

OFFICIAL STATEMENT DATED DECEMBER 11, 2017

NEW ISSUE -- BOOK-ENTRY ONLY

Fitch Ratings: AAA/F1+
Moody's Investors Service: Aaa/VMIG 1
Standard and Poor's Global Ratings: AAA/A-1+
(See "Ratings" herein)

In the opinion of Bond Counsel, under existing law, the Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt from taxation of any kind by the State of Maryland, by any of its political subdivisions, or any other public entity. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds, their transfer or the interest therefrom. Assuming compliance with certain covenants described herein, under existing statutes, regulations and decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes. Interest on the Bonds for federal income tax purposes is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment; however, interest on the Bonds may be taken into account in determining "adjusted current earnings" for purposes of computing the alternative minimum tax for corporations, and interest on the Bonds will be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States of America. See "TAX MATTERS."

\$170,000,000
MONTGOMERY COUNTY, MARYLAND
GENERAL OBLIGATION BONDS
CONSOLIDATED PUBLIC IMPROVEMENT VARIABLE RATE BONDS OF 2017, SERIES E

Dated: Date of Issuance
Price: 100%

Due: November 1, 2037
CUSIP No. 6133408D3

The Bonds will be issued by Montgomery County, Maryland (the "County") to provide funds to refinance a portion of certain commercial paper bond anticipation notes, the proceeds of which financed certain capital projects in the County. The Bonds are general obligations of the County, the payment of which the County's full faith and credit and unlimited taxing power is pledged. The County and

U.S. Bank National Association

(the "Bank"), will enter into a Standby Bond Purchase Agreement (the "Standby Bond Purchase Agreement") with respect to the Bonds. Under the Standby Bond Purchase Agreement, the Bank is obligated, subject to certain terms and conditions as described herein, to purchase Bonds, or portions thereof in Authorized Denominations, tendered, or deemed tendered, by the Owners thereof to the Registrar and Paying Agent for purchase and not remarketed, as described herein. The obligations of the Bank under the Standby Bond Purchase Agreement are subject to immediate and automatic termination without notice upon the occurrence of certain events described herein. The Standby Bond Purchase Agreement will expire on December 18, 2020 or earlier, as described herein, and may be replaced by an Alternate Liquidity Facility, without the consent of the Owners of the Bonds, as described herein.

The Bonds shall initially bear interest at a Daily Rate established by J.P. Morgan Securities LLC, as Remarketing Agent, as described herein, payable on the first Business Day of each month, on each Mode Change Date, and on the maturity date of the Bonds.

The Bonds, or portions thereof in Authorized Denominations, will be subject to optional tender and purchase on the demand of the Owners thereof on any Business Day, upon the terms and as described herein. The Bonds will be subject to mandatory tender and purchase on each Mode Change Date and upon the expiration of the Standby Bond Purchase Agreement or substitution of an Alternate Liquidity Facility.

The Bonds will be subject to optional redemption prior to maturity as more fully described herein.

The Bonds will be issuable in the denomination of \$100,000 and any integral multiple of \$5,000 in excess thereof. The Bonds are available only in book-entry form, registered in the name of Cede & Co., as nominee of DTC, acting as securities depository for the Bonds. So long as the Bonds are registered in the name of Cede & Co., the payment of the principal of, premium, if any, and interest on the Bonds will be made by the County to DTC. DTC is required to remit such payments to DTC participants, who are required in turn to remit such payments to beneficial owners, as described in this Official Statement. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds.

See "THE BONDS - Book-Entry System" herein.

The Bonds are offered, subject to prior sale, when, as and if issued, subject to the approval of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel, and approval of certain matters by Ballard Spahr LLP, counsel to the Underwriter and the Remarketing Agent, by Nixon Peabody LLP, counsel to the Bank and certain other conditions. It is expected that the Bonds will be available for delivery in New York, New York through the facilities of DTC on or about December 19, 2017.

J.P. MORGAN

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

OFFICIAL STATEMENT DATED DECEMBER 11, 2017

\$170,000,000
MONTGOMERY COUNTY, MARYLAND
GENERAL OBLIGATION BONDS
CONSOLIDATED PUBLIC IMPROVEMENT VARIABLE RATE BONDS OF 2017, SERIES E



IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT A LEVEL ABOVE OR BELOW THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the County, the Bank, the Underwriter or the Remarketing Agent (each as defined or described in this Official Statement). The information contained in this Official Statement has been obtained from the County, the Bank and other sources believed by the Underwriter to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter, or, as to information from sources other than the County, by the County, or as to information from sources other than the Bank, by the Bank. This information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the County or in any other information contained herein, since the date hereof.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as an agreement or contract between the County and the purchasers or owners of any of the Bonds.

All quotations from and summaries and explanations of provisions of law and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the County or the Bank since the date hereof.

The Underwriter has reviewed the information herein in accordance with, and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

NO REGISTRATION STATEMENT RELATING TO THE BONDS HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR WITH ANY STATE SECURITIES AGENCY, NOR HAS THE BOND ORDER BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS CONTAINED THEREIN.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. A number of important factors affecting the County and its financial results could cause actual results to differ materially from those stated in the forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The County does not plan to issue any updates or revisions to the forward-looking statements.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for the convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section of this Official Statement. The offering of the Bonds is made only by the means of this entire Official Statement.

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**MONTGOMERY COUNTY, MARYLAND
OFFICIAL ROSTER OF COUNTY OFFICIALS**

COUNTY EXECUTIVE

Isiah Leggett

COUNTY COUNCIL

Hans Riemer	<i>President</i>
Nancy Navarro	<i>Vice President</i>
Roger Berliner	
Marc Elrich	
Nancy Floreen	
Tom Hucker	
Sidney Katz	
George Leventhal	
Craig Rice	

The terms of the County Executive and all County Council members expire in December 2018.

APPOINTED OFFICIALS

Timothy L. Firestine	<i>Chief Administrative Officer</i>
Alexandre A. Espinosa	<i>Director, Department of Finance</i>
Jennifer A. Hughes	<i>Director, Office of Management and Budget</i>
Marc P. Hansen	<i>County Attorney</i>
Linda M. Lauer	<i>Clerk of the Council</i>

BOND COUNSEL

McKennon Shelton & Henn LLP
Baltimore, Maryland

FINANCIAL ADVISOR

Public Resources Advisory Group, Inc.
Media, Pennsylvania

INDEPENDENT PUBLIC ACCOUNTANTS

CliftonLarsonAllen LLP
Timonium, Maryland

DEBT MANAGEMENT AND DISCLOSURE INFORMATION

Montgomery County Department of Finance
101 Monroe Street
Rockville, Maryland 20850
240-777-8860
240-777-8857 (Fax)
<http://bonds.montgomerycountymd.gov>

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INTRODUCTION TO THE OFFICIAL STATEMENT

The following information is qualified in its entirety by the detailed information contained in this Official Statement. This summary is only a brief description of the offering and potential investors should review this entire Official Statement. The Official Statement speaks only as of its date, and the information contained herein is subject to change.

Issuer:	Montgomery County, Maryland (the “County”).
Issue:	\$170,000,000 Consolidated Public Improvement Variable Rate Bonds of 2017, Series E.
Security:	The Bonds are general obligations to which the full faith and credit and unlimited taxing power of the County will be pledged.
Purpose:	The proceeds of the Bonds will be used for refinancing certain commercial paper bond anticipation notes, the proceeds of which financed certain capital projects in the County.
Paying Agent/Registrar:	U.S. Bank National Association
Liquidity Facility:	The purchase of tendered Bonds will be initially supported by a Standby Purchase Agreement between U.S. Bank National Association (the “Bank”), as liquidity provider and the County, which is scheduled to expire on December 18, 2020.
Remarketing Agent:	J.P. Morgan Securities LLC
Initial Interest Rate Mode:	Daily
Other Interest Rate Modes:	Commercial Paper Mode, Weekly Mode, Term Rate Mode and Fixed Rate Mode.
Interest Payment Date:	First Business Day of each month, any Mode Change Date and each Maturity Date.
Redemption:	Subject to optional redemption at par in whole on any date or in part on any Interest Payment Date upon 15 days’ notice to the Owners of Bonds. Subject to mandatory sinking fund redemption on November 1 in each of the years 2028 through 2037, inclusive.
Optional Tender:	Owners may elect to tender their Bonds for purchase on any Business Day at a price equal to the Purchase Price, upon delivery of an irrevocable telephonic notice of tender to the Remarketing Agent, promptly confirmed in writing to the Registrar and Paying Agent, not later than 11:00 A.M. on the Purchase Date specified by the Owner in such notice.
Mandatory Tender:	Bonds are subject to mandatory tender for purchase on any Mode Change Date, upon expiration or termination of the Liquidity Facility, upon substitution of an Alternate Liquidity Facility, upon certain events of termination under the Liquidity Facility, or on an Elective Mandatory Purchase Date. The Registrar and Paying Agent shall give notice of such mandatory purchase by mail to the Owners of the Bonds subject to mandatory purchase no less than thirty (30) days prior to the Mandatory Purchase Date, except as otherwise provided herein.
Tax Status:	Generally, exempt from federal and Maryland income taxation.
Book-Entry Only:	The Bonds will be issued as book-entry only securities through The Depository Trust Company.

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\$170,000,000
MONTGOMERY COUNTY, MARYLAND
GENERAL OBLIGATION BONDS
CONSOLIDATED PUBLIC IMPROVEMENT VARIABLE RATE BONDS OF 2017, SERIES E

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and appendices, is provided to furnish certain information with respect to the issuance by Montgomery County, Maryland (the “County”) of \$170,000,000 aggregate principal amount of its Consolidated Public Improvement Variable Rate Bonds of 2017, Series E (the “Bonds”). The Bonds will be issued by the County pursuant to Section 19-208 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2017 Supplement) and a Bond Order dated as of December 19, 2017 executed and delivered by the County Executive of the County (the “Bond Order”), as supplemented. The Bonds are being issued to provide funds to refinance certain of the County’s outstanding commercial paper bond anticipation notes, the proceeds of which financed certain capital projects in the County, as more particularly described under the caption “USE OF PROCEEDS.”

The County has appointed U.S. Bank National Association as Registrar and Paying Agent under the Bond Order. The Registrar and Paying Agent may be removed or replaced by the County, pursuant to the terms of the Bond Order.

Certain terms used in this Official Statement are defined in “Appendix A – Proposed Form of Bond Order.” Any capitalized term used in this Official Statement and not defined herein shall have the meaning given such term by the Bond Order, except where otherwise indicated or the context clearly indicates otherwise.

The Bonds are multi-modal instruments that may bear interest in a Daily Mode, a Weekly Mode, a Commercial Paper Mode, a Term Rate Mode or a Fixed Rate Mode. The Bonds will be issued initially in the Daily Mode. Subject to certain terms and conditions in the Bond Order, the County may effect a change in Mode with respect to a Bond. See the caption “THE BONDS - Change in Mode.” In connection with a change in Mode (if any), the County will provide a new Official Statement describing the terms and conditions of the Bonds in such Mode.

For so long as the Bonds are in the Daily Mode, the Bonds will bear interest at the interest rate determined by the Remarketing Agent on each Business Day. The Interest Payment Dates will be (a) the first Business Day of each month, commencing January 2, 2018, and (b) without duplication as to any Interest Payment Date described in (a), any Mode Change Date and each Maturity Date. See the caption “THE BONDS - Interest Rate on the Bonds.”

The Owners of Bonds may elect to have their Bonds, or portions thereof in Authorized Denominations, purchased on any Business Day, at a purchase price equal to the principal amount thereof plus accrued interest (if any) thereon to the date of purchase, all as described under the caption “THE BONDS - Purchase of Bonds on Purchase Dates.”

The Bonds will be unlimited tax general obligations of the County, as described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Concurrently with the issuance of the Bonds, in order to provide liquidity support for the purchase price of the Bonds, the County will enter into a Standby Bond Purchase Agreement (the “Standby Bond Purchase Agreement”) with U.S. Bank National Association (the “Bank”). Under the Standby Bond Purchase Agreement, the Bank agrees, on the terms and conditions contained in the Standby Bond Purchase Agreement, to purchase with its own funds, at the Purchase Price (a) all Eligible Bonds tendered or deemed tendered from time to time during the Commitment Period pursuant to optional tenders by Owners in accordance with the terms of the Bonds and (b) all Eligible Bonds required to be purchased on a Mandatory Purchase Date during the Commitment Period in accordance with the terms of the Bonds, in each case to the extent such Eligible Bonds are not remarketed in accordance with the Remarketing

Agreement. The obligations of the Bank under the Standby Bond Purchase Agreement are subject to immediate and automatic termination without notice upon the occurrence of certain events of default described herein. Under certain circumstances, the Bank is not required to purchase Bonds. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Standby Bond Purchase Agreement.”

The Standby Bond Purchase Agreement, unless it is terminated earlier as provided therein, will expire at 5:00 P.M., New York City time, on December 18, 2020. Prior to the expiration of the Standby Bond Purchase Agreement or any other Liquidity Facility then in effect, the County, upon the conditions specified in the Bond Order, may, but is not obligated to, provide for the delivery to the Registrar and Paying Agent of an Alternate Liquidity Facility, without the consent of the Owners of the Bonds, in substitution for the Standby Bond Purchase Agreement, or for such other Liquidity Facility then in effect. The Registrar and Paying Agent shall accept an Alternate Liquidity Facility, without the consent of the Owners of the Bonds, if there are delivered to the Registrar and Paying Agent, among other things, (i) a Favorable Opinion of Bond Counsel and (ii) a Rating Confirmation Notice from Moody’s, if the Bonds are rated by Moody’s, from S&P, if the Bonds are rated by S&P, and from Fitch, if the Bonds are rated by Fitch, together with a written statement of Moody’s, S&P and Fitch, as applicable, indicating that the substitution of the Alternate Liquidity Facility will not result in a lowering of their ratings on the Bonds to be covered by the Alternate Liquidity Facility as a result of its substitution for the current Liquidity Facility. See the caption “THE BONDS – Optional and Mandatory Tenders of Bonds - Alternate Liquidity Facility.” In the event that on or prior to the forty-fifth (45th) day next preceding the Expiration Date or the Substitution Date, the County has failed to deliver to the Registrar and Paying Agent a Rating Confirmation Notice in connection with the delivery of an Alternate Liquidity Facility, together with a written statement of Moody’s, S&P and Fitch, as applicable, indicating that the provision or substitution of the Alternate Liquidity Facility will not result in a lowering of their ratings on the Bonds to be covered by the Alternate Liquidity Facility as a result of its provision or substitution for the current Liquidity Facility, the Bonds having the benefit of the Liquidity Facility shall be subject to mandatory purchase on the Expiration Tender Date or the Substitution Tender Date, as the case may be.

