HOUSE BILL 890

Unofficial Copy 2001 Regular Session
L5 1lr0399

By: **Montgomery County Delegation and Prince George's County Delegation**
Introduced and read first time: February 9, 2001
Assigned to: Appropriations

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 20, 2001

CHAPTER 508

AN ACT concerning

Washington Suburban Sanitary Commission - Contracting Authority - Revenue Bonds
MC/PG 109-01

FOR the purpose of authorizing the Washington Suburban Sanitary Commission to enter into certain contracts in certain capacities with certain persons for certain purposes; altering the purposes for which the Commission may acquire certain property; altering the authority of the Commission to sell, lease, license, or contract with respect to certain property; requiring the Commission to enter into certain contracts only with certain entities; requiring the funding of certain initial program costs not to exceed a certain amount; authorizing the Commission to issue certain revenue obligation bonds for certain purposes and under certain conditions, supported by certain projects; providing for the issuance, terms, conditions, redemption, payment, sale, and security of certain revenue bonds; providing for the reimbursement of certain costs; providing for the uses of the proceeds of certain revenue bonds; providing that certain revenue bonds are negotiable instruments under the laws of the State; authorizing the establishment of certain trust agreements regarding certain revenue bonds; authorizing the issuance of certain revenue refunding bonds under certain conditions; providing that certain revenue bonds are exempt from taxation by the State and its counties and municipal corporations; requiring the Commission to take certain actions with respect to the federal taxation of certain revenue bonds; altering certain definitions; correcting cross-references; providing that existing indebtedness of the Commission may not be construed to be impaired by this Act; providing that a presently existing obligation or contract right may not be construed to be impaired by this Act; and generally

relating to the Washington Suburban Sanitary Commission and its authority to enter into contracts and to issue debt instruments.

BY repealing and reenacting, with amendments,
Article 29 - Washington Suburban Sanitary District
Section 1-202(a) and (b), 1-204(a)(1), 1-206, and 1-208; and 4-101(a)(1)(iv), (b), and (c), 4-102(b), 4-104, 4-105(a), 4-107, 4-108(b), 4-109(b) and (d), and 4-110(a) through (c) to be under the new subtitle "Subtitle 1. General Obligation Bonds and Notes"
Annotated Code of Maryland
(1997 Replacement Volume and 2000 Supplement)

BY adding to
Article 29 - Washington Suburban Sanitary District
Section 4-201 through 4-212 to be under the new subtitle "Subtitle 2. Revenue Bonds"
Annotated Code of Maryland
(1997 Replacement Volume and 2000 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article 29 - Washington Suburban Sanitary District

1-202.

(a) In this section, "property" includes:

(1) Land;

(2) Structures;

(3) Buildings;

(4) Streambeds;

(5) Waterways;

(6) Water rights; [or]

(7) Watersheds;

(8) WATER SYSTEMS AND PARTS OF WATER SYSTEMS; AND

(9) WASTEWATER SYSTEMS AND PARTS OF WASTEWATER SYSTEMS.

(b) If the WSSC decides to acquire property within or without the sanitary district, the WSSC may purchase in fee or as an easement property for the construction, extension, [or] maintenance, OR OPERATION of a project the WSSC

considers necessary to carry out the provisions of this article OR IN FURTHERANCE OF THIS ARTICLE.

1-204.

(a) The WSSC:

(1) Before January 15 of each year, shall prepare capital and operating budgets for the next fiscal year, WHICH SHALL INCLUDE PROJECTS AND CONTRACTS AUTHORIZED UNDER §§ 1-206 AND 1-208 OF THIS SUBTITLE, which shall be open for inspection by the public and copies shall be made available to the public on request;

1-206.

(a) The WSSC may enter into any contracts or agreements with the District of Columbia and with any federal, State, county, or municipal authority in this State and any other state and with any public water, sewerage, or drainage commission in this State and any other state concerning any matter necessary, advisable, or expedient for the proper construction, maintenance, and operation of the water supply, sewerage, or drainage systems under the WSSC's control or those under the control or ownership of the District of Columbia, or any other type of agency, authority, or commission specified in this section.

(b) THE WSSC MAY CONTRACT, EITHER AS A PRIMARY PARTY OR AS A SUBCONTRACTOR, WITH, OR INVEST IN, ANY PERSON FOR THE OWNERSHIP, JOINT-VENTURING, MANAGEMENT, OPERATION, SUPERVISION, ASSISTANCE, PARTICIPATION, OR ANY OTHER ACTIVITY RELATING TO THE DESIGN, CONSTRUCTION, OPERATION, MAINTENANCE, OR MANAGEMENT OF WATER OR WASTEWATER SYSTEMS, INCLUDING SYSTEMS, SERVICES, EXPERTISE, INTELLECTUAL PROPERTY, AND TECHNIQUES DEVELOPED IN CONNECTION WITH WATER OR WASTEWATER SYSTEMS, OR USABLE OR MARKETABLE WITH RESPECT TO WATER OR WASTEWATER SYSTEMS.

