



Debt Refunding Plan

Dated: June 1, 2025

Washington Suburban Sanitary Commission

Debt Refunding Plan

1. Executive Summary

The Washington Suburban Sanitary Commission (“WSSC Water”) has 27 outstanding series of long-term fixed rate bonds (not including MWQFA loans and pre-refunded CPI bonds). As financial advisor to WSSC Water, Davenport & Company LLC (“Davenport”) monitors market conditions and WSSC Water’s outstanding debt obligations routinely for opportunities to refinance such debt for interest cost savings.

Prior to changes in federal tax law in 2017, WSSC Water refinanced outstanding bonds for interest cost savings either through a tax-exempt current refunding or a tax-exempt advance refunding. However, in 2017, federal tax law was changed to abolish tax-exempt advance refundings. Current tax-exempt refundings continue to be permissible. Current refunding bonds can be issued up to 90 days prior to the earliest optional call date of the refunded series.

WSSC Water has three series of outstanding bonds that are eligible to be currently refunded at this time, including:

- CPI 2012 Bonds
- CPI Refunding 2013 Bonds
- CPI Refunding 2015 Bonds

In addition, WSSC Water has two series of outstanding bonds that have a call date of June 1, 2026 and will therefore be eligible to be currently refunded in March 2026, including:

- CPI 2016 Bonds
- CPI 2016 Bonds (Second Series)

To refund bond series that are not currently callable, many bond issuers have utilized refinancing alternatives including the following:

- Taxable advance refunding;
- Tax-Exempt forward refunding;
- Convertible refunding;
- Tender offer; and
- Partial refunding

A profile of each refunding structuring alternative is provided in Section 2.

WSSC Water typically requires net present value savings of at least 3% of the refunded bond principal in order to undertake a refunding of any bond series. Based on current market conditions, none of WSSC Water’s outstanding bonds meet this savings threshold. A summary of current refunding savings based on current

market rates (as of May 28, 2025), current market rates less 25 basis points (0.25%), and current market rates less 50 basis points (0.50%) is provided in Section 3. WSSC Water and Davenport will continue to monitor all outstanding debt for refunding opportunities.

2. Refunding Structuring Alternatives

WSSC Water management has monitored regularly the feasibility and benefits of the application of the various refunding structures available for refunding its outstanding bonds. The following is a summary of such alternatives:

Tax-Exempt Current Refunding: In a tax-exempt current refunding, the proceeds of the refunding bonds (which may be invested in a portfolio of US Treasury securities or held in cash) fund the payment of interest on the refunded bonds until their earliest optional redemption date (which must be no greater than 90 days before the date of the refunding bonds issuance date) and repay the bonds on that date. If the earliest optional redemption date has already past, refunded bonds can be repaid on any date after a required notice period. This is the most common refunding approach used since 2017 and typically results in the highest level of savings, but can only be utilized when the bonds are currently callable or will be callable within 90 days.

Taxable Advance Refunding: In a taxable advance refunding, the proceeds of the bonds are invested in a portfolio of US Treasury securities, which fund the payment of interest on the refunded bonds until the earliest optional redemption date and repay the bonds on that date. A taxable advance refunding is structured similarly to a tax-exempt current refunding, but the refunded bonds are issued prior to 90 days before the earliest optional call date. The only difference is that the refunding bonds have higher taxable interest rates.

Tax-Exempt Forward Refunding: In a forward refunding, the issuer would enter into a contract with either an investment banking firm or a commercial bank to purchase tax-exempt bonds at a fixed date in the future at interest rates based on current market levels plus a rate “premium” based on the number of months in the future for which the bonds will be issued. Such “forward delivery” bonds would then be issued on a date within 90 days of the earliest optional redemption date of the refunding candidate. Upon issuance, the bonds would constitute tax-exempt current refunding bonds whose proceeds would be used to repay the outstanding principal amount of the refunding candidate. The forward refunding approach has the advantage of capturing current tax-exempt rates (usually with an approximately 5 basis point premium depending on the current market for each month between execution of the Bond Purchase Agreement and delivery date). Even with such premium, the forward delivery bond tax-exempt rate may be lower than the rate of taxable advance refunding bonds. However, there are several limitations to the forward refunding approach. The first is that the cash flow benefit of the transaction does not commence until the future delivery date. Second, underwriters and banks tend to be unwilling to forward commit rates beyond 24 months (and sometimes less, depending on the current market). The third limitation is that although forward delivery bonds can be issued through a public offering, this type of refunding cannot be done through a competitive sale. It can only be accomplished through a negotiated sale which means that the issuer would have to pick the underwriting team in advance for such a transaction.

