

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

2001 Legislative Session

Resolution No. CR-43-2001

Proposed by The Chairman (by request – WSSC)

Introduced by Council Member Maloney

Co-Sponsors _____

Date of Introduction September 11, 2001

RESOLUTION

1 A RESOLUTION concerning

2 Approval of a Certain Finance Plan

3 of the Washington Suburban Sanitary Commission

4 for the Issuance of Refunding Bonds

5 For the purpose of approving the Finance Plan of the Washington Suburban Sanitary

6 Commission for the refunding of certain bonds of Washington Suburban Sanitary District

7 through the issuance of General Construction Refunding Bonds and Storm Water Drainage

8 Refunding Bonds of Washington Suburban Sanitary District.

9 WHEREAS, Washington Suburban Sanitary Commission (the "Commission") proposes to
10 issue General Construction Refunding Bonds and Storm Water Drainage Refunding Bonds (the
11 "Refunding Bonds"), at one time or from time to time, for the purpose of refunding the callable
12 maturities and outstanding maturities of some or all of the bonds identified in Attachment A
13 (such callable maturities collectively, the "Refunding Bonds"), as market conditions may permit;
14 and

15 WHEREAS, under the provision of Article 29 of the Annotated Code of Maryland, as
16 amended ("Article 29"), and particularly, Section 4-109 thereof, the Commission is authorized to
17 issue the Refunding Bonds to refund the Refunded Bonds to effect savings in debt service costs,
18 directly or through any debt restructuring and only upon a finding by the Commission that such
19 refunding will result in total savings in debt service costs; and

20 WHEREAS, said Section 4-109 of Article 29 provides for the preparation by the
21 Commission of its plan respecting the issuance of the Refunding Bonds and pursuant thereto the
22 Commission has delivered to the County Executive and the County Council of Prince George's

1 County said plan (the "Finance Plan") entitled:

2 WASHINGTON SUBURBAN SANITARY COMMISSION

3 REFUNDING ANALYSIS PLAN

4 and dated July 2, 2001; and

5 WHEREAS, Section 4-109 of Article 29 provides that the sale of the Refunding Bonds as
6 authorized thereunder shall not be made unless the Finance Plan is approved by the County
7 Executive and the County Council of Prince George's County and Montgomery County,
8 respectively, provided, however, that if during the period of 30 days from the date of delivery of
9 the Finance Plan any County Executive or County Council shall have failed to approve or
10 disapprove the Finance Plan, such failure shall be deemed an approval of the Finance Plan by
11 such County Executive or County Council; and

12 WHEREAS, the Finance Plan has been based upon certain assumptions, tables and other
13 bases set forth in the Finance Plan which have been reviewed and considered by the County
14 Council; and

15 WHEREAS, delivery of the Finance Plan to the County Councils and County Executives of
16 the two Counties, respectively, has been approved by the Commission, and subject to the
17 approval of the Finance Plan as required under said Section 4-109, the Commission proposes
18 issuing the Refunding Bonds of Washington Suburban Sanitary District as and when market
19 conditions may permit, in the amount necessary to effectuate the Finance Plan, subject to such
20 revisions, if any, to the extent that any facts assumed should subsequently change; and

21 WHEREAS, the County Executive of Prince George's County has reviewed the Finance
22 Plan and has signed and submitted to the County Council his statement of approval of the
23 Finance Plan.

24 NOW, THEREFORE, BE IT RESOLVED by the County Council of Prince George's
25 County, Maryland, that the Finance Plan shown as Attachment "A" and affixed hereto be and is
26 hereby approved, recognizing that the Finance Plan is based upon certain assumptions, tables and
27 bases set forth therein and that to the extent the facts assumed should change, revisions in the
28 Finance Plan may be necessary.

29 BE IT FURTHER RESOLVED that the Finance Plan be placed on file with the Clerk of the
30 Council and that the Clerk be and is hereby directed to delivered to deliver to the Treasurer of the
31 Commission certified copies of this Resolution and of the excerpts from the minutes of the

1 meeting of the County Council evidencing the adoption of this Resolution.

2 BE IT FURTHER RESOLVED that in accordance with Section 4-109 of Article 29, the
3 time limitations respecting the approval of the Finance Plan by the County Council are hereby
4 waived.

5 BE IT FURTHER RESOLVED that the provisions of this Resolution are severable and if
6 any paragraph, provision, sentence, clause, section or part hereof is held illegal, invalid,
7 unconstitutional or inapplicable to any person or circumstance by a court of competent
8 jurisdiction, such illegality, invalidity, unconstitutionality, or inapplicability shall not effect or
9 impair any of the remaining paragraphs, provisions, sentences, clauses, section, or parts of this
10 Resolution. It is hereby declared to be the legislative intent that this Resolution would have been
11 adopted if such illegal, invalid, unconstitutional, or inapplicable provision, paragraph, sentence,
12 clause, section or part had not been included herein.

