
By: **Montgomery County Delegation and Prince George's County
Delegation**

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CHAPTER _____

1 AN ACT concerning

2 **Washington Suburban Sanitary Commission - Contracting Authority -**
3 **Revenue Bonds**
4 **MC/PG 109-01**

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

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

3 BY repealing and reenacting, with amendments,
4 Article 29 - Washington Suburban Sanitary District
5 Section 1-202(a) and (b), 1-204(a)(1), 1-206, and 1-208; and 4-101(a)(1)(iv), (b),
6 and (c), 4-102(b), 4-104, 4-105(a), 4-107, 4-108(b), 4-109(b) and (d), and
7 4-110(a) through (c) to be under the new subtitle "Subtitle 1. General
8 Obligation Bonds and Notes"
9 Annotated Code of Maryland
10 (1997 Replacement Volume and 2000 Supplement)

11 BY adding to
12 Article 29 - Washington Suburban Sanitary District
13 Section 4-201 through 4-212 to be under the new subtitle "Subtitle 2. Revenue
14 Bonds"
15 Annotated Code of Maryland
16 (1997 Replacement Volume and 2000 Supplement)

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

19 **Article 29 - Washington Suburban Sanitary District**

20 1-202.

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

- 22 (1) Land;
- 23 (2) Structures;
- 24 (3) Buildings;
- 25 (4) Streambeds;
- 26 (5) Waterways;
- 27 (6) Water rights; [or]
- 28 (7) Watersheds;
- 29 (8) WATER SYSTEMS AND PARTS OF WATER SYSTEMS; AND
- 30 (9) WASTEWATER SYSTEMS AND PARTS OF WASTEWATER SYSTEMS.

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

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

3 1-204.

4 (a) The WSSC:

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

9 1-206.

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

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

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

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

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

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

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

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

12 1-208.

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

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

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

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

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

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

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

31 (ii) Overhead and labor costs; and

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

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

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

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

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

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

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

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

23 SUBTITLE 1. GENERAL OBLIGATION BONDS AND NOTES.

24 4-101.

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

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

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

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

23 4-102.

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

30 4-104.

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

37 4-105.

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

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

31 4-107.

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

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

3 4-108.

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

28 4-109.

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

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

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

42 4-110.

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

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

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

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

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

3 SUBTITLE 2. REVENUE BONDS.

4 4-201.

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

7 4-202.

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

12 4-203.

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

17 (2) COSTS THAT MAY BE FINANCED INCLUDE THE:

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

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

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

24 (IV) INITIAL PROGRAM DEVELOPMENT COSTS.

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

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

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

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

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

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

5 (1) ARE LIMITED OBLIGATIONS OF THE WSSC;

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

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

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

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

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

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

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

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

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

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

29 4-204.

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

32 4-205.

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

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

3 4-206.

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

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

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

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

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

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

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

25 4-207.

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

30 4-208.

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

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

1 4-209.

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

4 4-210.

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

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

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

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

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

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

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

19 (2) THE ESTABLISHMENT AND FUNDING OF RESERVE FUNDS;

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

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

26 4-211.

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

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

1 4-212.

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

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

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

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