(C) Any contract or agreement [so] entered into UNDER SUBSECTION (A) OR (B) OF THIS SECTION has the full [force and] effect of a contract between the District of Columbia and this State and between the other [agencies and authorities] AGENCIES, AUTHORITIES, OR PERSONS described in this section and this State.

[(c)] (D) (1) INITIAL PROGRAM DEVELOPMENT COSTS FOR A PROJECT SUBJECT TO A CONTRACT OR AGREEMENT UNDER THIS SECTION MAY BE FINANCED FROM WSSC FUNDING SOURCES OTHER THAN REVENUE BOND PROCEEDS ONLY IF THOSE COSTS ARE REIMBURSED FROM PROJECT REVENUES.

(2) OTHER PROJECT COSTS MAY BE FINANCED FROM WSSC SOURCES OTHER THAN REVENUE BOND PROCEEDS ONLY IF THOSE COSTS ARE REIMBURSED FROM PROJECT REVENUES.

(E) The authority granted in this section is in addition to, and is not limited by, the authority granted by any other Act of the General Assembly.

(F) ANY PROJECT, CONTRACT, OR TRANSACTION ENTERED INTO PURSUANT TO THIS SECTION THAT UTILIZES REVENUE BONDS ISSUED UNDER TITLE 4, SUBTITLE 2 OF THIS ARTICLE SHALL BE ENTERED INTO BY THE WSSC ONLY THROUGH THE USE OF A LIMITED LIABILITY COMPANY, LIMITED LIABILITY PARTNERSHIP, LIMITED PARTNERSHIP, OR OTHER COMPARABLE LIMITED LIABILITY ENTITY OR ARRANGEMENT.

(G) FUNDING OF INITIAL PROGRAM COSTS UNDER SUBSECTION (D)(1) OF THIS SECTION AND OTHER PROJECT COSTS UNDER SUBSECTION (D)(2) OF THIS SECTION MAY NOT, IN ANY FISCAL YEAR, EXCEED AN AMOUNT EQUAL TO 3 PERCENT OF THE GROSS REVENUES OF THE WSSC FROM WATER CONSUMPTION CHARGES AND SEWER USE CHARGES FOR THE IMMEDIATELY PRECEDING FISCAL YEAR.

1-208.

(a) In this section, "product" or "technology" does not include water or sewer service provided as part of the primary mission of the WSSC IN THE SANITARY DISTRICT OR THROUGH SYSTEMS CONNECTED DIRECTLY TO AND OPERATED AS PART OF THE SANITARY DISTRICT.

(b) (1) Subject to subsection (c) of this section, the WSSC may sell, lease, or license to the public, or enter into a contract concerning:

(i) Any product or technology that is produced or developed by the WSSC in the normal course of its operations, including patents, trademarks, and copyrights; [or]

(ii) Any service directly related to such a product or technology; OR

(III) ANY SYSTEM, SERVICE, EXPERTISE, INTELLECTUAL PROPERTY, OR TECHNIQUE DEVELOPED, OWNED, OR CONTROLLED BY OR UNDER THE JURISDICTION OF THE WSSC.

(2) The WSSC may adopt a price structure for [a product or technology] AN ITEM DESCRIBED OR AUTHORIZED UNDER PARAGRAPH (1) OF THIS SUBSECTION based on any factors that the WSSC considers relevant, including:

(i) The costs of creating, developing, reproducing, and delivering the product or technology;

(ii) Overhead and labor costs; and

(iii) The fair market value of the product or technology.

(c) (1) The WSSC shall account for expenditures and revenues resulting from sales under this section by establishing a separate set of accounts.

(2) These accounts shall be itemized and included in the annual budget of the WSSC.

(d) ~~Any profits earned by the WSSC under this section, AFTER A REASONABLE ALLOWANCE FOR EXPENSES, CONTINGENCIES, AND RESERVES, shall be used to reduce its water and sewer rates~~ THE WSSC SHALL USE ANY NET REVENUES EARNED FROM PROJECTS AND CONTRACTS ENTERED INTO UNDER THIS SECTION TO STABILIZE OR REDUCE RATES AND TO REDUCE DEBT.

(E) (1) INITIAL PROGRAM DEVELOPMENT COSTS MAY BE FINANCED FROM WSSC FUNDING SOURCES OTHER THAN REVENUE BOND PROCEEDS ONLY IF THOSE COSTS ARE REIMBURSED FROM PROJECT REVENUES.