The Standby Bond Purchase Agreement and any Alternate Liquidity Facility are herein referred to collectively as the “Liquidity Facility”; the Bank and the issuer of any Liquidity Facility other than the Standby Bond Purchase Agreement are herein referred to collectively as the “Liquidity Facility Provider”; and the Standby Bond Purchase Agreement and the agreement pursuant to which any other Liquidity Facility is issued are herein referred to collectively as the “Liquidity Facility Agreement.”

If certain events of default occur under the Standby Bond Purchase Agreement, the Bank, at its option, in addition to other remedies available to it, may terminate its obligations under the Standby Bond Purchase Agreement including (without limitation) the obligation to provide liquidity support for the purchase price of the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Standby Bond Purchase Agreement.”

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THE COUNTY

Montgomery County, Maryland is a body politic and corporate and a political subdivision of the State of Maryland. For more information regarding the County, see the County's Annual Information Statement ("AIS"), which is hereby incorporated by reference and can be found at:

<http://www.montgomerycountymd.gov/BONDS/Resources/Files/AIS2017.pdf>

For information respecting the County's Employees' Retirement System, see the County's Employee Retirement Plans, Comprehensive Annual Financial Report, which is hereby incorporated by reference and can be found at:

http://www.montgomerycountymd.gov/mcerp/Resources/Files/CAFR_FY16_FINAL.pdf

Selected Debt and Financial Information

The information (including Tables 1 through 7) presented on the following pages provide current information on the County's financial position as of June 30, 2017, and certain portions of such information has been updated to reflect the effect of the Bonds on the current debt of the County. For more information on the County, and a complete overview of the County's debt and the County's Basic Financial Statements for the year ended June 30, 2016, please see the AIS.¹

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¹ The County expects audited financial statements for the year ended June 30, 2017 to be finalized, issued and made publicly available on its website on or about December 28, 2017.

Table 1
Statement of Direct and Overlapping Debt
As of June 30, 2017
And Including 2017 Bonds

Direct Debt as of June 30, 2017		
General Obligation Bonds Outstanding ⁽¹⁾	\$2,465,065,000	
Short-Term BANs/Commercial Paper Outstanding ⁽²⁾	160,000,000	
Series 2017 Fixed Rate Bonds ⁽³⁾	686,725,000	
2017 General Obligation Variable Rate Bonds	170,000,000	
Revenue Bonds Outstanding as of June 30, 2017	<u>212,311,000</u>	
Total Direct Debt		\$ 3,694,101,000
Overlapping Debt as of June 30, 2017		
Washington Suburban Sanitary Commission		
Applicable to Montgomery County	2,096,133,000	
Housing Opportunities Commission	820,629,094	
Montgomery County Revenue Authority	84,938,772	
Maryland-National Capital Park and Planning Commission		
Applicable to Montgomery County	55,125,000	
Kingsview Village Center Development District	923,480	
West Germantown Development District	10,740,000	
Towns, Cities and Villages within Montgomery County	<u>136,211,201</u>	
Total Overlapping Debt		<u>\$ 3,204,700,547</u>
Total Direct and Overlapping Debt		\$ 6,898,801,547
Less Self-Supporting Debt: as of June 30, 2017		
County Government Revenue Bonds	212,311,000	
Washington Suburban Sanitary Commission		
Applicable to Montgomery County	2,096,133,000	
Housing Opportunities Commission	820,629,094	
Montgomery County Revenue Authority	84,938,772	
Maryland-National Capital Park and Planning Commission		
Applicable to Montgomery County	<u>-</u>	
Total Self-Supporting Debt		<u>(3,214,011,866)</u>
Net Direct and Overlapping Debt		<u>\$ 3,684,789,681</u>
Ratio of Debt to June 30, 2017 Assessed Valuation of (100% Assessment):		\$181,546,725,485
Direct Debt		2.03%
Net Direct Debt ⁽⁴⁾		1.92%
Direct and Overlapping Debt		3.80%
Net Direct and Overlapping Debt		2.03%
Ratio of Debt to June 30, 2017 Market Value of:		\$193,683,159,880
Direct Debt		1.91%
Net Direct Debt ⁽⁴⁾		1.80%
Direct and Overlapping Debt		3.56%
Net Direct and Overlapping Debt		1.90%

(1) This amount has been reduced by \$414,200,000, the amount of the County's general obligation bonds and VRDOs refunded with a portion of the proceeds of the fixed rate bonds issued and delivered by the County on November 15, 2017 (the "Series 2017 Fixed Rate Bonds"). See Note 3.

(2) Net of amount retired with: (i) the proceeds of the Bonds and (ii) a portion of the proceeds of the Series 2017 Fixed Rate Bonds.

(3) Issued and delivered by the County on November 15, 2017.

(4) Net Direct Debt of \$3,481,790,000 is derived by subtracting direct self-supporting debt, which consists only of County Government Revenue Bonds, from Total Direct Debt.

Table 2
Statement of Legal Debt Margin
As of June 30, 2017
And Including 2017 Bonds

June 30, 2017 Assessed Valuation - Real Property		\$ 177,495,353,017
Debt Limit (% of Assessed Valuation)		<u>6.00%</u>
Subtotal Limitation - Real Property		<u>\$ 10,649,721,181</u>
June 30, 2017 Assessed Valuation - Personal Property		\$ 4,051,372,468
Debt Limit (% of Assessed Valuation)		<u>15.00%</u>
Subtotal Limitation - Personal Property		<u>\$ 607,705,870</u>
Total Assessed Valuation - Real and Personal Property		\$ 181,546,725,485
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds		\$ 11,257,427,051
Less Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds Outstanding ⁽¹⁾	\$2,465,065,000	
General Obligation Bonds	170,000,000	
2017 General Obligation Refunding Bonds	516,725,000	
2017 General Obligation Variable Rate Bonds	170,000,000	
Short-Term BANs/Commercial Paper Outstanding ⁽²⁾	<u>160,000,000</u>	
Net Direct Debt		<u>3,481,790,000</u>
Legal Debt Margin		<u>\$ 7,775,637,051</u>
Net Direct Debt as a Percentage of Assessed Valuation		1.92%

- (1) This amount has been reduced by \$414,200,000, the amount of the County's general obligation bonds and VRDOs refunded with the proceeds of the Series 2017 Fixed Rate Bonds. The amount of the County's Build America Bonds to be crossover refunded with the proceeds of the Series 2017 Fixed Rate Bonds (\$154,675,000), has not been deducted. See Note 5 to Table 3 below.
- (2) Net of amount retired with the proceeds of the Bonds and a portion of the proceeds of the Series 2017 Fixed Rate Bonds.

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Table 3
General Obligation Debt of the County
As of June 30, 2016 and June 30, 2017
And Including 2017 Bonds

<u>Issue</u>	<u>Dated Date</u>	<u>Original Issue Size</u>	<u>Original Coupon Rates</u>	<u>TIC ⁽¹⁾</u>	<u>Maturity</u>	<u>Principal Outstanding June 30, 2016</u>	<u>Principal Outstanding June 30, 2017⁽²⁾</u>
GO Refunding Bonds	06/01/2005	\$120,355,000	5.00	3.7817	2011-21	\$27,465,000	\$12,585,000
GO VRDO ⁽³⁾	06/07/2006	100,000,000	Variable	Variable	2017-26	100,000,000	-
GO Bonds	05/01/2007	250,000,000	5.00	4.0821	2008-27	12,500,000	-
GO Bonds	07/15/2008	250,000,000	3.00-5.00	4.1809	2009-28	48,600,000	23,150,000
GO Bonds ⁽⁴⁾	11/03/2009	232,000,000	3.75-5.00	3.1774	2015-29	216,535,000	201,070,000 ⁽⁵⁾
GO Refunding Bonds	11/03/2009	161,755,000	2.00-5.00	2.6487	2011-20	100,515,000	82,445,000
GO Bonds	07/08/2010	195,000,000	2.00-5.00	2.2596	2011-22	113,750,000	65,000,000
GO Bonds ⁽⁶⁾	07/08/2010	130,000,000	4.75-5.40	5.0708	2023-30	130,000,000	130,000,000
GO Bonds	08/11/2011	320,000,000	2.00-5.00	3.2268	2012-31	160,000,000	48,000,000
GO Refunding Bonds	08/11/2011	237,655,000	2.00-5.00	1.9896	2012-22	169,850,000	156,015,000
GO Bonds	10/24/2012	295,000,000	2.50-5.00	2.2599	2013-32	250,750,000	132,750,000
GO Refunding Bonds	10/24/2012	23,360,000	2.50-5.00	0.3812	2013-16	5,400,000	-
GO Bonds	11/26/2013	295,000,000	3.00-5.00	3.1270	2014-33	265,500,000	221,250,000
GO Refunding Bonds	11/26/2013	24,915,000	5.00	2.7745	2023-24	24,915,000	24,915,000
GO Bonds	11/19/2014	500,000,000	4.00-5.00	2.7445	2015-34	475,000,000	400,000,000
GO Refunding Bonds	11/19/2014	297,990,000	5.00	2.3437	2016-28	297,990,000	284,365,000
GO Refunding Bonds	03/26/2015	58,520,000	5.00	1.2264	2018-21	58,520,000	58,520,000
GO Bonds	12/1/2015	300,000,000	3.00-5.00	2.8036	2016-35	300,000,000	285,000,000
GO Bonds	12/13/2016	340,000,000	3.00-5.00	3.2816	2017-36	-	340,000,000
GO Bonds	11/15/2017	170,000,000	5.00	1.7265	2018-27	-	170,000,000
GO Refunding Bonds	11/15/2017	78,270,000	5.00	1.6316	2018-26	-	78,270,000
GO Refunding Bonds	11/15/2017	294,625,000	3.00-5.00	2.0707	2019-31	-	294,625,000
GO Refunding Bonds	11/15/2017	143,830,000	3.00-4.00	2.1002	2020-29	-	143,830,000
GO VRDO ⁽⁷⁾	12/19/2017	170,000,000	Variable	Variable	2028-37	-	170,000,000
Total						\$2,757,290,000	\$3,321,790,000

(1) True Interest Cost

(2) Principal Outstanding as of June 30, 2017 is adjusted to include: (i) the fixed rate general obligation bonds issued and delivered by the County on November 15, 2017 (net of the amount of the County's general obligation bonds and VRDOs refunded thereby) and (ii) the Bonds expected to be delivered on or about December 19, 2017. The balance excluding the 2017 issuances is \$2,879,265,000.

(3) Variable Rate Demand Obligations

(4) Federally Taxable – Build America Bonds – Direct Pay (“BABs”).

(5) Includes \$154,675,000 of the County's BABs, which will be crossover refunded with a portion of the proceeds of the Series 2017 Fixed Rate Bonds. Prior to November 1, 2019 (the “Crossover Date”), these BABs will remain outstanding and interest payments due thereon will continue to be paid from legally available funds.

(6) Includes Federally Taxable – Build America Bonds \$106.3 million – Direct Pay

(7) The Bonds

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Table 4
General Obligation Bonds Authorized – Unissued
As of June 30, 2017

<u>Purpose</u>	<u>Chapter</u>	<u>Act</u>	<u>Amount</u>	<u>Amount Unissued</u>
General County, Parks, and Consolidated Fire Tax District	24	2011	\$ 65,400,000	\$ 20,024,477
	19	2012	13,900,000	13,900,000
	26	2013	331,600,000	331,600,000
	31	2014	167,400,000	167,400,000
	49	2015	<u>148,100,000</u>	<u>148,100,000</u>
			<u>726,400,000</u>	<u>681,024,477</u>
Road & Storm Drainage	26	2013	86,800,000	28,465,707
	31	2014	49,300,000	49,300,000
	49	2015	<u>113,600,000</u>	<u>113,600,000</u>
			<u>249,700,000</u>	<u>191,365,707</u>
Public Schools and Community College	26	2013	15,100,000	4,802,972
	31	2014	162,000,000	162,000,000
	49	2015	<u>267,200,000</u>	<u>267,200,000</u>
			<u>444,300,000</u>	<u>434,002,972</u>
Mass Transit	31	2014	9,400,000	2,009,844
	49	2015	<u>34,200,000</u>	<u>34,200,000</u>
			<u>43,600,000</u>	<u>36,209,844</u>
Public Housing	17	1981	2,650,000	1,890,000
	13	1982	995,000	995,000
	8	1983	230,000	230,000
	20	1985	900,000	900,000
	13	1986	855,000	855,000
	22	2009	1,000,000	1,000,000
	54	2010	<u>46,400,000</u>	<u>46,400,000</u>
			<u>53,030,000</u>	<u>52,270,000</u>
Easements: Agricultural Easements	24	2011	2,000,000	2,000,000
	24	2011	1,100,000	1,100,000
	26	2013	<u>2,200,000</u>	<u>2,200,000</u>
			<u>5,300,000</u>	<u>5,300,000</u>
Parking District: Silver Spring	9	1983	2,945,000	2,045,000
	6	1984	1,220,000	1,220,000
	19	2012	<u>20,115,000</u>	<u>1,193,000</u>
			<u>24,280,000</u>	<u>4,458,000</u>
Parking District: Bethesda	19	1981	7,325,000	3,040,000
	14	1982	775,000	775,000
	10	1983	<u>1,050,000</u>	<u>1,050,000</u>
			<u>9,150,000</u>	<u>4,865,000</u>
Total Parking Districts			<u>33,430,000</u>	<u>9,323,000</u>
Total General Obligation Bonds			<u>\$1,555,760,000</u>	<u>\$1,409,496,000</u>

In addition to the above noted authority, the County has authority under the provisions of section 56-13 of the Montgomery Count Code, as amended, to issue County bonds, within statutory debt limits to finance approved urban renewal projects.