13 BE IT FURTHER RESOLVED, that the Washington Suburban Sanitary Commission shall
14 provide a comprehensive report to the Council within ten (10) days of the issuance of the
15 Refunding Bonds of the total savings in debt service, the present value of savings and the total
16 savings for the fiscal year in which the refunding occurred as well as the ensuing fiscal year.

Adopted this 25th day of September , 2001

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Ronald V. Russell
Chairman

ATTEST:

Joyce T. Sweeney
Clerk of the Council

Attachment A

WASHINGTON SUBURBAN SANITARY COMMISSION

REFUNDING ANALYSIS PLAN

FOR THE PERIOD

OCTOBER 1, 2001 – JUNE 1, 2002

SUBMITTED BY

PUBLIC ADVISORY CONSULTANTS

JULY 2, 2001

Washington Suburban Sanitary Commission**Tax-Exempt Bond Refinancing Analyses**

We have examined the Commission's outstanding tax-exempt bond issues. Predicated on current market conditions and in consultation with bond counsel with respect to refinancing eligibility, the bond issues outlined below are candidates for refinancing within the next twelve months. Of particular note are the General Construction Refunding Bonds of 1991 and 1992, which under current market conditions produce significant debt service and net present value savings – in the aggregate over \$15 million in debt service savings and over \$11 million in present value savings. Refinancing Prince George's County Storm Water Drainage Bonds yielded more modest results, with two issues exceeding the 2% savings threshold.

The bond issues eligible for refinancing under current tax regulations are itemized below.

Issue Number	Dated Date	Final Maturity Due	Original Bond Size	Purpose	Outstanding Principal	Current True Interest Cost	Earliest Refinancing Date
1	11/15/91	1/1/16	\$95,435,000	General Construction Refunding Bonds of 1991, Second Series	\$87,490,000	6.39%	Oct 1, 2001
2	11/15/87	12/1/02	\$5,000,000	Storm Water Drainage Bonds of 1987 (Prince George's County Series)	\$670,000	7.00%	Immediately
3	12/1/78	12/1/03	\$8,500,000	Storm Water Drainage Bonds of 1978, Prince George's County Series	\$1,790,000	5.54%	Immediately
4	9/1/77	4/1/05	\$14,400,000	Storm Water Drainage Refunding Bonds of 1977, Prince George's County Series	\$2,925,000	5.65%	Immediately
5	2/1/77	2/1/02	\$3,175,000	Storm Water Drainage Bonds of 1977, Prince George's County Series	\$240,000	5.00%	Immediately
6	6/1/92	6/1/12	\$54,775,000	General Construction Refunding Bonds of 1992	\$46,775,000	6.48%	Mar 1, 2002

Washington Suburban Sanitary Commission

Tax-Exempt Bond Refinancing Analyses

The chart below is an Executive Summary of Refinancing Savings for each bond series. The following assumptions were utilized:

- Tax-exempt refunding bond rates as of June 1, 2001.
- All eligible outstanding bonds called on earliest date.
- Escrow investment rate is 3%
- Issuance Costs estimated at 1%.
- Refunding bonds structured to achieve equal annual debt service savings within each bond series.
- All present value savings statistics are net of issuance costs

Executive Summary of Refinancing Savings

Baseline Analysis

Issue Number	Outstanding Principal	Refunding Bonds Issued	True Interest Cost	Avg. Annual Debt Service Savings	Total Savings to Maturity	Net Present Value Debt Service Savings	% Net Present Value Debt Service Savings
1	\$87,490,000	\$92,230,000	4.20%	\$756,610	\$11,349,157	\$8,565,317	9.79%
2	\$670,000	\$685,000	2.97%	\$7,513	\$15,026	\$14,623	2.18%
3	\$1,790,000	\$1,830,000	3.17%	\$11,170	\$33,511	\$32,334	1.81%
4	\$2,925,000	\$3,050,000	3.28%	\$19,303	\$77,210	\$73,213	2.50%
5	\$240,000	\$245,000	2.65%	\$(2,246)	\$(2,246)	\$(2,195)	(0.91%)
6	<u>\$46,775,000</u>	<u>\$49,200,000</u>	4.04%	<u>\$350,643</u>	<u>\$3,857,073</u>	<u>\$3,167,946</u>	<u>6.77%</u>
Totals	\$139,890,000	\$147,240,000		\$1,142,993	\$15,329,731	\$11,851,238	8.47%

Advance Refunding

In addition to the current refunding candidates listed above, the General Construction Bonds of 1992, issued in November 1992, may be eligible for advance refunding. The bonds maturing on or after June 1, 2004 are callable prior to their respective maturities on or after June 1, 2003. An advance refunding at current market conditions would result in net present value savings in excess of 2%.