

Prince George's County Council

Agenda Item Summary

Meeting Date: 10/3/2006
Reference No.: CR-073-2006
Draft No.: 1
Proposer(s): WSSC
Sponsor(s): Dernoga
Item Title: A Resolution approving the Refunding Plan of the Washington Suburban Sanitary Commission for the refunding of certain bonds of Washington Suburban Sanitary District through the issuance of General Construction Refunding Bonds, Water Supply Refunding Bonds and Sewerage Refunding Bonds.

Drafter: Hawi Sanu, Acting Director, THE Committee
Resource Personnel: Tom Traber, WSSC

LEGISLATIVE HISTORY:

| | |
|--|--------------------------|
| Date Presented: | Executive Action: |
| Committee Referral: 9/26/2006 - THE | Effective Date: |
| | |
| Committee Action: 10/2/2006 - FAV | |
| | |
| Date Introduced: 9/26/2006 | |
| Public Hearing: | |
| Council Action (1) 10/3/2006 - ADOPTED | |
| Council Votes: MB:A, WC:A, SHD:-, TD:A, CE:A, DCH:A, TH:A, TK:-, DP:A | |
| Pass/Fail: P | |
| Remarks: | |

AFFECTED CODE SECTIONS:

COMMITTEE REPORTS:

TRANSPORTATION, HOUSING AND ENVIRONMENT COMMITTEE

Date 10/2/2006

Committee Vote: Favorable, 3-0 (In favor: Council Members Harrington, Bland and Dernoga).

Staff summarized the purpose of the resolution and written referral comments that were received. CR-73-2006 approves the Refunding Plan of the Washington Suburban Sanitary Commission for refunding certain bonds of the Washington Suburban Sanitary District through the issuance of General Construction Refunding Bonds, Water Supply Refunding Bonds and Sewerage Disposal Refunding Bonds. All of the bonds were sold in earlier years at relatively higher interest rates and may be candidates for refinancing within the next twelve (12) months depending on market conditions. The estimated amount of the Refunding Bonds projected to be issued is \$79,730,000 and includes the transaction cost of approximately \$79,000.

While Exhibit "A" (Refunding Plan) indicates refinancing three bond issues, none of these issues currently would produce a substantial net present value saving. However, the bonds are included in the Refunding Plan to obtain Council approval so that when the market is conducive for refunding WSSC will not have to come back before the

Council.

The Chief Financial Officer of WSSC reports that if municipal bond interest rates decrease the projected present value savings could be as much as \$3.9 million to the Commission. Depending on the market, only cost-effective issues, if any, will be refunded.

The WSSC Commissioners approved the Refunding Plan on September 13, 2006. The Montgomery County Council will act on the refunding plan in their October 3, 2006 Council meeting.

The Legislative Officer and the Office of Law find it to be in proper legislative form.

BACKGROUND INFORMATION/FISCAL IMPACT:

(Includes reason for proposal, as well as any unique statutory requirements)

Section 4-109, Article 29 of the Annotated Code of Maryland requires that the sale of refunding bonds by the Washington Suburban Sanitary Commission shall be approved by the County Executive and County Council of Prince George's and Montgomery Counties, respectively. This approval must occur within 30 days of receipt of a Refunding Plan from the Commission. If action is not taken within the thirty-day period the Refunding Plan stands approved.

CODE INDEX TOPICS:

INCLUSION FILES:
