

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

1996 Legislative Session

Resolution No. CR-9-1996

Proposed by Chairman Del Giudice (by request - WSSC)

Introduced by Council Member Del Giudice

Co-Sponsors

Date of Introduction March 12, 1996

RESOLUTION

A RESOLUTION concerning

Approval of a Certain Finance Plan
of the Washington Suburban Sanitary Commission
for the Issuance of Refunding Bonds

For the purpose of approving the Finance Plan of Washington Suburban Sanitary Commission for the refunding of approximately \$177,545,000 of certain Bonds of Washington Suburban Sanitary District through the issuance of General Construction Refunding Bonds, Water Supply Refunding Bonds, Sewage Disposal Refunding Bonds and Storm Water Drainage Refunding Bonds, of Washington Suburban Sanitary District.

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

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

WHEREAS, said Section 4-109 of Article 29 provides for the preparation by the

Commission of its plan respecting the issuance of the Refunding Bonds and pursuant thereto the Commission has delivered to the County Executive and the County Council of Prince George's County said plan (the "Finance Plan") entitled:

WASHINGTON SUBURBAN SANITARY COMMISSION
BOND REFUNDING PLAN

and dated February 14, 1996; and

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

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

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

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

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

revisions in the Finance Plan may be necessary.

BE IT FURTHER RESOLVED that the Finance Plan be placed on file with the Clerk of the Council and that the Clerk be and is hereby directed to deliver to the Treasurer of the Commission certified copies of this Resolution and of the excerpts from the minutes of the meeting of the County Council evidencing the adoption of this Resolution.

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

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

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

Adopted this 26th day of March , 1996.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY:

Stephen J. Del Giudice
Chairman

ATTEST:

Joyce T. Sweeney
Clerk of the Council

ATTACHMENT A

WASHINGTON SUBURBAN SANITARY COMMISSION

BOND REFUNDING PLAN

FEBRUARY 14, 1996

Refunding Plan

The following is the proposed plan of the Washington Suburban Sanitary Commission ("WSSC") to issue refunding bonds, the proceeds of which would be used to refinance certain outstanding maturities of WSSC bonds. This plan indicates that such a refunding transaction will result in significant savings in debt service costs.

This plan provides for the refunding of selected callable maturities of the WSSC bond issues appearing in the attached analysis.

In this plan only the callable maturities of the referenced issues would be refunded. Our analysis indicates that there would be no additional savings realized by refunding the non-callable maturities of these issues. Under current market conditions, approximately \$3.9 million of net present value savings could be realized by refunding selected outstanding callable maturities of the referenced bonds. A 25 basis point reduction in interest rates will provide an additional \$1,686,528 of present value savings. A reduction of 50 basis points would allow for an additional \$1.8 million of present value savings to be realized over the current market.

The refunding of the above issues would be accomplished through the sale of a single series of refunding bonds to provide future refunding opportunities. The refunding bonds would be sold either competitively or on a negotiated basis, whichever method would maximize the savings to WSSC. We recommend the issuance of refunding bonds to refinance the callable maturities of the above-referenced refunding issues provided that at least 1.5 percent in present value savings can be realized with respect to each of the issues to be refunded. In the event that any one of the above referenced issues could not be refunded to realize 1.5 percent present value savings at the time of the sale of the refunding bonds, that particular issue would not be included in the final refunding.

Washington Suburban Sanitary Commission
Potential Refunding Candidates
February 14, 1996

<u>Dated Date</u>	<u>Bond Type</u>	<u>Refundable Principal</u>	<u>Projected Present Value Savings</u>	<u>Present Value Savings Percentage</u>
<u>Issues Refundable in a 5.06% Market</u>				
11/1/79	Storm Drain	\$920,000	\$47,897	5.20%
1/1/86	Storm Drain	5,350,000	275,747	5.15%
10/15/86	Water Supply Refunding	13,185,000	462,198	3.50%
10/15/86	Sewer Refunding	11,070,000	388,057	3.50%
1/1/87	Water Supply	3,500,000	146,291	4.17%
1/1/87	Sewer	6,000,000	250,784	4.17%
11/15/87	Water Supply	5,000,000	378,135	7.56%
11/15/87	Storm Drain	1,675,000	87,900	5.24%
11/1/94	General Construction	<u>39,495,000</u>	<u>1,864,497</u>	4.72%
	Total	\$86,195,000	\$3,901,506	
		=====	=====	
<u>Additional Issues Refundable in a 4.81% Market</u>				
2/1/77	General Construction	\$23,300,000	\$447,360	1.92%
2/1/77	Water Supply	12,900,000	247,680	1.92%
2/1/77	Storm Drain	1,290,000	24,768	1.92%
6/1/92	Water Supply	23,500,000	535,800	2.28%
6/1/92	Sewer	<u>18,900,000</u>	<u>430,920</u>	2.28%
	Total	\$79,890,000	\$1,686,528	
		=====	=====	
<u>Additional Issues Refundable in a 4.56% Market</u>				
5/1/71	Sewer	\$ 1,440,000	\$20,160	1.40%
7/1/72	Water Supply	4,680,000	50,076	1.07%
7/1/72	Sewer	<u>5,340,000</u>	<u>57,138</u>	1.07%
	Total	\$11,460,000	\$127,374	
		=====	=====	