(2) OTHER PROJECT COSTS MAY BE FINANCED FROM WSSC SOURCES OTHER THAN REVENUE BOND PROCEEDS ONLY IF THOSE COSTS ARE REIMBURSED FROM PROJECT REVENUES.

(F) ANY PROJECT, CONTRACT, OR TRANSACTION ENTERED INTO PURSUANT TO THIS SECTION THAT UTILIZES REVENUE BONDS ISSUED UNDER TITLE 4, SUBTITLE 2 OF THIS ARTICLE SHALL BE ENTERED INTO BY THE WSSC ONLY THROUGH THE USE OF A LIMITED LIABILITY COMPANY, LIMITED LIABILITY PARTNERSHIP, LIMITED PARTNERSHIP, OR OTHER COMPARABLE LIMITED LIABILITY ENTITY OR ARRANGEMENT.

(G) FUNDING OF INITIAL PROGRAM COSTS UNDER SUBSECTION (E)(1) OF THIS SECTION AND OTHER PROJECT COSTS UNDER SUBSECTION (E)(2) OF THIS SECTION MAY NOT, IN ANY FISCAL YEAR, EXCEED AN AMOUNT EQUAL TO 3 PERCENT OF THE GROSS REVENUES OF THE WSSC FROM WATER CONSUMPTION CHARGES AND SEWER USE CHARGES FOR THE IMMEDIATELY PRECEDING FISCAL YEAR.

SUBTITLE 1. GENERAL OBLIGATION BONDS AND NOTES.

4-101.

(a) (1) (iv) The bonds may be either registered or coupon bonds, or registerable as to principal with interest represented by coupons and issued in such denomination or denominations as shall be determined by the WSSC, shall bear interest as provided in § 4-104 of this [title] SUBTITLE payable semiannually and shall mature no later than 40 years after the date of issue of the bonds.

(b) They shall be issued under the hand and seal of the WSSC and shall be guaranteed as to payment of principal and interest by the County Councils of both Montgomery and Prince George's counties, which guaranty shall be endorsed on each of the bonds in the following language: "The payment of interest when due and the principal at maturity is guaranteed by Montgomery and Prince George's counties, Maryland". The bonds of the sanitary district shall be signed by the chairman and the secretary and the treasurer of the WSSC or, if the WSSC shall so provide, by any 2 of its members and the official seal of the WSSC shall be impressed upon the bonds. However, the WSSC may authorize any of its officials to sign the bonds with his facsimile signature. Also, the WSSC may authorize a facsimile of the official seal of the WSSC to be imprinted on the bonds, in which case it shall not be necessary that the official seal be impressed physically upon the bonds. The guaranty or

endorsement by the County Council shall be signed on each of the bonds on behalf of each county by the County Executive or by any officer designated for that purpose by the County Executive, by his facsimile or manual signature as the County Executive shall determine, within 20 days after the bonds are presented by the WSSC for the signing of the endorsement. In the event of any liability under the above guaranty, the liability for each county shall be in whatever proportion as the assessable basis of that part of either county within the sanitary district bears to the assessable basis of the whole of the sanitary district. Notwithstanding the foregoing provisions of this subsection, the WSSC may, at its option and pursuant to the provisions of § 4-103 of this [title] SUBTITLE, waive the guarantee of the counties above provided for.

(c) As to any bonds issued under the provisions of this section for the purpose of providing funds for the construction, remodeling, enlargement or replacement of any office or operating building or buildings, the WSSC shall annually determine the amount necessary to meet the principal and interest requirements of such bonds, and shall set aside annually for such purpose so much of the receipts from water service charges, sewer usage charges, house connection charges and any other charges imposed by the WSSC as the WSSC shall determine to be fair and equitable to be so set aside, and the amounts of such receipts so set aside shall be deducted from the amount which the WSSC has determined to be necessary to be raised by direct taxation under the provisions of § 4-105 of this [title] SUBTITLE, upon certification to the County Council of Montgomery County and the County Council of Prince George's County.

4-102.

(b) If such mutilated or destroyed or lost bond shall have been guaranteed as to payment of principal and interest by Montgomery and Prince George's Counties, there shall be endorsed on the new bonds issued in substitution for such mutilated or destroyed or lost bond a guaranty identical with the guaranty on such mutilated or destroyed or lost bond, and such endorsement shall be signed as provided in § 4-101 of this [title] SUBTITLE, as amended.

4-104.

Any bonds, notes, certificates of indebtedness or other instruments evidencing debt of the sanitary district, issued under the provisions of this [article] SUBTITLE or of any other law after July 1, 1968, shall bear interest at such rate or rates annually as the WSSC determines to be advantageous to the sanitary district and otherwise in the public interest, notwithstanding any other provisions of this [article] SUBTITLE to the contrary.