Table 5
Bond Anticipation Notes Outstanding
As of June 30, 2017
And After Issuance of 2017 Bonds⁽¹⁾

<u>Issue</u>	<u>Balance June 30, 2016</u>	<u>BANs Retired</u>	<u>BANs Issued</u>	<u>Balance June 30, 2017</u>	<u>Estimated BANs to be Retired</u>	<u>Estimated Balance</u>
BAN 2009-A	\$100,000,000	\$ 20,000,000	\$ 20,000,000	\$100,000,000		
BAN 2009-B	100,000,000	20,000,000	20,000,000	100,000,000		
BAN 2010-A	150,000,000	150,000,000	150,000,000	150,000,000		
BAN 2010-B	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>		
Total	<u>\$500,000,000</u>	<u>\$340,000,000</u>	<u>\$340,000,000</u>	<u>\$500,000,000</u>	<u>\$340,000,000</u>	<u>\$160,000,000</u>

(1) Reflects the issuance of the Series 2017 Fixed Rate Bonds issued and delivered by the County on November 15, 2017 and the issuance of the Bonds

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Table 6
Montgomery County, Maryland
Schedule of General Fund Revenues, Expenditures, & Transfers In (Out)
(Budgetary, Non-GAAP Basis)

	Fiscal Year Actual ⁽¹⁾			Actual
	2014	2015	2016	Fiscal Year 2017 (Unaudited)
Revenues:				
Taxes:				
Property, including interest & penalty	\$ 1,108,735,671	\$ 1,088,396,848	\$ 1,126,665,990	\$ 1,266,911,527
Transfer tax and recordation tax	144,458,634	147,599,257	161,708,395	178,375,819
County income tax	1,376,763,653	1,310,821,061	1,422,428,435	1,466,625,994
Other taxes	284,844,756	278,098,839	266,344,615	268,924,059
Total Taxes	<u>2,914,802,714</u>	<u>2,824,916,005</u>	<u>2,977,147,435</u>	<u>3,180,837,399</u>
Licenses and permits	10,585,333	10,315,894	11,144,883	11,236,331
Intergovernmental revenue	65,386,079	62,972,046	59,554,943	72,747,353
Charges for services	8,911,416	27,338,198	9,267,988	10,511,727
Fines and forfeitures	23,993,497	27,538,162	27,327,136	26,826,771
Investment income	5,572	105,948	352,107	(422,058)
Miscellaneous	14,406,470	13,994,838	9,396,694	22,300,236
Total Revenues	<u>3,038,091,081</u>	<u>2,967,181,091</u>	<u>3,094,191,186</u>	<u>3,324,037,759</u>
Expenditures (including encumbrances):				
General County:				
General government	403,689,920	418,808,265	399,833,770	428,417,865
Public safety	386,799,315	395,772,952	403,313,410	383,963,881
Public works and transportation	82,090,135	76,675,794	90,201,866	68,651,535
Health and human services	216,191,464	225,280,973	223,483,341	242,760,757
Culture and recreation	38,749,757	41,713,019	45,438,915	46,333,884
Housing and community development	4,699,773	12,364,542	5,472,449	6,013,514
Environment	2,247,029	1,778,768	2,519,854	3,039,831
Total Expenditures	<u>1,134,467,393</u>	<u>1,172,394,313</u>	<u>1,170,263,605</u>	<u>1,179,181,267</u>
Transfers In (Out):				
Transfers In:				
Special Revenue Funds	26,552,919	24,313,710	25,866,675	29,908,286
Enterprise Funds	28,253,518	36,201,147	34,647,926	22,549,886
Internal Service Funds	8,682,636	10,745,911	-	4,312
Capital Projects Fund	-	-	-	-
Component Units	-	-	-	-
Total Transfers In	<u>63,489,073</u>	<u>71,260,768</u>	<u>60,514,601</u>	<u>52,462,484</u>
Transfers Out:				
Special Revenue Funds	(49,557,407)	(45,240,340)	(52,762,042)	(56,557,624)
Debt Service Fund	(256,222,429)	(281,282,150)	(273,627,904)	(309,582,508)
Capital Projects Fund	(42,493,960)	(54,521,679)	(45,791,407)	(55,254,099)
Enterprise Funds	(2,608,209)	(25,000)	(1,617,930)	(1,811,280)
Internal Service Funds	(1,143,657)	(576,813)	(39,184)	(95,623)
Component Units	(1,576,615,732)	(1,615,305,046)	(1,681,143,451)	(1,801,551,186)
Total Transfers Out	<u>(1,928,641,394)</u>	<u>(1,996,951,028)</u>	<u>(2,054,981,918)</u>	<u>(2,224,852,320)</u>
Net Transfers In (Out)	<u>(1,865,152,321)</u>	<u>(1,925,690,260)</u>	<u>(1,994,467,317)</u>	<u>(2,172,389,836)</u>
Excess of revenues and operating transfers in over/ (under) expenditures, encumbrances and operating transfers out	38,471,367	(130,903,482)	(70,539,736)	(27,533,344)
Fund Balances, July 1 as previously stated	289,598,811	352,940,120	288,809,810	184,845,268
Net Adjustment for previous year encumbrances	24,869,942	6,773,172	26,575,194	26,916,962
Fund Balances, July 1 restated	<u>314,468,753</u>	<u>359,713,292</u>	<u>255,385,004</u>	<u>211,762,230</u>
Budgetary Fund Balance, June 30	<u>\$ 352,940,120</u>	<u>\$ 228,809,810</u>	<u>\$ 184,845,268</u>	<u>\$ 184,228,885</u>

Notes:

(1) Amounts for FY14-16 are audited.
Amounts are for fiscal years ended June 30.

Table 7
General Fund
Schedule of Budgetary Fund Balance to
GAAP Fund Balance Reconciliation

	Fiscal Year Actual (1)			Actual
	2014	2015	2016	Fiscal Year 2017 (Unaudited)
Budgetary to GAAP Reconciliation:				
Budgetary Fund Balance	\$ 352,940,120	\$ 228,809,810	\$ 184,845,268	\$ 184,228,885
Plus encumbrances outstanding	33,293,736	26,575,194	27,035,009	26,916,962
Unrealized cumulative investment gain (loss)	(326,213)	(300,987)	(389,117)	(492,928)
Cumulative Marriot Conference Center earnings	5,578,374	6,451,379	7,666,650	7,602,509
Net differences between beginning Fund Balances	271,653	(449,973)	1,910,434	3,218,860
GAAP Fund Balance as Reported	<u>\$ 391,757,670</u>	<u>\$ 261,085,423</u>	<u>\$ 221,068,244</u>	<u>221,474,288</u>
Elements of GAAP Fund Balance (1):				
Nonspendable	\$ 6,159,553	\$ 6,799,926	\$ 7,275,055	\$ 8,964,584
Restricted	14,500	585,905	2,045,735	7,027,743
Committed	68,078,344	70,586,279	71,684,134	60,445,573
Assigned	33,293,736	26,575,194	27,035,009	26,916,962
Unassigned	284,211,537	156,538,119	113,028,311	118,119,426
	<u>\$ 391,757,670</u>	<u>\$ 261,085,423</u>	<u>\$ 221,068,244</u>	<u>\$ 221,474,288</u>

Notes:

(1) Amounts for FY14-16 are audited.

Note: All amounts are for fiscal years ended June 30.

Current Developments

On January 28, 2013 in a case in which the County is not a party captioned *Maryland State Comptroller of the Treasury v. Brian Wynne*, et al., 431 Md. 147 (2013), the Maryland Court of Appeals ruled that the failure of the Maryland income tax law to allow a credit against the county tax of a Maryland resident taxpayer with respect to activities in another state and that is taxed in that state violates the dormant Commerce Clause of the United States Constitution. In a decision rendered on May 18, 2015, the Supreme Court of the United States upheld the decision of the Maryland Court of Appeals. This decision may cause each county in the State to realize a reduction in income tax revenue distributions from the State.

Based on refunds issued by the Comptroller for the State of Maryland (the “Comptroller”), the County estimates that the total amount of income tax refunds for tax years 2007 through 2014, including interest, attributable to the Wynne case could be \$136.6 million for the County. As the Comptroller issues refunds to eligible taxpayers, the refunds will be paid from the Local Reserve Account (the “Reserve Account”), which is maintained by the State, and each county and municipality affected by the Wynne decision will reimburse the Reserve Account for its respective share of related refunds and interest. If an affected local government does not reimburse the Reserve Account in a timely fashion, the Comptroller will withhold the amount owed to the Reserve Account from the quarterly income tax distributions in twenty (20) equal installments starting after February 2019, until the Reserve Account is fully reimbursed. The County anticipates that it will allow the Comptroller to reimburse the Reserve Account by withholding quarterly income tax distributions owed to the County in four equal installments per year, beginning in 2019, and continuing for five years. In addition to refunds for prior tax years, there is an estimated annual impact of approximately \$30.0 million that started in tax year 2015 which impacts fiscal year 2017 as eligible taxpayers reduce their income tax payments to the County to reflect the deductibility of out-of-state income taxes against the local income tax. This estimated annual impact will be a permanent reduction of County income tax collections going forward.

Under Maryland law, taxpayers are generally eligible for interest on certain tax refunds calculated at an annual rate of interest equal to the greater of (i) three percentage points above the average prime rate of interest or (ii) 13%. In 2014, the Maryland General Assembly adopted legislation that set the annual interest rate for an income tax refund that is a result of the final decision under the *Wynne* case to a percent equal to the average prime rate of interest. This legislation substantially lowers the interest rate on tax refunds due as a result of the *Wynne* decision. Further, the legislation was intended to be effective retroactively. On November 13, 2015, lawyers for Michael J. Holzheid filed a class action complaint, *Michael J. Holzheid v. Comptroller of the Treasury of Maryland, et al*, in the Circuit Court for Baltimore City challenging the State legislation. This case remains open and active. Other taxpayers may also file claims or appeals challenging the State legislation. If such claims or appeals are successful, the estimated amount of interest on refunds owed by the County would increase.

USE OF PROCEEDS

The proceeds of the Bonds will be used to refinance a portion of the County’s outstanding Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2009 Series and Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2010 Series, which such notes were used to finance and refinance the acquisition, construction and equipping of certain Consolidated Public Improvement Projects, as described in Section 20-14 of the Montgomery County Code (the “County Code”), as amended.

THE BONDS

General

The Bonds will be dated the date of issuance thereof, will mature on November 1, 2037, and will be subject to optional redemption and mandatory sinking fund redemption and optional and mandatory tender and purchase prior to maturity as described below. While the Bonds are in the Daily Mode, the Bonds will be issuable in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof, only as registered Bonds.

Each Bond shall bear interest from (and including) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid, from the date of original authentication and delivery of such Bond, or the Mode Change Date, as the case may be) to, but not including, the Interest Payment Date on which interest is to be paid.

The principal of the Bonds shall be payable on the Principal Payment Date and each mandatory sinking fund redemption date upon surrender thereof at the office of the Registrar and Paying Agent. The interest on the Bonds shall be paid by the Registrar and Paying Agent on the Interest Payment Dates by wire transfer of immediately available funds to an account specified by the Owner of record thereof on the applicable Record Date. While the Bonds are in the Daily Mode, the Interest Payment Dates shall be the first Business Day of each month, any Mode Change Date and each Maturity Date.

While the Bonds are in the Daily Mode, the Record Date will be the last day of each month (whether or not a Business Day).

By the acceptance of its Bond, the Owner thereof shall be deemed to have agreed to all the terms and provisions of such Bond as specified in such Bond and the Bond Order including, without limitation, the applicable Interest Periods, interest rates (including any applicable Alternate Rate), Purchase Dates, Mandatory Purchase Dates, Purchase Prices, mandatory and optional purchase and redemption provisions applicable to such Bond, method and timing of purchase, redemption, payment, etc. Such Owner further agrees that if, on any date upon which one of its Bonds is to be purchased, redeemed or paid at maturity or earlier due date, funds are on deposit with the Registrar and Paying Agent to pay the full amount due on such Bond, then such Owner shall have no rights under the Bond Order other than to receive such full amount due with respect to such Bond and that interest on such Bond shall cease to accrue as of such date.

Authentication and Delivery of the Bonds

The Bonds shall be executed by the County for issuance and delivered to the Registrar and Paying Agent, and thereupon shall be authenticated by the Registrar and Paying Agent and delivered to the County or upon its order, but only upon the receipt by the Registrar and Paying Agent of:

- (i) a copy of the Bond Order;
- (ii) an Opinion of Counsel to the effect that (i) the County is a duly organized and validly existing body politic and corporate and a political subdivision of the State of Maryland, empowered to issue the Bonds under the Bond Order, (ii) the Bond Order has been duly adopted by the County and constitutes the valid and legally binding obligation of the County and (iii) the Bond Order and the Bonds are enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or other laws or equitable principles relating to or limiting creditor's rights generally, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases;
- (iii) an opinion of Bond Counsel to the effect that (i) the Bonds constitute the valid and binding general obligations of the County, to the payment of which the County's full faith and credit and unlimited taxing power is pledged, and (ii) the Bond Order has been duly adopted and constitutes the valid and binding obligation of the County. Such opinion may provide that the rights and obligations under the Bonds and the Bond Order are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases;
- (iv) a written order as to the delivery of such Bonds and application of any proceeds to be deposited with the Registrar and Paying Agent upon such delivery, signed by a County Representative;
- (v) a Liquidity Facility with a principal component equal to the principal amount of the Bonds

being delivered, and with an interest component equal to or greater than the Available Interest Commitment for the applicable Mode for such Bonds; and

(vi) an executed counterpart of the Remarketing Agreement.

Interest Rate on the Bonds

Rates Established by Remarketing Agent. The Bonds shall initially bear interest in the Daily Mode. For so long as the Bonds are in the Daily Mode, the interest rate for any Bond shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of such Bond on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued and unpaid interest, if any.

The Remarketing Agent shall establish the Daily Rate by 10:00 A.M. on each Rate Determination Date. The Daily Rate for any day during the Daily Mode which is not a Business Day shall be the Daily Rate established on the immediately preceding Rate Determination Date. The Remarketing Agent shall make the Daily Rate available by telephone to any Owner or Notice Party requesting such rate, and on the last Business Day of each month, shall give notice to the Registrar and Paying Agent, the County and the Bank of the Daily Rates that were in effect for each day of such month by Electronic Means.

Interest shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed. Payment of interest on each Bond shall be made on each Interest Payment Date for such Bond for unpaid interest accrued during the Interest Accrual Period to the Owner of record of such Bond on the applicable Record Date.

Absent manifest error, the interest rates contained in the records of the Registrar and Paying Agent shall be conclusive and binding upon the County, the Remarketing Agent, the Registrar and Paying Agent, the Bank and the Owners.

No Bonds shall bear interest at an interest rate higher than the Maximum Rate, which shall be ten percent (10%) per annum unless changed pursuant to the terms of the Bond Order.

In the absence of manifest error, the determination of interest rates and Interest Periods by the Remarketing Agent shall be conclusive and binding, upon the Remarketing Agent, the Registrar and Paying Agent, the Bank, the County and the Owners.

Alternate Rates. In the event that (i) the position of Remarketing Agent is vacant or the Remarketing Agent fails to act or is unable to determine the interest rate or Interest Period for any Bond or (ii) the method by which the Remarketing Agent determines the interest rate or Interest Period with respect to a Bond shall be held to be unenforceable by a court of law of competent jurisdiction, then, for so long as such Bond is in the Daily Mode, such Bond shall bear interest during each subsequent Interest Period at the last lawful interest rate for such Bond set by the Remarketing Agent. These provisions shall continue to apply until such time as the Remarketing Agent again makes such determinations.

Change in Mode

Subject to the provisions of the Bond Order, the County may effect a change in Mode with respect to a Bond.

