

**WASHINGTON SUBURBAN SANITARY COMMISSION**

**REFUNDING PLAN & ANALYSIS**

**SUBMITTED BY**

**PUBLIC ADVISORY CONSULTANTS, INC.**

**September 3, 2009**

**Washington Suburban Sanitary Commission**  
**Tax-Exempt Bond Refunding Plan**

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**Executive Summary**

Public Advisory Consultants, Inc., as financial advisor to the Washington Suburban Sanitary Commission (WSSC, or the Commission) has conducted a review of outstanding tax-exempt indebtedness of the Commission for refinancing suitability. Based on current market conditions, the General Construction Bonds of 2005, the Water Supply Bonds of 2005, and the Sewage Disposal Bonds of 2005 all exhibit positive net present value percent savings greater than 3%. From these three bond issues, approximately \$3.0 million in net present value (NPV) savings and \$3.7 million in gross savings can be realized through the issuance of \$92,055,000 in tax-exempt advance refunding bonds to refinance \$79,730,000, the callable components of \$136,270,000 in outstanding debt. All numbers are based on current market conditions and subject to change.

We have also reviewed the outstanding General Construction Bonds of 2004, Water Supply Bonds of 2006, Sewage Disposal Bonds of 2006, Water Supply Bonds of 2007, Sewage Disposal Bonds of 2007, and Consolidated Public Improvement Bonds of 2009 for refinancing suitability. The General Construction Bonds of 2004 exhibit negative NPV savings at this time and the other series each exhibit NPV savings of less than 1%.

We will continue to monitor the market for refunding opportunities. If rates were to fall lower and as the call date for each bond series gets closer, refunding opportunities may arise.

**Major Assumptions and Methodology**

- Tax-exempt refunding bond rates as of early-September 2009.
- All eligible outstanding bonds called on earliest date.
- Escrow investments based on SLGS rates as of September 3, 2009.
- Issuance Costs estimated at approximately \$150,000.
- Refunding bonds structured to achieve equal annual debt service savings within each year. (We could adjust this to achieve upfront savings on the General Construction Bonds as has been done previously.)
- All net present value savings statistics are net of all transaction costs.

Washington Suburban Sanitary Commission  
 Tax-Exempt Bond Refinancing Analysis  
 Summary of Debt Service Savings

Sep-09  
 Current Rates

Issue Number	Original Dated Date	Final Maturity Date	Original Bond Size	Purpose	Outstanding Principal	Refinanced Principal	Current Average Interest Rate	Earliest Refinancing Date	Refunding Bonds Issued	Gross Present Value \$ Savings*	Net Present Value \$ Savings *	Net Present Value % Savings *
1	2/1/2004	6/1/2028	7000000	General Construction Bonds of 2004	\$6,215,000	\$5,075,000	4.248%	Immediate	\$5,655,000	(\$39,901)	(\$22,775)	-0.449%
2	3/15/2005	6/1/2029	\$15,000,000	General Construction Bonds of 2005	\$13,790,000	\$10,830,000	5.000%	Immediate	\$12,550,000	\$507,822	\$387,289	3.576%
3	3/15/2005	6/1/2025	\$60,330,000	Water Supply Bonds of 2005	\$47,330,000	\$27,830,000	5.000%	Immediate	\$32,125,000	\$1,311,605	\$1,073,909	3.859%
4	3/15/2005	6/1/2025	\$97,870,000	Sewage Disposal Bonds of 2005	\$75,150,000	\$41,070,000	5.000%	Immediate	\$47,380,000	\$1,912,712	\$1,574,838	3.835%
5	2/15/2006	6/1/2026	\$50,000,000	Water Supply Bonds of 2006	\$42,500,000	\$25,000,000	4.243%	Immediate	\$27,370,000	\$215,164	\$186,172	0.745%
6	2/15/2006	6/1/2026	\$50,000,000	Sewage Disposal Bonds of 2006	\$42,500,000	\$25,000,000	4.248%	Immediate	\$27,370,000	\$215,164	\$186,172	0.745%
7	4/15/2007	6/1/2027	\$50,000,000	Water Supply Bonds of 2007	\$45,000,000	\$25,000,000	4.175%	Immediate	\$27,345,000	\$125,861	\$112,225	0.449%
8	4/15/2007	6/1/2027	\$20,000,000	Sewage Disposal Bonds of 2007	\$18,000,000	\$10,000,000	4.175%	Immediate	\$10,940,000	\$44,170	\$44,316	0.443%
9	1/15/2009	6/1/2028	\$165,000,000	Consolidated Public Improvement Bonds of 2009	\$156,640,000	\$83,805,000	4.332%	Immediate	\$91,500,000	\$475,351	\$412,230	0.492%
Total			\$508,200,000		\$440,910,000	\$248,535,000			\$276,580,000	\$4,807,849	\$3,977,151	1.600%
Issues 2-4 Only			\$173,200,000		\$136,270,000	\$79,730,000			\$92,055,000	\$3,732,139	\$3,036,036	3.808%

\* Subject to change, based on current market conditions.

Prepared by: Public Advisory Consultants, Inc.

Date: September 3, 2009