4-105.

(a) For the purpose of retiring the bonds and notes authorized to be issued by this [article] SUBTITLE and the payment of the interest thereon, there shall be levied against all the assessable property within such sanitary district, by the County Councils of Montgomery and Prince George's Counties, respectively, annually so long as any of such bonds or notes are outstanding and not paid, a tax sufficient to meet

the interest on such bonds and notes as it becomes due, and to pay the principal thereof as they mature, such tax to be determined, levied, collected and paid over in the following manner: At least 30 days before the tax levying period of each year, the respective county executives shall certify to the WSSC the whole valuation of assessable property within the sanitary district. Such WSSC shall then determine the amount necessary to be raised for the ensuing year for the payment of interest on all outstanding bonds and notes, the principal of all serial bonds and of all notes maturing in such year and the proportionate part of principal of all outstanding sinking fund bonds, the amount to be paid on the principal of such sinking fund bonds in any 1 year to be determined by the usual table of redemption of bonds by annual deposit in a sinking fund on interest; and after deducting all amounts in hand applicable to payment of interest and principal on such bonds and notes, as hereinafter provided, it shall determine the number of cents per $100 necessary to raise such amount and shall so certify to both the County Councils of Montgomery and Prince George's Counties. The County Councils of Montgomery and Prince George's Counties in their next annual levy shall levy such tax on all land and improvements and any other property assessed for county tax purposes within such sanitary district, which tax shall be levied and collected as county taxes now are or may be hereafter by law levied and collected, and have the same priority rights, bear the same interest and penalties and in every respect be treated the same as county taxes. The tax so levied for the ensuing year shall be collected by the respective tax collecting authorities, and every 60 days they shall remit the whole amount of tax collected to such WSSC. From the money so received, together with the amount in hand to the credit of such current bond fund, or applicable to the payment of interest on its bonds and notes and the principal thereof, the WSSC shall first pay all interest on such bonds and notes as it matures, pay, or reserve a sufficient amount of money to pay, its serial bonds maturing in such taxable year, and shall then deposit in some bank or banks in 1 or both of the counties, to the credit of both counties and the WSSC, as a joint fund to be known as "sinking fund account", the amount so raised for the payment of the proportionate part of the principal of such sinking fund bonds.

4-107.

All sums collected by the WSSC for benefits levied against property for water supply and sewerage construction, as provided in § 5-101 of this article, shall be set aside as a separate fund to be known and designated as the "Current Bond Fund", from which fund interest shall be paid on all outstanding bonds, and the balance of the Fund shall be prorated monthly, and applied to the payment of the principal of maturing serial bonds and the payment into the joint "sinking fund" account, as provided under § 4-105 of this [title] SUBTITLE, of the proportionate part of the principal of outstanding sinking fund bonds as the outstanding par value of both types of bonds bear to each other. The WSSC, in order to determine the amount necessary to be levied under § 4-105 of this [title] SUBTITLE, shall deduct the amount to its credit in the "Current Bond Fund" account from the whole amount necessary to be raised in any 1 year for interest on all of its outstanding bonds, the payment of the principal of its maturing serial bonds and the proportionate part of principal of all outstanding sinking fund bonds, and the balance remaining to be raised shall be the amount to be certified to the County Councils of Montgomery and

Prince George's Counties for collection by taxation as provided under § 4-105 of this [title] SUBTITLE.

4-108.

(b) Such bond anticipation notes, except those which may be issued for emergent purposes as hereinafter mentioned and within the hereinafter specified limitation therefor, shall mature within a period of not exceeding 5 years, or if issued for a period of less than 5 years they may be renewed from time to time for successive periods of not exceeding 1 year each, but such notes, including renewals, shall be payable not more than 5 years from the date of the notes first issued. Such notes shall be in such denomination or denominations, shall bear interest as provided in § 4-104 of this [title] SUBTITLE, payable at such time or times at or before the maturity of the notes, shall be in such form and shall be executed in such manner as the WSSC shall prescribe. Such bond anticipation notes shall be sold at public sale or, if the notes be renewal notes, they may be exchanged for notes then outstanding on such terms as the WSSC shall determine; provided, however, that of the aforegoing authorized bond anticipation notes such notes in an amount of not more than $10,000,000, either at one time or outstanding at any one time, may be sold by a negotiated sale, i.e., without the requirement of a public sale, where from an economic or engineering or orderly financial administration point of view the WSSC finds the requirements for the funds are such as to require the sale of the notes at an immediate or earlier time than would be possible through the procedures of public sale. Before concluding a negotiated sale, however, the WSSC shall negotiate with at least 2 recognized banking institutions which generally purchase bond anticipation notes and obtain the terms most favorable in the WSSC's interest. Further, any bond anticipation notes sold at a negotiated sale shall mature within a period of not exceeding 180 days and may be renewed not more than one time for an additional period not exceeding 180 days.