Changes to a Mode Other Than the Fixed Rate Mode. At the option of the County, a Bond (other than a Bond in the Fixed Rate Mode) may be changed from one Mode to another Mode (other than the Fixed Rate Mode) as follows:

Mode Change Notice; Notice to Owners. No later than the forty-fifth (45th) day (or such shorter time as may be agreed to by the County, the Registrar and Paying Agent and the Remarketing Agent) preceding the proposed Mode Change Date, the County shall give written notice to the Notice Parties of its intention to effect a change in the Mode from the Mode then prevailing (for purposes of this Section, the “Current Mode”) to another Mode (for purposes of this Section, the “New Mode”) specified in such written notice, and, if the change is to a Term Rate Mode, the length of the initial Interest Period as set by the County and whether or not the Bonds to be converted to the Term Rate Mode will be covered by the Liquidity Facility (if they will be covered, then the initial Interest Rate Period for such Bonds selected by the County cannot extend beyond the Expiration Tender Date). The Registrar and Paying Agent shall give notice of the proposed change in Mode to the Owners as described below under “Notice to Owners.”

Determination of Interest Rates. The New Mode for a Bond shall commence on the Mode Change Date for such Bond and the interest rate (together, in the case of a change to the Commercial Paper Mode or the Term Rate Mode, with the Interest Period for such Bond) shall be determined by the Remarketing Agent (or the County in the case of the Interest Period for a Bond converted to the Term Rate Mode) in the manner provided in the Bond Order.

Conditions Precedent. The Mode Change Date shall be a Business Day. Additionally, the Mode Change Date in the case of a change:

- (i) from the Commercial Paper Mode, shall be the next Purchase Date for the Bond to be changed to the New Mode; and
- (ii) from a Term Rate Mode, shall be the last day of the current Interest Period for the Bond being converted.

The following items shall have been delivered to the Registrar and Paying Agent and the Remarketing Agent on the Mode Change Date:

- (i) a Favorable Opinion of Bond Counsel dated the Mode Change Date and addressed to the Registrar and Paying Agent and the Remarketing Agent;
- (ii) a Rating Confirmation Notice; and
- (iii) a Liquidity Facility with a principal component equal to the principal amount of the Bonds being converted, and with an interest component equal to or greater than the Available Interest Commitment for the applicable Mode and with an Expiration Date not earlier than 5 days prior to the end of the initial Interest Rate Period for such Bond; provided, however, that in the case of a conversion of a Bond to the Term Rate Mode, no Liquidity Facility need be applicable to such Bond while in the Term Rate Mode if the County so elects by the time it gives the notice to the Notice Parties described in “Mode Change Notice; Notice to Owners” above.

If the Bonds to be changed are in the Commercial Paper Mode, no Interest Period set after delivery by the County to the Remarketing Agent of the notice of the intention to effect a change in Mode with respect to such Bonds shall extend beyond the proposed Mode Change Date.

All Bonds being converted to a Term Rate Mode shall have been successfully remarketed prior to the effectiveness of such conversion.

Change to Fixed Rate Mode. At the option of the County, a Bond may be changed to the Fixed Rate Mode. Not less than forty- five (45) days (or such shorter time as may be agreed to by the County, the Registrar and Paying Agent and the Remarketing Agent) before the proposed Mode Change Date for such Bond, the County shall give

written notice to the Notice Parties stating that the Mode will be changed to the Fixed Rate Mode and setting forth the proposed Mode Change Date and whether or not the Bonds to be converted to the Fixed Rate Mode will be covered by the Liquidity Facility (and, if so, for how long). Such Notice shall also state whether some or all of the Bonds to be converted shall be converted to Serial Bonds and, if so, the applicable Serial Maturity Dates and Serial Payments. Any such change in Mode shall be made as follows:

Conditions Precedent. The Mode Change Date shall be:

- (i) a Business Day;
- (ii) in the case of a change from the Commercial Paper Mode, the Purchase Date for the Bond to be changed to the Fixed Rate Mode; and
- (iii) in the case of a change from the Term Rate Mode, the last day of the current Interest Period for the Bond being converted.

All Bonds being converted to a Fixed Rate Mode shall have been successfully remarketed prior to the effectiveness of such conversion.

Notice to Owners. Not sooner than the thirtieth (30th) day next preceding the Mode Change Date, the Registrar and Paying Agent shall mail, in the name of the County, a notice of such proposed change to the Owners of the Bonds being converted stating that the Mode will be changed to the Fixed Rate Mode, the proposed Mode Change Date and that such Owner is required to tender such Owner's Bonds for purchase on such proposed Mode Change Date.

General Provisions Applying to Change to Fixed Rate Mode. The change to the Fixed Rate Mode shall not occur unless the following items shall have been delivered to the Registrar and Paying Agent and the Remarketing Agent on the Mode Change Date:

- (i) a Favorable Opinion of Bond Counsel dated the Mode Change Date and addressed to the Registrar and Paying Agent and the Remarketing Agent;
- (ii) a Rating Confirmation Notice; and
- (iii) a Liquidity Facility with a principal component equal to the principal amount of the Bonds being converted and an interest component equal to the Available Interest Commitment for the Fixed Rate Mode, unless the County has elected by the time it gives the notice to the Notice Parties described above not to have the Liquidity Facility apply to the Bonds to be converted to the Fixed Rate Mode.

Determination of Interest Rate. The Fixed Rate for a Bond to be converted to the Fixed Rate Mode shall be established by the Remarketing Agent.

Serialization. Upon the conversion of Bonds to the Fixed Rate Mode, the County may elect to serialize such Bonds upon such terms as it may then determine.

Failure to Satisfy Conditions Precedent to a Mode Change. In the event the conditions described above have not been satisfied by the applicable Mode Change Date, then the New Mode or Fixed Rate Mode, as the case may be, shall not take effect. If the failed change in Mode was from the Commercial Paper Mode, the applicable Bond shall remain in the Commercial Paper Mode with interest rates and Interest Periods to be established by the Remarketing Agent on the failed Mode Change Date. If the failed change in Mode was from the Daily Mode, the applicable Bond shall remain in the Daily Mode, and if the failed change in Mode was from the Weekly Mode, the applicable Bond shall remain in the Weekly Mode, in each case with interest rates established by the Remarketing

Agent on and as of the failed Mode Change Date. If the failed change in Mode was from the Term Rate Mode and for which the Liquidity Facility was in effect for the Bond to be changed, the applicable Bond shall be changed to the Commercial Paper Mode with an Interest Period and Commercial Paper Rate to be determined by the Remarketing Agent on the failed Mode Change Date. If, however, there was no Liquidity Facility in effect for such Bond to have been changed from the Term Rate Mode, then such Bond shall stay in the Term Rate Mode for an Interest Period ending on the next Stated Interest Payment Date and shall bear interest at the applicable Alternate Rate.

Optional and Mandatory Tenders of Bonds

Optional Tenders of Bonds. For so long as the Bonds are in the Daily Mode, Owners may elect to have their Bonds (or portions of those Bonds in amounts equal to an Authorized Denominations) purchased on any Business Day at a price equal to the Purchase Price, upon delivery of an irrevocable telephonic notice of tender to the Remarketing Agent, promptly confirmed in writing to the Registrar and Paying Agent, not later than 11:00 A.M. on the Purchase Date specified by the Owner in such notice. Such notices of tender shall state the CUSIP number, bond number and the principal amount of such Bond and that such Bond shall be purchased on the Purchase Date specified above. The Bond shall be delivered (with all necessary endorsements) at or before 12:00 noon on the Purchase Date at the office of the Registrar and Paying Agent in New York, New York; provided, however, that payment of the Purchase Price shall be made as described in this paragraph only if the Bond so delivered to the Registrar and Paying Agent conforms in all respects to the description thereof in the notice. Payment of the Purchase Price with respect to purchases shall be made to the Owners of tendered Bonds by wire transfer in immediately available funds by the Registrar and Paying Agent by the close of business on the Purchase Date. An Owner who gives the notice of tender as set forth above may repurchase the Bonds so tendered on such Purchase Dates if the Remarketing Agent agrees to sell the Bonds so tendered to such Owner. If such Owner decides to repurchase such Bonds and the Remarketing Agent agrees to sell the specified Bonds to such Owner, the delivery requirements set forth above shall be waived.

Mandatory Purchase on Mode Change Date. Bonds to be changed from one Mode to another Mode (other than a change to the Fixed Rate Mode) are subject to mandatory purchase on the Mode Change Date at the Purchase Price as described in this paragraph. Bonds purchased shall be delivered by the Owners (with all necessary endorsements) to the office of the Registrar and Paying Agent in New York, New York, at or before 12:00 noon on the Mode Change Date and payment of the Purchase Price shall be made by wire transfer in immediately available funds by the close of business on the Mode Change Date. The Registrar and Paying Agent shall give notice of such mandatory purchase by mail to the Owners of the Bonds subject to mandatory purchase no less than thirty (30) days prior to the Mandatory Purchase Date. The notice shall state the Mandatory Purchase Date, the Purchase Price, the numbers of the Bonds to be purchased if less than all of the Bonds owned by such Owner are to be purchased and that interest on Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Owner.

Bonds to be changed to the Fixed Rate Mode are subject to mandatory purchase on the Mode Change Date at the Purchase Price as described in this paragraph. Bonds purchased shall be delivered by the Owners (with all necessary endorsements) to the office of the Registrar and Paying Agent in New York, New York, at or before 12:00 noon on the Mode Change Date and payment of the Purchase Price shall be made by wire transfer of immediately available funds by the close of business on the Mode Change Date. The Registrar and Paying Agent shall give notice of such mandatory purchase as part of the notice of change of Mode to be sent to the Owners as described under the caption "Notice to Owners."

Mandatory Purchase Upon Expiration or Termination of Liquidity Facility or Substitution of Alternate Liquidity Facility. Bonds shall be subject to mandatory purchase on each Expiration Tender Date and Substitution Tender Date applicable to such Bonds. The Registrar and Paying Agent shall mail notice of each Expiration Tender Date and Substitution Tender Date to the holders of Bonds subject to mandatory purchase not less than 15 days

prior to such Expiration Tender Date and Substitution Tender Date, respectively. If the Registrar and Paying Agent shall receive notice from the Bank of the occurrence of an Event of Termination under and as defined in the Liquidity Facility (excluding an Immediate Termination Event), then the Registrar and Paying Agent shall immediately, and in any case not more than one Business Day following receipt of such notice, establish the Termination Tender Date, which shall be a date not more than three Business Days after receipt by the Registrar and Paying Agent of such notice from the Bank, and in any event not later than the Business Day immediately preceding the Termination Date under and as defined in the Liquidity Facility and give notice of such Tender Termination Date to the holders of all outstanding Bonds secured by the Liquidity Facility. Each such notice shall state (i) the Mandatory Purchase Date, (ii) the Purchase Price, and (iii) that interest on such Bonds shall cease to accrue from and after the Mandatory Purchase Date. The failure to mail any such notice shall not affect the validity of the mandatory purchase of any Bond subject to mandatory purchase in accordance with the Bond Order. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any holder. Bonds purchased as described in this paragraph shall be delivered by their Owners (with all necessary endorsements) to the office of the Registrar and Paying Agent in New York, New York, at or before 12:00 noon on the Mandatory Purchase Date, and payment of the Purchase Price of such Bonds shall be made by wire transfer of immediately available funds by the Registrar and Paying Agent by the close of business on such Mandatory Purchase Date.

Additional Mandatory Purchase Dates. The Bonds shall be subject to mandatory purchase at the Purchase Price of such Bonds on any Business Day selected by the County (an "Elective Mandatory Purchase Date"), upon 25 days' written notice to the Registrar and Paying Agent (or such fewer number of days as shall be acceptable to the Registrar and Paying Agent), *provided* that (a) the date selected by the County shall be a date on which the Bonds to be purchased would otherwise be redeemable at the option of the County and (b) the Bank shall have received evidence reasonably satisfactory to it that all Bank-Owned Bonds, if any, will be purchased and all other amounts payable to the Bank will be paid on such date on each date selected by the County at the Purchase Price of such Bonds. The Registrar and Paying Agent shall mail notice of each such Mandatory Purchase Date to the holders of Bonds subject to mandatory purchase not less than 15 days prior to such Mandatory Purchase Date. Each such notice shall state (i) the Mandatory Purchase Date, (ii) the Purchase Price, and (iii) that interest on such Bonds shall cease to accrue from and after the Mandatory Purchase Date. The failure to mail any such notice shall not affect the validity of the mandatory purchase of any Bond subject to mandatory purchase in accordance with this Bond Order. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any holder. Bonds purchased on any such Mandatory Purchase Date shall be delivered by their Owners (with all necessary endorsements) to the office of the Registrar and Paying Agent in New York, New York, at or before 12:00 noon on the Mandatory Purchase Date, and payment of the Purchase Price of such Bonds shall be made by wire transfer of immediately available funds by the Registrar and Paying Agent by the close of business on such Mandatory Purchase Date.

Transfer of Funds; Draw on Liquidity Facility. On each Purchase Date or Mandatory Purchase Date, as the case may be, the Registrar and Paying Agent shall draw on the Liquidity Facility by 12:30 P.M. in an amount equal to the Purchase Price of all Bonds tendered or deemed tendered less the sum of (i) the aggregate amount of remarketing proceeds received from the remarketing of Bonds and (ii) the sum on deposit in the County Funds Account.

Source of Funds for Purchase of Bonds. By the close of business on the Purchase Date or the Mandatory Purchase Date, as the case may be, the Registrar and Paying Agent shall purchase tendered Bonds from the tendering Owners at the Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and neither the Registrar and Paying Agent nor the Remarketing Agent shall be obligated to provide funds from any other source:

- (i) immediately available funds on deposit in the Remarketing Proceeds Account;
- (ii) immediately available funds on deposit in the County Funds Account; and
- (iii) immediately available funds on deposit in the Liquidity Facility Purchase Account.

Delivery of Bonds. On each Purchase Date or Mandatory Purchase Date, as the case may be, the Bonds shall be delivered as follows:

- (i) Bonds remarketed and sold by the Remarketing Agent shall be delivered by the Remarketing Agent to the purchasers of those Bonds by 3:00 P.M.
- (ii) Bonds purchased by the Registrar and Paying Agent with moneys provided by the County shall, upon the written direction of an County Representative, be either (i) registered in the name of the Registrar and Paying Agent as agent for the County and held upon the direction of the County or (ii) cancelled.
- (iii) Bonds purchased by the Registrar and Paying Agent with moneys from draws on the Liquidity Facility shall be registered immediately in the name of the Bank or its nominee on or before 1:30 P.M.

Undelivered Bonds. If Bonds to be purchased are not delivered by the Owners to the Registrar and Paying Agent by 12:00 noon on the Purchase Date or the Mandatory Purchase Date, as the case may be, the Registrar and Paying Agent shall hold any funds received for the purchase of those Bonds in trust in a separate account and shall pay such funds to the former Owners of the Bonds upon presentation of the Bonds. Such undelivered Bonds shall cease to accrue interest as to the former Owners on the Purchase Date or the Mandatory Purchase Date, as the case may be, and moneys representing the Purchase Price shall be available against delivery of those Bonds at the Principal Office of the Registrar and Paying Agent; provided, however, that any funds which shall be so held by the Registrar and Paying Agent and which remain unclaimed by the former Owner of a Bond not presented for purchase for a period of five years after delivery of such funds to the Registrar and Paying Agent, shall, to the extent permitted by law, upon request in writing by the County and the furnishing of security or indemnity to the Registrar and Paying Agent's satisfaction, be paid to the County free of any trust or lien and thereafter the former Owner of such Bond shall look only to the County and then only to the extent of the amounts so received by the County without any interest thereon and the Registrar and Paying Agent shall have no further responsibility with respect to such moneys or payment of the purchase price of such Bonds. The Registrar and Paying Agent shall authenticate a replacement Bond for any undelivered Bond which may then be remarketed by the Remarketing Agent.

No Purchases or Sales After Payment Default. If there shall have occurred and be continuing a default in the due and punctual payment of the principal of or interest or premium (if any) on any Bond, the Remarketing Agent shall be notified and shall not remarket any Bonds.

Liquidity Facility. On each Purchase Date or Mandatory Purchase Date, as the case may be, the Registrar and Paying Agent, by Electronic Means given before 12:30 P.M., shall draw on the Liquidity Facility in accordance with the terms thereof so as to receive thereunder by 2:30 P.M. on such date an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of Bonds on hand with the Registrar and Paying Agent on such date and funds on deposit in the County Funds Account, to enable the Registrar and Paying Agent to pay the Purchase Price in connection therewith.

Notwithstanding the provisions described in foregoing paragraph, the Registrar and Paying Agent shall not draw on the Liquidity Facility with respect to any payments due or made in connection with Bank-Owned Bonds, Bonds the Owner of which is the County, or Bonds in modes other than the Daily Mode and the Weekly Mode.

The Initial Liquidity Facility Provider. The Bank is a national banking association organized under the laws of the United States and is the largest subsidiary of U.S. Bancorp. At September 30, 2017, the Bank reported total assets of \$452 billion, total deposits of \$354 billion and total shareholders' equity of \$47 billion. The foregoing financial information regarding the Bank has been derived from and is qualified in its entirety by the unaudited financial information contained in the Federal Financial Institutions Examination Council report Form 031, Consolidated Report of Condition and Income for a Bank with Domestic and Foreign Offices ("Call Report"), for

the quarter ended September 30, 2017. The publicly available portions of the quarterly Call Reports with respect to the Bank are on file with, and available upon request from, the FDIC, 550 17th Street, NW, Washington, D.C. 20429 or by calling the FDIC at (877) 275-3342. The FDIC also maintains an Internet website at www.fdic.gov that contains reports and certain other information regarding depository institutions such as the Bank. Reports and other information about the Bank are available to the public at the offices of the Comptroller of the Currency at One Financial Place, Suite 2700, 440 South LaSalle Street, Chicago, IL 60605.

U.S. Bancorp is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, files reports and other information with the Securities and Exchange Commission. U.S. Bancorp is not guaranteeing the obligations of the Bank and is not otherwise liable for the obligations of the Bank.

Except for the contents of this section, the Bank and U.S. Bancorp assume no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement.

Alternate Liquidity Facility. If at any time there shall have been delivered to the Registrar and Paying Agent (i) an Alternate Liquidity Facility in substitution for the Liquidity Facility then in effect, (ii) a Favorable Opinion of Bond Counsel, (iii) a Rating Confirmation Notice from Moody's, if the Bonds are rated by Moody's, from S&P, if the Bonds are rated by S&P, and from Fitch, if the Bonds are rated by Fitch, together with a written statement of Moody's, S&P and Fitch, as applicable, indicating that the substitution of the Alternate Liquidity Facility will not result in a lowering of their ratings on the Bonds to be covered by the Alternate Liquidity Facility as a result of its substitution for the current Liquidity Facility and (iv) written evidence satisfactory to the Liquidity Facility Provider of the provision for purchase from the Liquidity Facility Provider of all Bank-Owned Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due it under the Liquidity Facility Agreement on or before the effective date of such Alternate Liquidity Facility, then the Registrar and Paying Agent shall accept such Alternate Liquidity Facility on the Substitution Tender Date and shall surrender the Liquidity Facility then in effect to the Liquidity Facility Provider on the Substitution Date. The County shall give the Registrar and Paying Agent, the Remarketing Agent and the Liquidity Facility Provider written notice of the proposed substitution of an Alternate Liquidity Facility for the Liquidity Facility then in effect no less than forty-five (45) days prior to the proposed Substitution Date. The Registrar and Paying Agent shall give notice of such proposed substitution by mail to the Owners of the Bonds no less than thirty (30) days prior to the proposed Substitution Date.

The effectiveness of any Alternate Liquidity Facility shall be conditioned upon the payment to the Liquidity Facility Provider of all amounts owing under the Liquidity Facility Agreement and an amount equal to the principal of and interest on any Bank-Owned Bonds.

Redemption

In the manner and with the effect provided in the Bond Order, the Bonds will be subject to redemption prior to maturity as described below.

Optional Redemption. For so long as the Bonds are in the Daily Mode, the Bonds shall be subject to optional redemption by the County, in whole on any date or in part on any Interest Payment Date, in Authorized Denominations, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any.

Mandatory Sinking Fund Redemption. The Bonds shall be subject to mandatory sinking fund redemption by the County in part, at a redemption price equal to the principal amount redeemed, plus accrued and unpaid interest, on November 1 in each of the following years and respective principal amounts:

<u>Date of Redemption</u>	<u>Redemption Amount</u>
November 1, 2028	\$17,000,000
November 1, 2029	17,000,000
November 1, 2030	17,000,000
November 1, 2031	17,000,000
November 1, 2032	17,000,000
November 1, 2033	17,000,000
November 1, 2034	17,000,000
November 1, 2035	17,000,000
November 1, 2036	17,000,000
November 1, 2037*	17,000,000

* Date of Maturity

Selection of Bonds for Redemption. Whenever less than all the Outstanding Bonds of a maturity are to be redeemed on any one date, the Registrar and Paying Agent shall select the Bonds to be redeemed from the Outstanding Bonds of such maturity by lot, or in such other manner as the Registrar and Paying Agent deems fair; provided, that (i) Bank-Owned Bonds shall be redeemed first; (ii) if Bonds are then Outstanding as Serial Bonds, the Registrar and Paying Agent shall select for redemption Serial Bonds stated to mature in the years selected by the County in its discretion; and (iii) if Bonds are then Outstanding in more than one Mode, the Registrar and Paying Agent shall select for redemption Bonds in the respective Modes as directed by the County in its discretion.

Notice of Redemption. Except as otherwise provided in the Bond Order, the Registrar and Paying Agent shall give notice of redemption of any Bonds to be redeemed, as provided herein, upon receipt of notice from the County, which notice shall be given to the Registrar and Paying Agent at least thirty (30) calendar days prior to the Redemption Date (unless the Registrar and Paying Agent shall agree to a shorter period).

Except as otherwise provided in the Bond Order, notice of redemption shall be given by mail by the Registrar and Paying Agent to the Remarketing Agent, the Bank, and the Owners of any Bonds designated for redemption in whole or in part and to the EMMA and to the Securities Depositories no less than fifteen (15) nor more than forty-five (45) days prior to the Redemption Date. Each notice of redemption shall state the Redemption Date, the redemption place and the redemption price, the maturity dates of the Bonds to be redeemed and shall designate the numbers of the Bonds to be redeemed if less than all of the Outstanding Bonds of a maturity are to be redeemed, shall (in the case of any Bond called for redemption in part only) state the portion of the principal amount thereof which is to be redeemed, and shall state that the interest thereon or portions thereof designated for redemption shall cease to accrue from and after such Redemption Date and that on such Redemption Date there will become due and payable on each of the Bonds or portions thereof designated for redemption the redemption price thereon. The failure to mail such notice with respect to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond with respect to which notice was so mailed.

Any notice mailed as described herein will be conclusively presumed to have been given, whether or not actually received by any Owner. Failure by the Registrar and Paying Agent to give notice to any one or more of the Information Services or Securities Depositories, or the insufficiency of any such notice, shall not affect the validity of the proceedings for redemption.

Effect of Redemption. If notice of redemption has been duly given as described above and money for the payment of the redemption price of the Bonds or portions thereof to be redeemed is held by the Registrar and Paying Agent, then on the Redemption Date designated in such notice the Bonds or portions thereof so called for redemption shall become payable at the redemption price as specified in such notice; and from and after the Redemption Date so designated, interest thereon or portions thereof so called for redemption shall cease to accrue,

such Bonds or portions thereof shall cease to be entitled to any benefit, protection or security under the Bond Order and the Owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price. Notwithstanding the foregoing, any Bank-Owned Bonds shall remain Outstanding until the Bank is paid all amounts due under such of the Bonds or portions thereof to be redeemed on their redemption dates. After payment to the Bank of all amounts due on Bank-Owned Bonds the Bank shall surrender such Bonds to the Registrar and Paying Agent for cancellation.

Redemptions - Book-Entry. During any period in which the Bonds are maintained pursuant to a book-entry system, redemption of the Bonds shall occur in accordance with the Securities Depository's standard procedures for redemption of obligations such as the Bonds.

Book-Entry System

The information contained in the following paragraphs of this subsection "Book-Entry Only System" has been extracted from a schedule prepared by DTC entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE." The County makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

General. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds in principal amount equal to the aggregate principal amount of the Bonds of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions and defaults. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of the notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

So long as a nominee of DTC is the registered owner of the Bonds, references herein to the bondholders or the holders or owners of the Bonds shall mean DTC and shall not mean the Beneficial Owners of the Bonds. The County and the Paying Agent/Registrar will recognize DTC or its nominee as the holder of all of the Bonds for all purposes, including the payment of the principal of and interest on, and the purchase price of, the Bonds, as well as the giving of notices. Neither the County nor the Paying Agent will have any responsibility or obligation to Direct or Indirect Participants or Beneficial Owners with respect to payments or notices to Direct or Indirect Participants or Beneficial Owners.

So long as the Bonds are held by DTC under a book-entry system, principal and interest payments and any premium on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC, DTC's nominee, the Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest or premium to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or its Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Book-Entry Only System — Miscellaneous. The information in the Section "Book-Entry Only System — General" has been obtained from DTC. The County takes no responsibility for the accuracy or completeness thereof. The County will have no responsibility or obligation to DTC Participants or the persons for whom they act as nominees with respect to the payments to or the providing of notice to the DTC Participants, or the Indirect Participants, or Beneficial Owners. The County cannot and does not give any assurance that DTC Participants or others will distribute principal and interest payments paid to DTC or its nominees, as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

Discontinuation of Book-Entry Only System. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such

circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The County may also decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

In the event that the Book-Entry Only System is discontinued, the Bonds in fully certificated form will be issued as fully registered Bonds without coupons in the denomination of \$5,000 each or any integral multiple thereof. Such Bonds will be transferable only upon the registration books kept at the principal office of the Paying Agent/Registrar, by the registered owner thereof in person, or by an attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer in the form attached thereto and satisfactory to the Paying Agent/Registrar, and duly executed by the registered owner or a duly authorized attorney. Within a reasonable time of such surrender, the County shall cause to be issued in the name of the transferee a new registered Bond or Bonds of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Bond surrendered and maturing on the same date and bearing interest at the same rate. The new Bond or Bonds shall be delivered to the transferee only after due authentication by an authorized officer of the Paying Agent/Registrar. The County may deem and treat the person in whose name a Bond is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal or redemption price thereof and interest due thereon and for all other purposes.

In the event that the Book-Entry Only System is discontinued, the Bonds may be transferred or exchanged at the principal office of the Paying Agent/Registrar. Upon any such transfer or exchange, the County shall execute and the Paying Agent/Registrar shall authenticate and deliver a new registered Bond or Bonds without coupons of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Bond exchanged or transferred, and maturing on the same date and bearing interest at the same rate. In each case, the Paying Agent/Registrar may require payment by any holder of Bonds requesting exchange or transfer of Bonds of any tax, fee or other governmental charge, shipping charges and insurance that may be required to be paid with respect to such exchange or transfer, but otherwise no charge shall be made to the holder of Bonds for such exchange or transfer. The Paying Agent/Registrar shall not be required to transfer or exchange any Bond after the mailing of notice calling such Bond or portion thereof for redemption as previously described; provided, however, that the foregoing limitation shall not apply to that portion of a Bond in excess of \$5,000 which is not being called for redemption.

Neither the County nor the Paying Agent can give any assurances that DTC or the Direct or Indirect Participants will distribute payments of the principal or redemption price of and interest on or the purchase price of, the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption, purchase or other notices, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

Remarketing Agent

General. The County and J.P. Morgan Securities LLC, as Remarketing Agent, have entered into a Remarketing Agreement dated as of December 19, 2017 (the “Remarketing Agreement”), pursuant to which J.P. Morgan Securities LLC has agreed to serve as Remarketing Agent for the Bonds.

The Remarketing Agent will determine the interest rates from time to time borne by the Bonds as described above under “Interest Rate on the Bonds.” In addition, the Remarketing Agent will use its best efforts to remarket Bonds, or portions thereof in Authorized Denominations, subject to tender and purchase pursuant to the Bond Order from time to time. The Remarketing Agent is not required to remarket any Bonds or portions thereof under certain circumstances specified in the Remarketing Agreement. Subject to the provisions of the Remarketing Agreement, the Remarketing Agent, in its individual capacity, may become the owner of, or may in good faith buy, sell, own, hold and deal in, the Bonds or portions thereof with the same rights as if it were not the Remarketing Agent.

The Remarketing Agent may resign or may be removed by the County at any time or from time to time upon giving notice as required under the Remarketing Agreement. Following any resignation or removal of the Remarketing Agent, the County is required under the Bond Order to appoint a successor Remarketing Agent.

The Remarketing Agent is Paid by the Issuer. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the County and is paid by the County for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Bonds.

The Remarketing Agent Routinely Purchase Bonds for its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account in order to achieve a successful remarketing of the obligations (i.e., because there are otherwise not enough buyers to purchase the obligations) or for other reasons. The Remarketing Agent is permitted, but not obligated, to purchase tendered Bonds for its own account and, if it does so, it may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Bonds by routinely purchasing and selling Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Bonds. The Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case. The practices described above also may result in fewer Bonds being tendered in a remarketing.

Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date. Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable Rate Determination Date. The interest rate will reflect, among other factors, the level of market demand for the Bonds (including whether the Remarketing Agent is willing to purchase Bonds for its own account). There may or may not be Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Bonds at the remarketing price. In the event a Remarketing Agent owns any Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Bonds on any date, including the Rate Determination Date, at a discount to par to some investors.

The Ability to Sell the Bonds other than through Tender Process May Be Limited. The Remarketing Agent may buy and sell Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to sell their Bonds to instead tender their Bonds through the Tender Agent with appropriate notice. Further, investors who purchase the Bonds should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process. The Liquidity Facility is not available to purchase Bonds other than those tendered in accordance with the tender process and, as such, would not be drawn to purchase Bonds in connection with a sale of Bonds by the bondholder to the Remarketing Agent. The Liquidity Facility will only be drawn when such Bonds have been properly tendered in accordance with the terms of the transaction.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the Bonds, Without a Successor Being Named. Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement.

Unclaimed Money

Under certain circumstances set forth in the Bond Order, moneys held by the Registrar and Paying Agent for the payment of Bonds and which remain unclaimed for a period of three years after the date on which such payments have become payable, may be paid by the Registrar and Paying Agent to the County.

Form of the Bonds

The definitive Bonds shall be in substantially the form attached hereto as Appendix B, with appropriate or necessary insertions, omissions and variations as permitted or required by the Bond Order, upon any change in Mode, if and to the extent necessary, a new form of Bonds shall be prepared which contains the terms of the Bonds applicable in the new Mode.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General Obligations

The Bonds are general obligation bonds of the County and constitute an irrevocable pledge of its full faith and credit and unlimited taxing power. Such Bonds are payable from ad valorem taxes, unlimited as to rate or amount, on all real, tangible personal and certain intangible property subject to taxation at full rates for local purposes in the County.

Additionally, Section 312 of the Charter provides as follows: "...If at any time the Council shall have failed to appropriate and to make available sufficient funds to provide for the timely payment of the interest and principal then due upon all County indebtedness, it shall be the duty of the Director of Finance to pay, or to make available for payment, to the holders of such indebtedness from the first revenues thereafter received applicable to the general funds of the County, a sum equal to such interest and principal."

Standby Bond Purchase Agreement

General. The following summarizes certain provisions of the Standby Bond Purchase Agreement providing liquidity support for the Bonds, to which reference is made for the detailed provisions thereof. The Standby Bond Purchase Agreement contains various provisions, covenants and conditions, certain of which are summarized below. Certain words or terms used in the following summary not defined hereinbelow are defined elsewhere in this Official Statement or in the Standby Bond Purchase Agreement and reference thereto is made for such definitions.

The Standby Bond Purchase Agreement does not guaranty the payment of principal of or interest or redemption premium, if any, on the Bonds in the event of non-payment of such interest, principal or redemption premium, if any, by the County. The Standby Bond Purchase Agreement is available to provide funds only for the purchase of tendered Bonds described in the Standby Bond Purchase Agreement and none of the funds available pursuant to the Standby Bond Purchase Agreement may be used to pay the Purchase Price of any Bonds other than Eligible Bonds (initially, Bonds in the Daily Mode or the Weekly Mode other than Bonds owned by, for the account of, or on behalf of, the County or any affiliate thereof).

The obligation of the Bank pursuant to the Standby Bond Purchase Agreement is to provide funds for the purchase of Bonds that have been tendered and not remarketed. This obligation under the Standby Bond Purchase Agreement will end on the earliest of: (a) the close of business on the Stated Expiration Date (initially, December 18, 2020); (b) the date on which no Bonds are outstanding; (c) the Substitution Date, but not until the Bank has remitted to the Paying Agent in immediately available funds full payment of the Purchase Price for any Bonds the Bank is required to purchase on or before such date pursuant to the Standby Bond Purchase Agreement; (d) the Purchase Termination Date; (e) the close of business on the Business Day immediately succeeding the Mode Change Date on which all of the Bonds are converted to a Mode other than the Daily Mode or the Weekly Mode;

or (vi) the close of business on the date the Available Commitment is reduced to zero or terminated pursuant to the Standby Bond Purchase Agreement (the “Bank Purchase Period”).

Subject to the terms and conditions of the Standby Bond Purchase Agreement, the Bank agrees from time to time during the Bank Purchase Period to purchase, with its own funds, Eligible Bonds, at the Purchase Price on a Bank Purchase Date. The aggregate principal amount (or portion thereof in Authorized Denominations or any integral multiple thereof) of any Eligible Bond purchased on any Bank Purchase Date shall not exceed the Available Principal Commitment (calculated without giving effect to any purchase of Eligible Bonds by the Bank on such date) on such Bank Purchase Date and the portion of the Purchase Price constituting accrued interest on Eligible Bonds shall not exceed the lesser of (i) the Available Interest Commitment with respect to such Eligible Bonds on such date and (ii) the actual amount of interest accrued and unpaid on such Eligible Bonds to but excluding such date. Any Eligible Bonds so purchased shall thereupon constitute Bank-Owned Bonds and shall, from the date of such purchase and while they are Bank-Owned Bonds, bear interest at the Bank Interest Rate and have other characteristics of Bank-Owned Bonds as set forth in the Standby Bond Purchase Agreement, the Bond Order and the Bonds.

If, on any Bank Purchase Date during the Bank Purchase Period, the Bank receives not later than 12:30 p.m., Eastern time, a notice of bank purchase from the Paying Agent, the Bank shall, subject to the conditions set forth in the Standby Bond Purchase Agreement, transfer to the Paying Agent not later than 2:30 p.m., Eastern time, on such Bank Purchase Date, in immediately available funds, an amount equal to the aggregate Purchase Price of all Eligible Bonds tendered or deemed tendered for purchase on such date but not remarketed as specified in such notice of bank purchase. A notice of bank purchase shall be irrevocable after receipt thereof by the Bank.

The obligation of the Bank to purchase Eligible Bonds on any date is subject to the satisfaction of the following conditions, unless waived in writing by the Bank: (i) receipt of a notice of bank purchase as set forth in the Standby Bond Purchase Agreement; and (ii) no Immediate Termination Event (as defined below) Potential Termination Event described under paragraph (d) under the sub-heading “*Events of Termination*” below shall have occurred and be continuing on such Bank Purchase Date.

Events of Termination. The occurrence of any of the following events shall constitute an “Event of Termination”:

(a) any interest due on the Bonds (including any Bank-Owned Bonds) is not paid when due; or any principal on the Bonds (including any Bank-Owned Bonds except as noted below) is not paid when due whether on any regularly scheduled interest payment date, at maturity, upon redemption or acceleration (excluding acceleration of any Bank-Owned Bonds), or otherwise;

(b) nonpayment of any other amounts payable by the County to the Bank when and as due under the Standby Bond Purchase Agreement or under the Fee Letter;

(c) a County Representative shall challenge the validity or enforceability of the Standby Bond Purchase Agreement or any of the other Related Documents (other than the Fee Letter and the Remarketing Agreement), or any Governmental Authority having jurisdiction shall find or rule that any material provision of the Standby Bond Purchase Agreement or any other Related Document with respect to payment of principal of or interest on the Bonds is not valid or binding on the County;

(d) a proceeding is instituted in a court having jurisdiction in the premises seeking an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution with respect to the County or for any substantial part of its Property under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) and such proceeding is not terminated within ninety (90) days of commencement or such court enters an order granting the relief sought in such proceeding or the County shall institute or take any corporate action for the purpose of instituting any such proceeding, or the County shall admit in writing that it is insolvent or unable to pay its debts as they mature, or the County shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a

receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the County or for any substantial part of its Property, or shall make a general assignment for the benefit of creditors, or shall fail to pay its Parity Debt as it becomes due, or shall take any corporate action in furtherance of any of the foregoing;

(e) (i) the County shall default in any payment of principal of or interest on any Indebtedness of the type described in clause (a), (b) or (e) of the definition of such term (as defined below) (other than defaults in the payment of accelerated principal of or interest on Bank-Owned Bonds and on any other bank bonds or pledged bonds arising from liquidity draws on letters of credit, standby bond purchase agreements or other similar evidences of indebtedness supporting such Indebtedness), or in the payment of any Guarantee of any such Indebtedness of another Person (other than a payment default resulting from the County's assertion of set-off, counterclaim, recoupment or other defense to payment under such Guarantee), which in either such case is *pari passu* in priority of payment as the Bonds ("Parity Debt"), beyond the period of grace, if any, provided in the instrument or agreement under which such Parity Debt was created, or a moratorium or debt restructuring which creates extraordinary restrictions on the payment of such Parity Debt shall have been declared or announced (whether or not in writing) by a County Representative with respect to any such Parity Debt or imposed on the County with respect to all such Parity Debt by any Governmental Authority having jurisdiction over the County as a result of a finding or ruling by such Governmental Authority; or (ii) as a result of a payment default relating to principal of or interest on any Parity Debt, the holder or holders of such Parity Debt or beneficiary or beneficiaries of such Parity Debt (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) are permitted, with the giving of notice if required, to cause such Parity Debt to become due prior to its stated maturity or such Parity Debt to become payable; or (iii) there occurs a default in the observance or performance of any other agreement, term or condition relating to any such Parity Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Parity Debt or beneficiary or beneficiaries of such Parity Debt (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Parity Debt to become due prior to its stated maturity or such Parity Debt to become payable;

(f) any representation or warranty made by the County in the Standby Bond Purchase Agreement (or incorporated in the Standby Bond Purchase Agreement by reference) or in any of the other Related Documents or in any certificate, document, instrument, opinion or financial or other statement contemplated by or made or delivered pursuant to or in connection with the Standby Bond Purchase Agreement or with any of the other Related Documents, shall prove to have been incorrect, incomplete or misleading in any material respect when made;

(g) default in the due observance or performance by the County of any covenant set forth (or incorporated by reference) in the Standby Bond Purchase Agreement;

(h) default in the due observance or performance by the County of any other term, covenant or agreement set forth (or incorporated by reference) in the Standby Bond Purchase Agreement or the Fee Letter and the continuance of such default for thirty (30) days after the occurrence thereof;

(i) the occurrence of an "event of default" under any of the Related Documents (other than the Standby Bond Purchase Agreement);

(j) (i) any money judgment or judgments in an aggregate amount in excess of \$10,000,000 shall be entered or filed against the County and remain unpaid, unvacated, unbonded, uninsured or unstayed for a period sixty (60) days, or (ii) any writ or writs or warrant or warrants of attachment, or any similar process or processes in an aggregate amount in excess of \$10,000,000 shall be entered or filed against any of the County's Property and remain unpaid, unvacated, unbonded, uninsured or unstayed for a period sixty (60) days;

(k) a default shall occur and be continuing under any other agreement between the County and the Bank or under any other obligation owed by the County to the Bank;

(l) any long-term unenhanced rating assigned to the Bonds or any Parity Debt is lowered below "A-" (or its equivalent) by S&P, "A3" (or its equivalent) by Moody's or "A-" (or its equivalent) by Fitch; or

(m) any long-term unenhanced rating assigned to the Bonds or any Parity Debt shall be withdrawn or suspended for a credit-related reason or reduced below “BBB-” (or its equivalent), “BBB-” (or its equivalent) or “Baa3” (or its equivalent) by each of Fitch, S&P and Moody’s to the extent each of such Rating Agencies is then rating the Bonds or any such Parity Debt.

Event of Termination Remedies.

(a) In the case of an Event of Termination specified in paragraphs (a), (c), (d), (e)(i), (e)(ii), (j)(i) or (m) under the sub-heading “Events of Termination” above (each an “Immediate Termination Event”), the Available Commitment and the obligation of the Bank to purchase Bonds shall immediately terminate without prior notice or demand, and thereafter the Bank shall be under no obligation to purchase Bonds. Promptly after the Bank receives notice or otherwise becomes aware of the occurrence of an Immediate Termination Event, the Bank shall give written notice of the same to the County, the Registrar and Paying Agent and the Remarketing Agent, *provided* that the Bank shall incur no liability or responsibility whatsoever by reason of its failure to receive or give such notice and such failure shall in no way affect the termination of the Bank’s Available Commitment and of its obligation to purchase Bonds pursuant to the Standby Bond Purchase Agreement.

(b) In the case of an Event of Termination other than as set forth in paragraph (a) immediately above, the Bank may terminate the Available Commitment by giving written notice (a “Notice of Termination”) to the County, the Registrar and Paying Agent and the Remarketing Agent, specifying the date on which the Available Commitment shall terminate (the “Termination Date”), which shall be not less than ten (10) days from the date of receipt of such notice by the Registrar and Paying Agent, and on and after the Termination Date the Bank shall be under no further obligation to purchase Bonds under the Standby Bond Purchase Agreement.

(c) Upon the occurrence and during the continuance of a Potential Termination Event described in paragraph (d) under the sub-heading “Events of Termination” above, the obligation of the Bank to purchase Bonds under the Standby Bond Purchase Agreement shall be immediately and automatically suspended, without notice, and the Bank shall be under no further obligation under the Standby Bond Purchase Agreement to purchase Bonds, until the bankruptcy, insolvency or similar proceeding referred to therein is terminated prior to the court entering an order granting the relief sought in such proceeding. In the event such proceeding is terminated, then the obligations of the Bank under the Standby Bond Purchase Agreement shall be automatically reinstated and the terms of the Standby Bond Purchase Agreement shall continue in full force and effect (unless the obligation of the Bank to purchase Bonds under the Standby Bond Purchase Agreement shall otherwise have terminated) as if there had been no such suspension.

(d) In addition to the rights and remedies set forth in paragraphs (a), (b) and (c) immediately above, in the case of any Event of Termination specified under the sub-heading “Events of Termination” above upon the election of the Bank: (i) all amounts payable under the Standby Bond Purchase Agreement and under the Fee Letter not then due and payable shall immediately bear interest at the Default Rate and become immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the County; and (ii) the Bank shall have all the rights and remedies available to it under the Standby Bond Purchase Agreement and the Related Documents and otherwise pursuant to law or equity.

(e) No failure or delay on the part of the Bank in exercising any right, power or privilege under the Standby Bond Purchase Agreement and no course of dealing shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under the Standby Bond Purchase Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies in the Standby Bond Purchase Agreement expressly provided are cumulative and not exclusive of any rights or remedies which the Bank would otherwise have. No notice to or demand on the County or any other Person hereto in any case shall entitle the County or such other Person to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Bank to any other or further action in any circumstances without notice or demand.

TAX MATTERS

In rendering its opinion with respect to the Bonds, Bond Counsel will rely without investigation on certifications provided by the County with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

The following is only a general summary of certain provisions of the Internal Revenue Code of 1986, as amended (the "Code") as enacted and in effect on the date hereof and does not discuss all aspects of federal income taxation that may be relevant to a particular holder of the Bonds in light of such holder's particular circumstances and income tax situation. Each holder of the Bonds should consult such holder's tax advisors as to the specific consequences to such holder of the ownership and disposition of the Bonds, including the application of state, local, foreign and other tax laws.

Maryland Income Taxation

In the opinion of Bond Counsel, under existing law, the Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt from taxation of any kind by the State of Maryland, by any of its political subdivisions, or any other public entity. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Interest on the Bonds may be subject to state or local income taxes in jurisdictions other than the State of Maryland under applicable state or local tax laws. Purchasers of the Bonds should consult their own tax advisors with respect to the taxable status of the Bonds in jurisdictions other than Maryland.

Federal Income Taxation

In the opinion of Bond Counsel, assuming compliance with certain covenants described herein and under existing statutes, regulations, and decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes.

Under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the Bonds in order that the interest thereon be excludable from gross income. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the Bonds be rebated to the United States of America under certain circumstances (or that certain payments in lieu of rebate be made); (ii) other requirements applicable to the investment of the proceeds of the Bonds; and (iii) other requirements applicable to the use of the proceeds of the Bonds and the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income, for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds.

Further, under existing statutes, regulations and decisions, Bond Counsel is of the opinion that interest on the Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. However, for purposes of calculating the corporate alternative minimum tax, a corporation subject to such tax will be required to increase its alternative minimum taxable income by 75% of the amount by which its "adjusted current earnings" exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, "adjusted current earnings" will include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be subject to the branch profits tax imposed by the Code on certain foreign corporations engaged in a trade or business in the United States of America.

As described herein, the Bond Order provides that, following the receipt of a Favorable Opinion of Bond Counsel, the County from time to time may change the Mode applicable to the Bonds or change certain other terms of the Bonds. Accordingly, Bond Counsel will express no opinion as to the effect of any action which must be preceded by delivery of a Favorable Opinion of Bond Counsel on the excludability of interest on the Bonds from gross income for federal income tax purposes.

See Appendix D hereto for the proposed form of opinion of Bond Counsel.

Certain Other Federal Tax Considerations

There are other federal tax consequences of ownership of obligations such as the Bonds under certain circumstances, including the following: (i) deductions are disallowed for certain expenses of taxpayers allocable to interest on tax-exempt obligations, as well as interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations and interest expense of financial institutions allocable to tax-exempt interest, (ii) for property and casualty insurance companies, the amount of the deduction for losses incurred must be reduced by 15% of the sum of tax-exempt interest income and the deductible portion of dividends received by such companies; (iii) interest income that is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security or railroad retirement benefits are includable in gross income for federal income tax purposes; (iv) for S corporations having Subchapter C earnings and profits, the receipt of certain levels of passive investment income, which includes interest on tax-exempt obligations such as the Bonds, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status; and (v) net gain realized upon the sale or other disposition of the Bonds generally must be taken into account when computing the 3.8% Medicare tax with respect to net investment income imposed on certain high income individuals and certain trusts and estates.

Legislative Developments

Legislative proposals recently under consideration or proposed after issuance and delivery of the Bonds could adversely affect the market value of the Bonds. Further, if enacted into law, any such proposal could cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation and could otherwise alter or amend one or more of the provisions of federal tax law described above or their consequences. Prospective purchasers of the Bonds should consult with their tax advisors as to the status and potential effect of proposed legislative proposals, as to which Bond Counsel expresses no opinion.

CONTINUING DISCLOSURE

In order to enable the Underwriter to comply with the requirements of paragraph (b)(5) of Rule 15c2-12 of the Securities Exchange Act of 1934 (“Rule 15c2-12”), the County will execute and deliver a continuing disclosure agreement (the “Continuing Disclosure Agreement”) on or before the date of issuance and delivery of the Bonds, the form of which is attached to this Official Statement as Appendix C. Potential purchasers of the Bonds should note that the definition of Reportable Events in Appendix C is intended to completely restate the events specified in Rule 15c2-12. It is noted that certain Reportable Events are expected to have no applicability to the Bonds, such as the possibility of unscheduled draws on debt service reserves and matters affecting collateral for the Bonds.

With the exception of the following, the County has complied in all material respects with its continuing disclosure undertakings pursuant to Rule 15c2-12 during the last five years. The County has established procedures to ensure that the County will fulfill the requirements of its continuing disclosure obligations for its bonds in the future.

- When filing information with the continuing disclosure service established by the Municipal Securities Rulemaking Board known as the Electronic Market Access System (“EMMA”), the County inadvertently failed to index properly certain Fiscal Year 2012 filings made with respect to the County’s Solid Waste Disposal System Refunding Revenue Bonds (the “2003A Solid Waste Bonds”). To the extent a filing was made without all of the associated CUSIP numbers, the filing was otherwise available in connection with filings made by the County. The 2003A Solid Waste Bonds are no longer outstanding.
- In connection with its continuing disclosure obligations with respect to certain bonds issued by the County on behalf of the Department of Liquor Control and various development and parking lot districts, the County failed to timely file or failed to file portions of its operating data during the last

five years. The County has subsequently filed the necessary operating data with respect to such bonds on EMMA.

- The County failed to file notices of ratings changes in connection with: (i) the upgrade by Standard & Poor's Rating Group in July 2013 of the County's Revenue Bonds (Department of Liquor Control), (ii) the upgrade by Standard & Poor's Rating Group in January 2016 of the County's Revenue Bonds (Water Quality Protection Charge), Series 2012, (iii) the upgrade by Fitch Ratings in April 2016 of the County's Taxable Limited Obligation Certificates (Facility and Residential Development Projects), and (iv) the upgrade by Fitch Ratings in April 2016 of the County's Lease Revenue Project and Refunding Bonds (Metrorail Garage Projects). The County subsequently filed notices of such upgrades on EMMA.

LEGALITY OF THE BONDS

The authorization, sale, issuance and delivery of the Bonds will be subject to legal approval by McKennon Shelton & Henn LLP, Bond Counsel. The opinion is expected to be substantially in the form of the draft opinion attached to this Official Statement as Appendix D.

LITIGATION

The County is currently processing numerous claims for damages and is also a defendant in a number of lawsuits which are expected to be paid, when applicable, through its self-insurance program. In addition to those suits in which claims for liability are adequately covered by insurance, the County is a defendant in various suits involving tort claims, violations of civil rights, breach of contract, inverse condemnation, and other suits and actions arising in the normal course of business. In the opinion of the County Attorney, the possible liability of the County in the resolution of these cases will not materially affect the County's ability to perform its obligations to the holders of the Bonds.

As described herein under "THE COUNTY – Current Developments," the United States Supreme Court upheld the decision of the Maryland Court of Appeals which held that the failure of the Maryland income tax law to allow a credit against the county tax of a Maryland resident taxpayer with respect to activities in another state and that is taxed in that state, violates the dormant Commerce Clause of the United States Constitution. For a discussion regarding the financial impact of the Wynne litigation to the County please see "THE COUNTY – Current Developments."

RATINGS

Fitch, Inc., Moody's Investor's Service, Inc. and Standard and Poor's Rating Service have given the Bonds the ratings of AAA/F1+, Aaa/VMIG 1 and AAA/A-1+, respectively. No application was made to any other rating agency for the purpose of obtaining a rating on the Bonds. A rating reflects only the view of the rating organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by J.P. Morgan Securities LLC (the "Underwriter"). As consideration for its purchase of the Bonds and its efforts expended in connection with the initial offering of the Bonds, the Underwriter will be paid fees and expenses in an amount not to exceed \$73,978.61. The purchase contract between the County and the Underwriter provides that the Underwriter will purchase all of the Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the purchase contract, the approval of certain legal matters by counsel and certain other conditions. The Underwriter is not acting as a financial or municipal advisor to the County in connection with the remarketing of the Bonds.

The Underwriter and its affiliates together comprise a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the County for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the County.

FINANCIAL ADVISOR

Public Resources Advisory Group, Inc. (the “Financial Advisor”), is serving as financial advisor to the County with respect to the issuance and sale of the Bonds. The Financial Advisor has not and is not obligated to undertake or to make an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

INDEPENDENT PUBLIC ACCOUNTANTS

The audited basic financial statements of the County are included in Appendix A to the County’s AIS, which have been audited by CliftonLarsonAllen LLP (“CliftonLarson”), independent public accountants, as indicated in their report with respect thereto. The audited basic financial statements have been included in reliance upon the qualification of said firm to issue said report. In the report, CliftonLarson states that with respect to certain of the County’s component units, its opinion is based on the reports of other independent public accountants. The report of CliftonLarson also contains an explanatory paragraph which states that CliftonLarson did not audit certain identified supplementary information and expressed no opinion thereon.

INFORMATION IN OFFICIAL STATEMENT

All quotations, summaries and explanations in this Official Statement of State and County laws and the Montgomery County Charter do not purport to be complete and reference is made to pertinent provisions of the same for complete statements. Any estimates or opinions herein, whether or not expressly so stated, are intended as such and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date as of which such information is stated or the date hereof. This Official Statement shall not be construed as part of any contract between the County and the purchasers or holders of its bonds. The County has been advised by McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel, in connection with legal statements contained in this Official Statement; however, Bond Counsel has not passed upon or assumed responsibility for the accuracy of the statistical data, financial statements and economic data contained herein.

Any questions regarding this Official Statement or the Bonds should be directed to the County’s Director of Finance, Department of Finance, Montgomery County, Maryland, 101 Monroe Street, 15th floor, Rockville, Maryland 20850, Telephone: (240) 777-8860.

AUTHORIZATION OF OFFICIAL STATEMENT

The execution of this Official Statement and its delivery have been duly authorized by the County. This Official Statement is hereby deemed final for the purposes of Rule 15c2-12 of the Securities and Exchange Commission.

MONTGOMERY COUNTY, MARYLAND

By: /s/ Isiah Leggett
Isiah Leggett
County Executive

By: /s/ Alexandre A. Espinosa
Alexandre A. Espinosa
Director, Department of Finance

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APPENDIX A

PROPOSED FORM OF BOND ORDER

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ORDER NO. _____

\$170,000,000

MONTGOMERY COUNTY, MARYLAND

GENERAL OBLIGATION BONDS

CONSOLIDATED PUBLIC IMPROVEMENT VARIABLE RATE BONDS OF 2017, SERIES E

Approved as of December __, 2017

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EXHIBIT A - Form of Bond

ORDER NO. _____

Approved as of December __, 2017

RECITALS

Capitalized terms used in these Recitals and not otherwise defined have the respective meanings ascribed to them in Section 1.01 below.

Pursuant to the terms of the Authorizing Legislation and to Section 19-208 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2017 Supplement) (the "Act"), the County is authorized to issue its variable rate demand bonds. Council of Montgomery County, Maryland has authorized the issuance of the Bonds, in an aggregate principal amount not to exceed \$170,000,000.

Pursuant to the authority granted by the Act, and based upon the recommendation of the County's financial advisor, Public Resources Advisory Group, Inc. (the "Financial Advisor"), the County has determined that issuing the Bonds in the nature of variable rate demand bonds in integral multiples of \$1,000 (subject to conversion as provided below) is in the public interest. In order to facilitate the issuance of the Bonds as variable rate demand bonds in integral multiples of \$1,000, it is necessary and advisable for the County to retain one or more underwriting firms and one or more remarketing agents. Pursuant to the authority granted by the Authorizing Legislation, and based upon the recommendation of the Financial Advisor, the County Executive has agreed to enter into a bond purchase agreement between the County and J.P. Morgan Securities LLC (the "Underwriter"). Under the Bond Purchase Agreement, the Underwriter will purchase the Bonds. Pursuant to the authority granted by the Authorizing Legislation, the County Executive has determined to request J.P. Morgan Securities LLC (the "Remarketing Agent") to enter into a Remarketing Agreement with the County. Under the Remarketing Agreement, the Remarketing Agent will set the interest rate for the Bonds following the initial interest rate established by the Bond Purchase Agreement.

In order to enhance the marketability of the Bonds and minimize issuance costs to the County, it is necessary and advisable for the County to retain a bank or trust company to provide for registrar and paying agent services with respect to the Bonds. Therefore, pursuant to the authority granted by the Authorizing Legislation and the Act, the County Executive has determined to request U. S. Bank Trust National Association (the "Registrar and Paying Agent") to serve as Registrar and Paying Agent with respect to the Bonds. The duties of the Registrar and Paying Agent are as set forth herein.

In order to enhance the marketability of the Bonds and preserve County funds from investment yield restriction, it is necessary and advisable for the County to retain a bank or consortium of banks to provide a liquidity facility for the payment of the Purchase Price of the Bonds if not otherwise paid when due (subject to certain exclusions). Therefore, pursuant to the authority granted by the Authorizing Legislation and the Act and based upon the recommendation of the Financial Advisor, the County Executive has determined to request U.S. Bank National Association (the "Bank") to provide a Standby Bond Purchase Agreement (the "Liquidity Facility") to the County. Under the Liquidity Facility, the Bank will agree to make advances (each, an "Advance") to an account of the County with the Registrar and Paying Agent, in \$170,000,000 aggregate principal amount outstanding at any time, plus up to 34 days' accrued interest thereon calculated at a rate of up to 10% per annum.

NOW, THEREFORE, BE IT ORDERED:

(1) Pursuant to the Authorizing Legislation and the Act, the County Executive hereby finds and determines as follows:

(a) Due to bond and money market conditions presently in effect, the issuance of the Bonds are expected to reduce the County's interest costs and enable the County to meet its needs at a lower cost than if the County were to issue fixed-rate Bonds exclusively. Such lower costs are expected to result in a net reduction in the aggregate principal amount of tax-exempt obligations issued by the County.

(b) Private, negotiated sales of the Bonds are the most efficient means of marketing such obligations in existing markets, will result in minimal administrative burdens upon the County, are in the best public interest of the County and will result in the lowest cost to the County.

(2) Pursuant to the authority of the Authorizing Legislation and Act, it is hereby found and determined that the best interests of the County will be served by selling the Bonds at private (negotiated) sale in accordance with the terms and conditions set forth in a Bond Purchase Agreement between the County and the Underwriter (the “Bond Purchase Agreement”), the execution and delivery of such document to constitute conclusive evidence of such approval.

(3) Pursuant to the authority of the Authorizing Legislation and the Act, the County shall provide for the issuance and sale of Bonds in accordance with the terms and conditions set forth in the Bond Purchase Agreement.

(4) Pursuant to the authority of the Authorizing Legislation and the Act, the County shall enter into the Remarketing Agreement with the Remarketing Agent, the execution and delivery of such document to constitute conclusive evidence of such approval.