Convertible Refunding: A convertible refunding functions in the same fashion as a taxable advance refunding in terms of the timing and function of the refunding escrow. However, under this transaction structure, the interest rate on the refunding bonds is initially set at a taxable level which remains in effect until the earliest redemption date of the refunded bonds. On that date, the taxable rate bonds are effectively replaced with tax-exempt bonds. The interest rates on both the taxable and tax-exempt bonds are committed at the same time at

the outset of the transaction. This alternative offers a slight advantage over the forward refunding alternative of immediate cash flow savings if desired. However, its application is limited to commercial banks as they are the only type of institutions to date that have been willing to commit simultaneously to both the initial taxable rate and the future tax-exempt rate in such transactions.

Tender Offer: Another refunding option in the market is a tender offer, however there are a number of risks related to this type of refinancing compared to the options mentioned above. The tender would be a public negotiated offering whereby the issuer could purchase outstanding bonds from existing bond holders at the market rate plus a premium. This mechanism is considered a current refunding and would allow the issuer to issue tax-exempt debt to repurchase outstanding bonds. While tenders can be an effective tool to produce debt service savings, unlike a traditional refunding, savings generated are very dependent upon investor participation. In addition, the premium on the tender might have to be adjusted upward to attract participation, ultimately impacting debt service savings. Given the complexity of the tender transaction and the additional parties required to complete this financing (tender and information agents), costs of issuance tend to be higher than traditional refunding transactions. In addition, even if the refunding doesn't end up working, the issuer is still responsible for paying costs of issuance.

Partial Refunding: While WSSC Water typically refunds all callable bonds of a series in a single refunding transaction, publicly issued bonds can be partially refunded to achieve savings. This can be especially beneficial if some callable maturities of a series have higher coupons (for example, in the 4% to 5% range) and other callable maturities have lower coupons. The higher coupon maturities can be refunded for debt service savings and achieve at or above the 3% NPV savings threshold, while the entire series may not reach the threshold due to the lower coupon maturities producing lower or even negative savings. A partial refunding can be done with any of the methods listed above.

3. Refunding Feasibility Assessment

Davenport routinely monitors all WSSC Water bonds for refunding opportunities. As interest rates have increased over the past few years, refunding opportunities have declined. In the current market environment, WSSC Water does not have any series that could be refunded for debt service savings that would achieve at least 3% NPV savings that are currently callable within the next year. Shown below are summaries of WSSC Water's outstanding bonds that are currently callable or will be currently callable through 2028. Davenport has included estimating savings for refunding these bonds as tax-exempt current refundings as this type of refunding typically has the lowest interest rates and therefore is most likely to achieve savings. Savings levels are shown at current market rates (as of May 28, 2025), current market rates less 25 basis points (0.25%), and current market rates less 50 basis points (0.50%). At these reduced interest rate levels, the refunding of three series would produce at least 3% net present value savings if refunding bonds were issued once these series were eligible to be currently refunded. If tax-exempt and/or taxable rates were to decline significantly, other refunding methods would be evaluated for potential savings.

WSSC Water has three series of outstanding bonds that are eligible to be currently refunded at this time, including:

- CPI 2012 Bonds
- CPI Refunding 2013 Bonds
- CPI Refunding 2015 Bonds

Currently refunding these three series of bonds is estimated to result in the following savings at current market rates:

Currently Callable Bonds - Current Market Rates						
Bond Series	Earliest Optional Call Date	Earliest Date Refunding Bonds Can Be Issued	Par Amount Refunded	Maturities Refunded	Estimated Savings	Estimated % NPV Savings
CPI Ref 2013 Bonds	6/1/2023	Anytime	4,780,000	2026	(56,138)	-1.16%
CPI Ref 2015 Bonds	6/1/2024	Anytime	34,915,000	2026-2028	(277,870)	-0.62%

Currently refunding these three series of bonds is estimated to result in the following savings at current market rates less 25 basis points:

Currently Callable Bonds - Current Market Rates Less 25 Basis Points						
Bond Series	Earliest Optional Call Date	Earliest Date Refunding Bonds Can Be Issued	Par Amount Refunded	Maturities Refunded	Estimated Savings	Estimated % NPV Savings
CPI Ref 2013 Bonds	6/1/2023	Anytime	4,780,000	2026	(50,950)	-0.98%
CPI Ref 2015 Bonds	6/1/2024	Anytime	34,915,000	2026-2028	(80,558)	-0.22%

Currently refunding these three series of bonds is estimated to result in the following savings at current market rates less 50 basis points:

Currently Callable Bonds - Current Market Rates Less 50 Basis Points						
Bond Series	Earliest Optional Call Date	Earliest Date Refunding Bonds Can Be Issued	Par Amount Refunded	Maturities Refunded	Estimated Savings	Estimated % NPV Savings
CPI Ref 2013 Bonds	6/1/2023	Anytime	4,780,000	2026	(35,388)	-0.79%
CPI Ref 2015 Bonds	6/1/2024	Anytime	34,915,000	2026-2028	66,255	0.18%

In addition, WSSC Water has two series of outstanding bonds that have a call date of June 1, 2026 and will therefore be eligible to be currently refunded in March 2026, including:

- CPI 2016 Bonds
- CPI 2016 Bonds (Second Series)

Currently refunding these two series of bonds (of which refunding bonds could be issued in March 2026) is estimated to result in the following savings at current market rates:

Bonds Callable in June 2026 - Current Market Rates						
Bond Series	Earliest Optional Call Date	Earliest Date Refunding Bonds Can Be Issued	Par Amount Refunded	Maturities Refunded	Estimated Savings	Estimated % NPV Savings
CPI 2016 Bonds (2nd Series)	6/1/2026	3/3/2026	305,260,000	2027-2046	6,838,810	1.45%

Currently refunding these two series of bonds (of which refunding bonds could be issued in March 2026) is estimated to result in the following savings at current market rates less 25 basis points:

Bonds Callable in June 2026 - Current Market Rates Less 25 Basis Points						
Bond Series	Earliest Optional Call Date	Earliest Date Refunding Bonds Can Be Issued	Par Amount Refunded	Maturities Refunded	Estimated Savings	Estimated % NPV Savings
CPI 2016 Bonds (2nd Series)	6/1/2026	3/3/2026	305,260,000	2027-2046	16,253,807	3.58%

Currently refunding these two series of bonds (of which refunding bonds could be issued in March 2026) is estimated to result in the following savings at current market rates less 50 basis points:

Bonds Callable in June 2026 - Current Market Rates Less 50 Basis Points						
Bond Series	Earliest Optional Call Date	Earliest Date Refunding Bonds Can Be Issued	Par Amount Refunded	Maturities Refunded	Estimated Savings	Estimated % NPV Savings
CPI 2016 Bonds (2nd Series)	6/1/2026	3/3/2026	305,260,000	2027-2046	25,535,021	5.77%

As WSSC Water considers future refunding opportunities, four additional outstanding bond series will become eligible to be currently refunded in 2027 and 2028, including:

- CPI 2017 Bonds
- CPI Refunding 2017 Bonds
- CPI Refunding 2017 Bonds (Second Series)
- CPI 2018 Bonds

Currently refunding these four series of bonds (of which refunding bonds could be issued in March 2027 and March 2028) is estimated to result in the following savings at current market rates:

Bonds Callable in June 2027 & June 2028 - Current Market Rates						
Bond Series	Earliest Optional Call Date	Earliest Date Refunding Bonds Can Be Issued	Par Amount Refunded	Maturities Refunded	Estimated Savings	Estimated % NPV Savings
CPI Ref 2017 Bonds	6/1/2027	3/3/2027	96,065,000	2028-2032	66,592	0.03%
CPI Ref 2017 Bonds (2nd Series)	6/1/2027	3/3/2027	16,670,000	2028-2029	479,878	2.64%
CPI 2018 Bonds	6/1/2028	3/3/2028	311,715,000	2029-2048	436,629	0.05%