4-109.

(b) Refunding bonds may bear such date or dates, may mature at such time or times not exceeding 40 years from their respective dates, may bear interest at such rate or rates, not to exceed 10 percent per annum, may be made redeemable before maturity upon such terms, may be in such denomination or denominations, may be in such form, either coupon or registered, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment at such place or places, within or without the State of Maryland, may provide for the replacement of mutilated, destroyed, stolen or lost bonds, and may contain such other terms, conditions and covenants, as may be provided in the resolution or resolutions of the WSSC authorizing the issuance of the refunding bonds. Refunding bonds issued to refund outstanding bonds respecting which front foot benefit charges shall have been levied shall be stated to mature not later than 1 year from the date fixed for the payment of the final installment of such front foot benefit charges. Refunding bonds may be exchanged for bonds being refunded or may be sold at public sale or, if the WSSC shall find and determine that a public sale would be impracticable in effectuating the purpose of the refunding bonds, at a negotiated sale in open meeting, at such price, terms and conditions as the WSSC

shall determine to be for the best interest of the sanitary district. At least 45 days prior to the sale or exchange of any refunding bonds, the WSSC shall deliver its plan respecting the issuance of such refunding bonds to the County Executives and County Councils of Montgomery and Prince George's Counties and such sale or exchange shall not be made unless such plan is approved by the County Executives and County Councils of each of the 2 counties; provided that if, during the period of 30 days from the date of the delivery of the plan any County Executive or County Council shall have failed to approve or disapprove the plan, such failure shall be deemed an approval of the plan by such County Executive or County Council. The foregoing time periods may be waived by the County Executives and County Councils. In case any officer whose signature or a facsimile of whose signature shall appear on any refunding bond or coupon shall cease to be an officer before the delivery of the refunding bond, the signature or facsimile shall nevertheless be valid and sufficient for all purposes just as if the officer had remained in office until the delivery. Any refunding bonds issued to refund bonds guaranteed as to the payment of principal and interest by Montgomery or Prince George's Counties, may be guaranteed in like manner in the form and under the provisions of § 4-101 of this [title] SUBTITLE. Refunding bonds authorized under this section shall be in addition to any other bonds authorized to be issued under this [article] SUBTITLE or any amendments of this [article] SUBTITLE, and shall be included in computing the amount of bonds which may be issued under the 7.0 percent limitation of § 4-101(e) of this [title] SUBTITLE. The provisions of § 4-101(a) of this [title] SUBTITLE exempting from taxation other bonds of the sanitary district shall apply to refunding bonds. Any power expressly granted under this section is not subject to the provisions of any other law or other section of this [article] SUBTITLE in conflict with that power.

(d) For the purpose of retiring the refunding bonds issued under the provisions of this section and the payment of the interest thereon, there shall be levied annually against all of the assessable property within the sanitary district by the County Councils of Montgomery and Prince George's Counties, so long as the bonds are outstanding and unpaid, a tax sufficient to pay the interest on the bonds as it becomes due and to pay the principal and redemption premium, if any, of the bonds at their maturity or redemption; provided that as to any series of refunding bonds issued to refund storm and surface water drainage bonds, the tax shall be levied by the County Council of the respective counties in which the storm or surface water drainage systems provided with the proceeds of the bonds thus being refunded shall be located. Such tax shall be determined, levied, collected and paid over to the WSSC in the manner provided by § 4-105 of this [title] SUBTITLE, and all of the provisions of § 4-105 of this [title] SUBTITLE shall apply to the refunding bonds issued under this section. The WSSC shall make adequate provision for extending to the rate payers of the WSSC the benefit of savings in debt service costs derived through the issuance of any refunding bonds hereunder.

4-110.

(a) For the purpose of providing funds for the design and construction of trunk sewers and those sewers or portions of sewer lines required to relieve septic tank failures and for which no front foot benefit charges can be collected as determined by the WSSC, sewage pumping stations and sewage disposal facilities including

reimbursement to the District of Columbia or other federal authorities for any construction within the District of Columbia after January 1, 1951, the WSSC created by Chapter 122 of the Acts of the General Assembly of Maryland of 1918, may issue bonds of the sanitary district from time to time, in amounts it considers necessary, but the aggregate amount of bonds issued under this section shall be included in and subject to the 7.0 percent limitation under § 4-101(e) of this [title] SUBTITLE. Bonds issued under the authority of this section shall be serial bonds with the principal of any given issue payable annually, commencing not more than 3 years from the date of the bonds. The bonds may be either registered or coupon bonds, or registerable as to principal with interest represented by coupons, and issued in a denomination or denominations as shall be determined by the WSSC, with interest at such rate or rates per annum as provided in § 4-104 of this [title] SUBTITLE payable semiannually and with a maturity date not exceeding 40 years from the date of issue. All bonds of the WSSC issued pursuant to the authority of this section are exempt from taxation by the State of Maryland and by the counties and municipalities in the State.

