt service on (and the funding of reserves for) the bonds. The termination date for the allocation of the Available Increment authorized by this subsection shall be the earlier of:

(1) The final maturity date of the bonds; or

(2) The date on which all of the bonds are paid or provided for and are no longer outstanding pursuant to their terms.

(c) Payment of the bonds shall be secured as provided in the Financing Documents and by an assignment by the District for the benefit of the bond owners of certain of its rights under the Financing Documents and Closing Documents, including a security interest in certain collateral, if any, to the trustee for the bonds pursuant to the Financing Documents.

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

Sec. 9. Financing and closing documents.

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

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

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

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

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

(f) The Financing and Closing Documents shall include an agreement by the DC Arena, LP, the owner of the Verizon Center, which agreement shall include the following provisions:

(1) DC Arena, LP shall annually report to the Chief Financial Officer on the expenditure of the net proceeds realized from the bonds (which proceeds shall include the proceeds from any loan secured by the bonds or the proceeds from the sale of the bonds to a third party by DC Arena, LP) on project costs;

(2) DC Arena, LP shall apply any unexpended net proceeds (which proceeds shall include the proceeds from any loan secured by the bonds or the proceeds from the sale of the bonds to a third party by DC Arena, LP) to the funding of any required reserves under the terms of the Financing and Closing Documents;

(3) The earnings on any unexpended net proceeds (which proceeds shall include the proceeds from any loan secured by the bonds or the proceeds from the sale of the bonds to a third party by DC Arena, LP) shall be credited to the debt service of the District on the bonds;

(4) DC Arena, LP shall exercise its right to extend the Land Disposition Agreement – Ground Lease dated December 29, 1995 for an additional 20 years as provided for under section 5.2 thereof; and

(5) DC Arena, LP shall waive section 6.3 of the Land Disposition Agreement – Ground Lease dated December 29, 1995, to insure the rent paid by DC Arena, LP to the District is not offset or decreased by the tax imposed by D.C. Official Code § 47-2002.06.

**Sec. 10. Limited liability.**

(a) The bonds shall be special obligations of the District. The bonds shall not be general obligations of the District, shall not be a pledge of or involve the faith and credit or the taxing power of the District (other than the taxes and fees deposited in the Verizon Center Fund or the Available Increment), shall not constitute a debt of the District, and shall not constitute lending of the public credit for private undertakings as prohibited in section 602(a)(2) of the Home Rule Act.

(b) Nothing contained in the bonds, in the Financing Documents, or in the Closing Documents shall create an obligation on the part of the District to make payments with respect to the bonds from sources other than those listed for that purpose in section 7.

(c) All covenants, obligations, and agreements of the District contained in this act, the bonds, and the executed, sealed, and delivered Financing Documents and Closing Documents to which the District is a party, shall be considered to be the covenants, obligations, and agreements of the District to the fullest extent authorized by law, and each of those covenants, obligations, and agreements shall be binding upon the District, subject to the limitations set forth in this act.

(d) No person, including, but not limited to, any bond owner, shall have any claims against the District or any of its elected or appointed officials, officers, employees, or agents for monetary damages suffered as a result of the failure of the District to perform any covenant, undertaking, or obligation under this act, the bonds, the Financing Documents, or the Closing Documents, or as a result of the incorrectness of any representation in or omission from the Financing Documents or the Closing Documents, unless the District or its elected or appointed officials, officers, employees, or agents have acted in a willful and fraudulent manner.

**Sec. 11. District officials.**

(a) Except as otherwise provided in section 9(d), the elected or appointed officials, officers, employees, or agents of the District shall not be liable personally for the payment of the bonds or be subject to any personal liability by reason of the issuance of the bonds, or for any representations, warranties, covenants, obligations, or agreements of the District contained in this act, the bonds, the Financing Documents, or the Closing Documents.

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

**Sec. 12. Authorized delegation of authority.**

To the extent permitted by District and federal laws, the Mayor may delegate to any Authorized Delegate the performance of any function authorized to be performed by the Mayor under this act.



Sec. 13. Maintenance of documents.

Copies of the specimen bonds and of the final Financing Documents and Closing Documents shall be filed in the Office of the Secretary of the District of Columbia.

Sec. 14. Information reporting.

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

Sec. 15. Severability.

If any particular provision of this act, or the application thereof to any person or circumstance is held invalid, the remainder of this act and the application of such provision to other persons or circumstances shall not be affected thereby. If any action or inaction contemplated under this act is determined to be contrary to the requirements of applicable law, such action or inaction shall not be necessary for the purpose of issuance of the bonds, and the validity of the bonds shall not be adversely affected.

Sec. 16. Chapter 20 of Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended by adding the section designation "47-2002.06. Verizon Center sales taxes." after the section designation "47-2006.05. Ballpark sales taxes."

(b) A new section 47-2002.06 is added to read as follows:

"§ 47-2002.06. Verizon Center sales taxes.

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

"(1) "Bond Act" means the Verizon Center Sales Tax Revenue Bond Approval Act of 2007, passed on 2<sup>nd</sup> reading on April 19, 2007 (Enrolled version of Bill 17-117).

"(2) "Ticket" means any physical, electronic, or other form of a certificate, document, or token showing that a fare, admission, or license fee for a revocable right to enter the Verizon Center, or a right to purchase future rights to enter the Verizon Center, has been paid.

"(3) "Verizon Center" means the facility located at 601 F Street, N.W., Washington, D.C., described as Square 455, Lot 47, as shown on the tax rolls of the District maintained by the Office of Tax and Revenue.

"(b)(1) Notwithstanding any other provision of this chapter relating to the imposition of sales tax on either a retail sale or a sale at retail, there is imposed an additional sales tax of 4.25% on the gross receipts of any person from the sale:

"(A) At the Verizon Center of tangible personal property or services otherwise taxable, except:

"(i) The sale of food and beverages subject to the tax imposed by § 47-2002(3);

**New Section  
§ 47-2002.06**

“(ii) The sale or charge for the services of parking motor vehicles subject to the tax imposed by § 47-2002(1); and

“(iii) The sale of tangible personal property or services by the following businesses:

“(I) Urban Adventures at Gallery Place, LLC (doing business as Vida Fitness);

“(II) Urban Salon, Inc. (doing business as Bang Salon); and

“(III) Shimba Hills Coffee, Inc. (doing business as Shimba Hills Coffee); and

“(B) Of tickets to any public event referred to in § 47-2001(n)(1)(H) sponsored by the person (or any affiliate of such person) and to be performed at the Verizon Center, regardless of whether the ticket is sold to a person who resells the ticket to another person or to a person who uses the ticket for admission to the event.

“(2) The revenues received by the District of Columbia from the taxes imposed by this section shall be deposited into the Verizon Center Fund established by the Bond Act.

“(c) The Chief Financial Officer shall promulgate regulations as may be necessary or appropriate to carry out the provisions of this section, including regulations relating to the determination of District gross receipts and electronic filing and payment of sales taxes and fees.

“(d) This section shall apply on the 1st day of the month that is at least 30 days (excluding Saturdays, Sundays, and holidays) after the issuance of the bonds authorized by the Bond Act and shall expire on the 1st day of the month after the date that the bonds authorized by the Bond Act have been paid in full.”.

**Sec. 17. Fiscal impact statement.**

The Council adopts the April 19, 2007 fiscal impact statement of the Budget Director as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

**Sec. 18. Effective date.**

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December

**ENROLLED ORIGINAL**

24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

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Chairman  
Council of the District of Columbia

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Mayor  
District of Columbia