Currently refunding these four series of bonds (of which refunding bonds could be issued in March 2027 and March 2028) is estimated to result in the following savings at current market rates less 25 basis points:

Bonds Callable in June 2027 & June 2028 - Current Market Rates Less 25 Basis Points							
Bond Series	Earliest Optional Call Date	Earliest Date Refunding		Par Amount Refunded	Maturities Refunded	Estimated Savings	Estimated % NPV Savings
		Bonds Can Be Issued	Refunding				
CPI 2017 Bonds	6/15/2027	3/18/2027		\$366,710,000	2028-2047	\$2,743,805	0.44%
CPI Ref 2017 Bonds	6/1/2027	3/3/2027		96,065,000	2028-2032	791,481	0.70%
CPI Ref 2017 Bonds (2nd Series)	6/1/2027	3/3/2027		16,670,000	2028-2029	555,483	3.07%
CPI 2018 Bonds	6/1/2028	3/3/2028		311,715,000	2029-2048	10,032,708	1.99%

Currently refunding these four series of bonds (of which refunding bonds could be issued in March 2027 and March 2028) is estimated to result in the following savings at current market rates less 50 basis points:

Bonds Callable in June 2027 & June 2028 - Current Market Rates Less 50 Basis Points							
Bond Series	Earliest Optional Call Date	Earliest Date Refunding		Par Amount Refunded	Maturities Refunded	Estimated Savings	Estimated % NPV Savings
		Bonds Can Be Issued	Refunding				
CPI 2017 Bonds	6/15/2027	3/18/2027		\$366,710,000	2028-2047	\$13,884,759	2.49%
CPI Ref 2017 Bonds	6/1/2027	3/3/2027		96,065,000	2028-2032	1,515,119	1.38%
CPI Ref 2017 Bonds (2nd Series)	6/1/2027	3/3/2027		16,670,000	2028-2029	630,839	3.50%
CPI 2018 Bonds	6/1/2028	3/3/2028		311,715,000	2029-2048	19,505,143	4.01%

The following are the key assumptions in Davenport’s refunding analysis:

- Refunding bonds issued on September 1, 2025 for the refunded bonds that are eligible to be currently refunded at this time and 90 days before the call date for refunded bonds that are not yet eligible to be currently refunded as of this date.
- Interest rates and market conditions as of May 28, 2025 as estimated by Davenport’s fixed income desk.
- Refunded bonds are called at their earliest optional redemption dates or upon closing of the refunding bonds if the refunded bonds are currently callable as of this date.
- Cost of issuance is estimated at 2% of the principal amount of the refunding bond issue and underwriter’s discount is estimated at \$5.00/bond.
- Term of refunding bonds matches the term of the refunded bonds and the refunding bond amortization is structured to produce equal annual savings.
- Bond proceeds invested to the first applicable call date at SLGS rates as of May 28, 2025.

4. Summary

Based on estimated current market rates, WSSC Water does not have any bonds outstanding that would produce at least 3% NPV savings if refunded at this time. If rates were to decline by approximately 25 basis points (0.25%) between now and March 2026, WSSC Water should consider issuing current refunding bonds at that time to refund the CPI 2016 Bonds (Second Series). WSSC Water could also consider a partial refunding of the CPI 2016 Bonds (Second Series) in March 2026 if refunding all of the callable maturities does not produce sufficient savings or if a partial refunding produces greater overall savings. As additional bond series become

callable in 2027 and 2028, WSSC Water will have additional current refunding options, depending on market conditions at that time. If interest rates decline, advance refunding options should also be evaluated for potential savings.

Davenport will continue to monitor the market and outstanding WSSC Water bonds for refunding feasibility, and will notify WSSC Water if and when opportunities to refund bonds for savings arise.