(b) They shall be issued under the hand and seal of the WSSC and shall be guaranteed as to payment of principal and interest by Montgomery and Prince George's Counties, which guarantee shall be endorsed on each of such bonds in the following language: "The payment of interest when due and the principal at maturity is guaranteed by Montgomery and Prince George's Counties, Maryland". The bonds of the sanitary district shall be signed by the chairman and the secretary and the treasurer of the WSSC or, if the WSSC shall so provide, by any 2 of its members, and the official seal of the WSSC shall be impressed upon the bonds; provided, however, that the WSSC may authorize any of such officials to sign the bonds with his facsimile signature; except that each of such bonds shall be manually signed by at least 1 of such officials; and provided, further, that the WSSC may authorize a facsimile of the official seal of the WSSC to be imprinted on the bonds, in which case it shall not be necessary that such official seal be impressed physically upon the bonds. Such guarantee or endorsement by Montgomery and Prince George's Counties shall be signed on each of such bonds on behalf of each county by the County Executive of each county or by any officer designated for such purpose by the County Executive, by his facsimile or manual signature as the County Executive shall each respectively determine, within 20 days after the bonds are presented by the WSSC for the signing of such endorsement. In the event of any liability under the above guarantee, such liability for each county shall be in such proportion as the assessable basis of that part of either county within the sanitary district bears to the assessable basis of the whole of such district. Notwithstanding the foregoing provisions of this subsection, the WSSC may, at its option and pursuant to the provisions of § 4-103 of this [title] SUBTITLE, waive the guarantee of such counties above provided for.

(c) For the purpose of retiring bonds authorized to be issued by this section, and payment of the interest thereon, there shall be levied against all of the assessable property within the sanitary district, by the County Councils of Montgomery and Prince George's Counties, annually so long as the bonds are outstanding and not paid, a tax sufficient to meet the interest on the bonds, and to pay the principal thereof as the principal and interest mature or become due; the tax shall be determined, levied, collected and paid over to the WSSC in the manner provided by § 4-105 of this [title]

SUBTITLE, and all of the provisions of § 4-105 of this [title] SUBTITLE shall apply to the bonds issued hereunder.

SUBTITLE 2. REVENUE BONDS.

4-201.

THIS SUBTITLE DOES NOT APPLY TO DEBT ISSUED BY THE WSSC UNDER SUBTITLE 1 OF THIS TITLE.

4-202.

THE PURPOSE OF THIS SUBTITLE IS TO AUTHORIZE THE WSSC TO ISSUE BONDS IN A MANNER THAT PROVIDES FLEXIBILITY WITHOUT IMPOSING ADDITIONAL DEBT BURDENS ON THE ASSESSABLE TAX BASE OF THE SANITARY DISTRICT, THUS YIELDING OVERALL SAVINGS TO THE RESIDENTS OF THE SANITARY DISTRICT.

4-203.

(A) (1) THE WSSC MAY ISSUE AND SELL REVENUE BONDS FOR THE PURPOSE OF FINANCING OR REFINANCING ALL OR PART OF ~~THE~~ WSSC'S COSTS OF ANY PROJECT RELATING TO THE EXERCISE OF ANY POWER OR DUTY OF THE WSSC UNDER THIS ARTICLE.

(2) COSTS THAT MAY BE FINANCED INCLUDE THE:

(I) NECESSARY EXPENSES OF PREPARING, PRINTING, SELLING, AND ISSUING THE BONDS;

(II) FUNDING OF RESERVES; ~~AND~~

(III) PAYMENT OF INTEREST WITH RESPECT TO FINANCING THE PROJECT IN THE AMOUNTS AND FOR THE PERIOD THAT THE WSSC DETERMINES; AND

(IV) INITIAL PROGRAM DEVELOPMENT COSTS.

(3) INITIAL PROGRAM DEVELOPMENT COSTS MAY BE FINANCED FROM WSSC FUNDING SOURCES OTHER THAN REVENUE BOND PROCEEDS ONLY IF THOSE COSTS ARE REIMBURSED FROM PROJECT REVENUES.

(4) OTHER PROJECT COSTS MAY BE FINANCED FROM WSSC SOURCES OTHER THAN REVENUE BOND PROCEEDS ONLY IF THOSE COSTS ARE REIMBURSED FROM PROJECT REVENUES.

(B) (1) BONDS MAY BE ISSUED UNDER THIS SUBTITLE ONLY IF THE WSSC AUTHORIZES THEM BY RESOLUTION.

(2) THE RESOLUTION MAY AUTHORIZE ONE OR MORE OFFICERS OF THE WSSC TO DETERMINE OR SPECIFY BY BOND ORDER THE MATTERS THAT THIS

SUBTITLE REQUIRES TO BE DETERMINED OR SPECIFIED, OR AS MAY BE NECESSARY OR ADVISABLE TO ACCOMPLISH THE PURPOSES OF THIS SUBTITLE.

(C) THE BONDS ISSUED UNDER THIS SUBTITLE, AND THEIR PRINCIPAL, INTEREST, AND ANY PREMIUM:

(1) ARE LIMITED OBLIGATIONS OF THE WSSC;

(2) ARE PAYABLE SOLELY FROM THE REVENUES IDENTIFIED IN THE RESOLUTION REFERRED TO IN SUBSECTION (B) OF THIS SECTION OR OTHER MONEYS MADE AVAILABLE FOR THAT PURPOSE; AND

(3) MAY NOT BE CONSIDERED TO CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE WSSC OR OF ANY TAXING POWER.

(D) (1) (I) BONDS ISSUED UNDER THIS SUBTITLE SHALL BE DATED, BEAR INTEREST, AND MATURE AT THE TIME THAT THE WSSC DETERMINES.

(II) THE BONDS SHALL MATURE NO LATER THAN 50 YEARS AFTER THEIR DATE OF ISSUE.

(2) THE BONDS MAY BEAR INTEREST AT VARIABLE RATES OF INTEREST, IN A MANNER AND AMOUNTS THAT THE WSSC DETERMINES.

(3) THE BONDS SHALL BE PAYABLE IN THE MANNER AND AT THE TIMES AND PLACES THAT THE WSSC DETERMINES.

(4) THE BONDS MAY BE MADE REDEEMABLE BEFORE MATURITY AT THE OPTION OF THE WSSC AT A PRICE AND UNDER TERMS AND CONDITIONS THAT THE WSSC DETERMINES.

(5) (I) THE WSSC SHALL DETERMINE THE FORMS OF THE BONDS AND THE MANNER OF THEIR EXECUTION.

(II) THE BONDS MAY BE EXECUTED BY FACSIMILE SIGNATURE.

(6) IF AN OFFICER WHOSE SIGNATURE APPEARS ON THE BONDS CEASES TO HOLD THAT OFFICE BEFORE THE BONDS ARE DELIVERED, THE SIGNATURE OF THE OFFICER REMAINS VALID AND SUFFICIENT FOR ALL PURPOSES, AS IF THE OFFICER HAD REMAINED IN OFFICE UNTIL DELIVERY.

4-204.

ALL BONDS ISSUED UNDER THIS SUBTITLE ARE NEGOTIABLE INSTRUMENTS UNDER THE LAWS OF THE STATE.

4-205.

(A) THE WSSC MAY SELL THE BONDS ISSUED UNDER THIS SUBTITLE, EITHER AT PUBLIC OR PRIVATE SALE, IN A MANNER AND FOR A PRICE THAT THE WSSC DETERMINES TO BE IN ITS BEST INTERESTS.

(B) THE PROVISIONS OF ARTICLE 31, §§ 9, 10, AND 11 OF THE CODE DO NOT APPLY TO THE ISSUANCE AND SALE OF BONDS AUTHORIZED BY THIS SUBTITLE.

4-206.

(A) THE PROCEEDS OF EACH ISSUE OF BONDS UNDER THIS SUBTITLE SHALL BE USED SOLELY FOR THE PROJECTS FOR WHICH THE BONDS WERE ISSUED.

(B) THE PROCEEDS SHALL BE DISTRIBUTED IN THE SAME MANNER AND UNDER ANY RESTRICTIONS STATED IN THE RESOLUTION OF THE WSSC THAT AUTHORIZES THE ISSUANCE OF THE BONDS, OR IN THE TRUST AGREEMENT SECURING THE BONDS.

(C) (1) IF THE PROCEEDS OF THE BONDS ARE LESS THAN THE COST OF A PROJECT OR PROJECTS, THE WSSC MAY BY RESOLUTION ISSUE AND SELL ADDITIONAL BONDS IN THE SAME MANNER AS THE EARLIER ISSUE TO FUND THE AMOUNT OF THE DEFICIT.

(2) UNLESS OTHERWISE PROVIDED IN THE RESOLUTION AUTHORIZING THE ISSUANCE OF THE BONDS, OR IN THE TRUST AGREEMENT SECURING THE BONDS, THE ADDITIONAL BONDS SHALL BE:

(I) CONSIDERED TO BE OF THE SAME ISSUE AS THE EARLIER ISSUE; AND

(II) ENTITLED TO PAYMENT FROM THE SAME FUNDS AS THE EARLIER ISSUE, WITHOUT PREFERENCE OR PRIORITY OF THE BONDS ISSUED EARLIER.