Exhibit A

Washington Suburban Sanitary Commission Summary of Outstanding CPI Bonds As of June 30, 2025

Bond Series	Original Principal	Final Maturity	Outstanding Principal as of 6/30/2025	Coupon Range of Outstanding Maturities	Earliest Optional Call Date
CPI 2012 Bonds	\$250,000,000	6/1/2032	\$87,500,000	3.00%	6/1/2022
CPI Ref 2013 Bonds	101,560,000	6/1/2026	4,780,000	2.25%	6/1/2023
CPI Ref 2015 Bonds	145,325,000	6/1/2028	34,915,000	2.65% - 3.00%	6/1/2024
CPI 2016 Bonds	145,000,000	6/1/2046	116,725,000	3.00% - 5.00%	6/1/2026
CPI 2016 Bonds (2nd Series)	381,810,000	6/1/2046	314,655,000	3.00% - 5.00%	6/1/2026
CPI 2017 Bonds	459,250,000	6/15/2047	389,455,000	3.00% - 5.00%	6/15/2027
CPI Ref 2017 Bonds	220,180,000	6/1/2032	141,735,000	3.00%	6/1/2027
CPI Ref 2017 Bonds (2nd Series)	79,075,000	6/1/2029	32,915,000	5.00%	6/1/2027
CPI 2018 Bonds	390,000,000	6/1/2048	339,025,000	4.00% - 5.00%	6/1/2028
CPI 2019 Ref Bonds	39,340,000	6/1/2029	3,830,000	2.00% - 5.00%	Non-Callable
CPI 2019 Bonds	179,685,000	6/1/2049	155,790,000	3.00% - 5.00%	6/1/2029
CPI 2019 Bonds (Green)	53,880,000	6/1/2049	46,715,000	3.00% - 5.00%	6/1/2029
CPI Ref 2020 Bonds	99,210,000	6/1/2030	51,540,000	5.00%	Non-Callable
CPI 2020 Bonds	278,350,000	12/1/2049	255,100,000	2.00% - 5.00%	12/1/2030
CPI 2020 Bonds (Green)	47,545,000	12/1/2049	43,575,000	2.00% - 5.00%	12/1/2030
CPI 2021 Bonds	312,460,000	6/1/2051	284,995,000	2.00% - 5.00%	6/1/2031
CPI 2021 Bonds (Green)	21,520,000	6/1/2051	19,625,000	2.00% - 5.00%	6/1/2031
CPI 2023 Bonds	318,545,000	6/1/2052	305,100,000	4.00% - 5.00%	6/1/2033
CPI 2023 Bonds (Green)	18,450,000	6/1/2052	18,035,000	4.00% - 5.00%	6/1/2033
CPI 2024 Bonds	283,295,000	6/1/2053	275,995,000	4.00% - 5.00%	6/1/2034
CPI 2024 Bonds (Green)	28,345,000	6/1/2053	27,610,000	4.00% - 5.00%	6/1/2034
CPI Ref 2024A Bond ¹	113,365,000	6/1/2044	107,182,000	2.45%	Make-Whole
CPI Ref 2024B Bond ²	220,607,000	6/1/2044	211,989,000	2.52%	Make-Whole
CPI Ref 2024C Bond ³	248,200,000	6/1/2042	239,595,000	2.70%	6/1/2034
CPI Ref 2024D Bond ⁴	107,854,000	6/1/2045	104,215,000	2.90%	6/1/2032
CPI 2025 Bonds	283,145,000	6/1/2054	280,500,000	4.00% - 5.00%	6/1/2035
CPI 2025 Bonds (Green)	28,315,000	6/1/2054	28,050,000	4.00% - 5.00%	6/1/2035
TOTAL	\$4,854,311,000		\$3,921,146,000		

¹ Converted the \$120,487,000 Convertible Consolidated Public Improvement Refunding Bonds of 2022A from a taxable interest rate to a tax-exempt interest rate with TD Bank, N.A. as purchaser.

² Converted the \$220,747,000 Convertible Consolidated Public Improvement Refunding Bonds of 2022B from a taxable interest rate to a tax-exempt interest rate with Truist Commercial Equity Inc. as purchaser.

³ Converted the \$249,999,000 Convertible Consolidated Public Improvement Refunding Bonds of 2022C from a taxable interest rate to a tax-exempt interest rate with Bank of America, N.A. as purchaser.

⁴ Converted the \$111,234,000 Convertible Consolidated Public Improvement Refunding Bonds of 2022D from a taxable interest rate to a tax-exempt interest rate with Capital One Public Funding, LLC as lender.