(D) IF THE PROCEEDS OF ANY BONDS ISSUED UNDER THIS SUBTITLE EXCEED THE COST OF THE PROJECT FOR WHICH THE BONDS ARE ISSUED, THE SURPLUS SHALL BE APPLIED AS THE WSSC DETERMINES.

4-207.

BONDS ISSUED UNDER THIS SUBTITLE MAY BE SECURED BY OR MADE PAYABLE FROM LETTERS OF CREDIT, LINES OF CREDIT, BOND PURCHASE AGREEMENTS, BOND INSURANCE POLICIES, GUARANTY AGREEMENTS, AND SIMILAR CREDIT ARRANGEMENTS, AS THE WSSC DETERMINES.

4-208.

(A) THE WSSC MAY PROVIDE BY RESOLUTION FOR THE ISSUANCE OF REVENUE REFUNDING BONDS TO REFUND ANY BONDS ISSUED UNDER THIS SUBTITLE.

(B) REVENUE REFUNDING BONDS ISSUED UNDER THIS SECTION SHALL CONFORM TO THE REQUIREMENTS OF THIS SUBTITLE, TO THE EXTENT APPLICABLE.

4-209.

BONDS ISSUED UNDER THIS SUBTITLE ARE NOT SUBJECT TO THE LIMITATIONS OF § 4-101 OF THIS TITLE.

4-210.

(A) THE WSSC MAY ENTER INTO A TRUST AGREEMENT TO SECURE ANY BOND ISSUED UNDER THIS SUBTITLE.

(B) THE TRUSTEE UNDER THE TRUST AGREEMENT MAY BE ANY BANK OR TRUST COMPANY THAT HAS THE POWERS OF A TRUST COMPANY IN OR OUTSIDE THE STATE.

(C) THE TRUST AGREEMENT MAY PLEDGE OR ASSIGN ALL REVENUES FROM ONE OR MORE PROJECTS AS SPECIFIED BY THE WSSC.

(D) THE TRUST AGREEMENT MAY PROVIDE FOR THE PROTECTION AND ENFORCEMENT OF THE RIGHTS AND REMEDIES OF THE BONDHOLDERS, INCLUDING:

(1) COVENANTS SETTING FORTH THE DUTIES OF THE WSSC IN RELATION TO:

(I) CONSTRUCTION, ACQUISITION, IMPROVEMENT, INSTALLATION, MAINTENANCE, OPERATION, REPAIR, AND INSURANCE OF ANY PROJECT; AND

(II) CUSTODY, SAFEGUARDING, AND APPLICATION OF ALL MONEYS;

(2) THE ESTABLISHMENT AND FUNDING OF RESERVE FUNDS;

(3) REQUIREMENTS THAT ANY PROJECT BE CONSTRUCTED AND PAID FOR UNDER THE SUPERVISION AND APPROVAL OF CONSULTING ENGINEERS EMPLOYED OR DESIGNATED BY THE WSSC; AND

(4) STATEMENTS OF THE RIGHTS AND REMEDIES OF THE BONDHOLDERS AND OF THE TRUSTEE, WHICH MAY RESTRICT THE INDIVIDUAL RIGHT OF ACTION OF BONDHOLDERS.

4-211.

(A) ALL BONDS ISSUED UNDER THIS SUBTITLE, INCLUDING THEIR INTEREST AND ANY PROFIT FROM THEIR SALE OR EXCHANGE, ARE EXEMPT FROM TAXATION BY THE STATE AND ITS COUNTIES AND MUNICIPAL CORPORATIONS.

(B) IF BONDS ARE ISSUED UNDER THIS SUBTITLE WITH THE EXPECTATION THAT THEIR INTEREST MAY BE EXCLUDED FROM THE GROSS INCOME OF THE BONDHOLDERS, THE WSSC SHALL ENTER INTO ALL AGREEMENTS AND MAKE ALL CERTIFICATIONS NECESSARY OR ADVISABLE TO SHOW COMPLIANCE WITH THE APPLICABLE PROVISIONS OF FEDERAL TAX LAW.

4-212.

THIS SUBTITLE SHALL BE LIBERALLY CONSTRUED TO CARRY OUT ITS PURPOSES.

SECTION 2. AND BE IT FURTHER ENACTED, That an existing general obligation bond, note, or other evidence of indebtedness of the Washington Suburban Sanitary Commission may not be impaired in any way by this Act.

SECTION 3. AND BE IT FURTHER ENACTED, That a presently existing obligation or contract right may not be impaired in any way by this Act.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2001.