(5) Pursuant to the authority of the Authorizing Legislation and the Act, the County shall enter into a Liquidity Facility, the execution and delivery of such document to constitute conclusive evidence of such approval.

(6) Pursuant to the authority of the Authorizing Legislation and the Act, the distribution of an official statement pertaining to the Bonds (the “Official Statement”) is hereby authorized.

(7) Prior to the Closing Date, a County Representative shall cause the Bonds to be prepared in definitive form. The Bonds shall be executed as herein provided and delivered to the Underwriter for delivery to the original purchasers upon payment of the purchase price of the Bonds.

(8) The proceeds of sale of the Bonds shall be applied in accordance with the terms and provisions of this Bond Order.

(9) The Bonds (including, without limitation, the Bank-Owned Bonds) shall be issued pursuant to the Authorizing Legislation as general obligations of the County, to the payment of which its full faith and credit and unlimited taxing power are pledged, and the Bonds shall be issued, authenticated and delivered upon and subject to the following covenants and conditions, subject to such insertions and amendments as a County Representative shall deem to be in the best interests of the County, and the County for itself and its successors, does hereby covenant and agree with the registered owners of the Bonds and the Bank as follows:

ARTICLE I DEFINITIONS; RULES OF CONSTRUCTION

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein shall have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“Additional Bonds” means any issue of Bonds issued subsequent to and on a parity with the Bonds initially issued hereunder pursuant to Section 2.17 hereof.

“Alternate Liquidity Facility” means a liquidity facility, letter of credit or other security or liquidity device issued in accordance with Section 4.11 hereof which shall have a term of not less than 364 days (or until the final maturity of the Bonds, if earlier than 364 days) and shall have the same material terms as the initial Liquidity Facility.

“Alternate Rate” means for a Bond in a particular Mode, the following as the same shall be applied in accordance with the provisions of Section 2.08 hereof.

(i) For a Bond in the Commercial Paper Mode, 100% of the 15-day Federal Reserve Composite rate (as determined by the Remarketing Agent) until a new Commercial Paper Rate and Interest Period are established for any such Bonds. The determination by the Remarketing Agent of the Commercial Paper Rate and the determination by the Remarketing Agent or the County, as described above, of the Interest Period shall be conclusive and binding upon the Remarketing Agent, the Registrar and Paying Agent, the County and the Owners of the applicable Bonds.

(ii) For a Bond in the Daily Mode, the last lawful interest rate for such Bond set by the Remarketing Agent pursuant to Section 2.06 hereof.

(iii) For a Bond in the Weekly Mode, 110% of the SIFMA Index.

(iv) For a Bond in the Term Rate Mode, the Alternate Term Rate.

“Alternate Term Rate” means for a Bond in the Term Rate Mode, the Weekly Rate determined pursuant to Section 2.06(b) hereof, provided that until the Weekly Rate shall become effective, such Bond shall bear interest at the interest rate previously in effect.

“Authorized Denominations” means \$1,000 and any integral multiple in excess thereof, subject to adjustment by the County Executive if determined to be in the public interest.

“Authorizing Legislation” means Chapter 43 of the Laws of Montgomery County of 2006, Chapter 12 of the Laws of Montgomery County of 2007, Chapter 36 of the Laws of Montgomery County of 2008, Chapter 22 of the Laws of Montgomery County of 2009, Chapter 54 of the Laws of Montgomery County of 2010, Chapter 24 of the Laws of Montgomery County of 2011, Chapter 19 of the Laws of Montgomery County of 2012, Chapter 26 of the Laws of Montgomery County of 2013, Chapter 31 of the Laws of Montgomery County of 2014 and Chapter 49 of the Laws of Montgomery County of 2015; and such other Laws of Montgomery County as may be added by amendment to the Bond Order.

“Available Interest Commitment” shall have the meaning specified in the Liquidity Facility.

“Bank” means initially U.S. Bank National Association the provider of the initial Liquidity Facility, its successors and assigns or any provider of any Alternate Liquidity Facility or its successors and assigns.

“Bank Interest Rate” means the interest rate, not to exceed the maximum interest rate permitted by law, payable on Bank-Owned Bonds and determined pursuant to the Liquidity Facility.

“Bank-Owned Bonds” means any Bonds registered in the name of the Bank pursuant to Section 4.08(c) hereof.

“Bonds” means the bonds issued pursuant hereto including any Additional Bonds that are authenticated and delivered by the Registrar and Paying Agent under and pursuant to Article II hereof.

“Bond Counsel” means any firm of nationally recognized municipal bond attorneys selected by the County and experienced in the issuance of municipal bonds and matters relating to the exclusion of the interest thereon from gross income for Federal income tax purposes.

“Bond Fund” means the fund by that name created in Section 5.02 hereof.

“Bond Order” means this Order No. 175-17, executed as of December 19, 2017, as it may be supplemented or amended from time to time pursuant to the provisions hereof.

“Business Day” means any day other than a Saturday, Sunday, a day on which banking institutions are

authorized or required by law or executive order to be closed for commercial banking purposes in the State of New York or the State of Maryland, or any day on which banks in the cities in which the corporate trust office of the Registrar and Paying Agent and the principal offices of the Bank and the Remarketing Agent are located are not authorized or required by law to remain closed and on which the New York Stock Exchange is not closed.

“Closing Date” means the date on which the conditions precedent set forth in Section 2.09 hereof are satisfied and complied with, which date shall be December 19, 2017 or such other date as a County Representative shall specify.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commercial Paper Bond” means any Bond which is in the Commercial Paper Mode.

“Commercial Paper Mode” means, with respect to a particular Bond, the Mode during which such Bond bears interest at a Commercial Paper Rate.

“Commercial Paper Rate” means the interest rate (per annum) on any Bond in the Commercial Paper Mode determined pursuant to Section 2.05 hereof.

“County” means Montgomery County, Maryland, a body politic and corporate and a political subdivision of the State of Maryland.

“County Funds Account” means the account of that name created in Section 4.12 hereof.

“County Representative” means the County Executive, the Chief Administrative Officer of the County, the Director of Finance of the County and any other person at the time designated to act on behalf of the County for purposes of this Bond Order by a written instrument furnished to the Registrar and Paying Agent containing the specimen signature of such person and signed on behalf of the County by any of its officers. The certificate may designate an alternate or alternates.

“Current Mode” shall have the meaning specified in Section 2.10(a)(i) hereof.

“Daily Mode” means the Mode during which all or any part of the Bonds bear interest at the Daily Rate.

“Daily Rate” means the per annum interest rate on any Bond in the Daily Mode determined pursuant to Section 2.06(a) hereof.

“Electronic Means” means telecopy, telegraph, telex, facsimile transmission, e- mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission.

“EMMA” means the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board and any successor system.

“Event of Default” means any occurrence or event specified in and defined by Section 7.01 hereof.

“Expiration Date” means the stated expiration date of the Liquidity Facility, or such stated expiration date as it may be extended from time to time as provided in the Liquidity Facility, or any earlier date on which the Liquidity Facility shall terminate, expire or be cancelled. The Expiration Date of the initial Liquidity Facility is December 18, 2020, unless earlier terminated in accordance with its terms.

“Expiration Tender Date” means the day five Business Days prior to the Expiration Date.

“Favorable Opinion of Bond Counsel” means, when used with respect to or in connection with any action, a written opinion of Bond Counsel to the effect that such action will not adversely affect the excludability of interest paid on any Bonds from the gross income of the owners thereof for federal income tax purposes.

“Fee Letter” shall have the meaning specified in the Liquidity Facility.

“Fitch” means Fitch Ratings and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

“Fixed Rate” means the per annum interest rate on any Bond in the Fixed Rate Mode determined pursuant to Section 2.07(b) hereof.

“Fixed Rate Bonds” means any Bonds in the Fixed Rate Mode.

“Fixed Rate Mode” means the Mode during which all or a particular portion of the Bonds bear interest at a Fixed Rate(s).

“Funds” shall mean, collectively, the Purchase Fund, the Bond Fund, and the Rebate Fund created pursuant hereto.

“Government Obligations” means direct obligations of, or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Immediate Termination Event” shall have the meaning specified in the Liquidity Facility.

“Interest Account” means the account by that name created in Section 5.02 hereof.

“Interest Accrual Period” means the period during which a Bond accrues interest payable on any Interest Payment Date applicable thereto. With respect to Bonds in the Daily Mode, the Interest Accrual Period shall commence on (and include) the first day of each month and shall extend through (and include) the last day of such month; *provided*, that if such month is the month in which the Bonds are authenticated and delivered, or if the Bonds are changed to the Daily Mode during such month, the Interest Accrual Period shall commence on the date of authentication and delivery of the Bonds or the Mode Change Date, as the case may be; *provided*, further, that if no interest has been paid on Bonds in the Daily Mode, interest shall accrue from the date of original authentication and delivery of the Bonds or the Mode Change Date, as appropriate. With respect to a Bond in a Mode other than the Daily Mode, the Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid in such Mode, from the date of original authentication and delivery of such Bond, or the Mode Change Date, as the case may be) to, but not including, the Interest Payment Date on which interest is to be paid. If, at the time of authentication of any Bond, interest is in default or overdue on the Bonds, such Bond shall bear interest from the date to which interest has previously been paid in full or made available for payment in full on Outstanding Bonds.

“Interest Payment Date” means each date on which interest is to be paid and is: (i) with respect to a Commercial Paper Bond, each Purchase Date; (ii) with respect to a Bond in the Daily Mode, the first Business Day of each month; (iii) with respect to a Bond in the Weekly Mode, the first Business Day of each month; (iv) with respect to a Bond in the Term Rate Mode, each Term Rate Interest Payment Date for such Bond; (v) with respect to a Bond in the Fixed Rate Mode, each Stated Interest Payment Date (beginning with the first Stated Interest Payment Date that occurs no earlier than three months after the commencement of the Fixed Rate Mode for such Bond); (vi) with respect to Bank-Owned Bonds, the dates required under the Liquidity Facility; and (vii) (without duplication as to any Interest Payment date listed above) any Mode Change Date, any Substitution Date, and each Maturity Date.

“Interest Period” means, for a Bond in a particular Mode, the period of time that such Bond bears interest at the rate (per annum) which becomes effective at the beginning of such period. The Interest Period for each Mode is as follows:

(i) for a Bond in the Commercial Paper Mode, the period of from one to 270 calendar days as established by the Remarketing Agent pursuant to Section 2.05 hereof;

(ii) for a Bond in the Daily Mode, the period from (and including) the Mode Change Date upon which such Bond is changed to the Daily Mode to (but excluding) the next Rate Determination Date for such Bond, and thereafter the period from and including the current Rate Determination Date for such Bond to (but excluding) the next Rate Determination Date for such Bond;

(iii) for a Bond in the Weekly Mode, the period from (and including) the Mode Change Date upon which such Bond is changed to the Weekly Mode to (and including) the next Wednesday, and thereafter the period from (and including) each Thursday to (and including) the next Wednesday;

(iv) for a Bond in the Term Rate Mode, the period from (and including) the Mode Change Date to (but excluding) the last day of the first period that such Bond shall be in the Term Rate Mode as established by the County for such Bond pursuant to Section 2.10(a)(i) hereof and, thereafter, the period from (and including) the beginning date of each successive interest rate period selected for such Bond by the County pursuant to Section 2.07(a) while it is in the Term Rate Mode to (but excluding) the ending date for such period selected for such Bond by the County. Each Interest Period for a Bond in the Term Rate Mode shall end on a Stated Interest Payment Date occurring not earlier than three months after the commencement of such Period; and

(v) for a Bond in the Fixed Rate Mode, the period from (and including) the Mode Change Date to (and including) the Maturity Date.

“Liquidity Facility” means the Standby Bond Purchase Agreement, except that upon the issuance of an Alternate Liquidity Facility in accordance with Section 4.11 hereof such term shall mean such Alternate Liquidity Facility.

“Liquidity Facility Purchase Account” means the account by that name created in Section 4.12 hereof.

“Mandatory Purchase Date” means (i) any Purchase Date for Bonds in the Commercial Paper Mode or the Term Rate Mode, (ii) any Mode Change Date, (iii) the Substitution Tender Date, (iv) the Expiration Tender Date, (v) any Termination Tender Date and (vi) any Business Day selected by the County pursuant to Section 4.03(c) hereof.

“Maturity Date” means November 1, 2037 and, upon a change to the Fixed Rate Mode, any Serial Maturity Date established pursuant to Section 2.10(b) hereof.

“Maximum Rate” means, on any day and with respect to any Bond, if such Bond is supported by the Liquidity Facility, the per annum interest rate used to calculate the Available Interest Commitment applicable to such Bond, which shall initially be 10%.

“Mode” means, as the context may require, the Commercial Paper Mode, the Daily Mode, the Weekly Mode, the Term Rate Mode or the Fixed Rate Mode.

“Mode Change Date” means with respect to any Bond in a particular Mode, the day on which another Mode for such Bond begins.

“Mode Change Notice” means the notice from the County to the other Notice Parties of the County’s intention to change Mode.

“Moody’s” means Moody’s Investors Service, Inc. and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency,

then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

“New Mode” shall have the meaning specified in Section 2.10(a) hereof.

“Notice Parties” means the County, the Registrar and Paying Agent, the Remarketing Agent and the Bank.

“Opinion of Counsel” means a written legal opinion from a firm of attorneys experienced in the matters to be covered in the opinion.

“Outstanding,” when used as of a particular time with reference to Bonds, means (subject to the provisions of Section 9.02 hereof) all Bonds delivered hereunder except:

(i) Bonds cancelled by the Registrar and Paying Agent or surrendered to the Registrar and Paying Agent for cancellation;

(ii) Bonds paid or deemed to have been paid within the meaning of Section 10.02 hereof; and

(iii) Bonds in lieu of or in substitution for which replacement Bonds shall have been executed by the County and delivered by the Registrar and Paying Agent hereunder.

Notwithstanding the foregoing, Bonds registered in the name of the Bank or its nominee pursuant to Section 4.08(c) hereof shall remain Outstanding in the hands of the Bank until the Bank is paid all amounts due on such Bonds under the Liquidity Facility. Furthermore, Bonds, the principal of which was paid with an advance made under the Liquidity Facility, which advance has not been reimbursed, shall remain outstanding until the Bank is reimbursed in full for such advance.

“Owner” means the registered owner of a Bond.

“Permitted Investments” means any investments that are then legal investments of the County under the laws of the State.

“Principal Account” means the account by that name created in Section 5.02 hereof.

“Principal Payment Date” means any date upon which the principal amount of Bonds is due hereunder, including the Maturity Date, any Serial Maturity Date, any Redemption Date, or the date the maturity of any Bond is accelerated pursuant to the terms hereof or otherwise, including, with respect to Bank-Owned Bonds, as required under the Liquidity Facility.

“Purchase Date” means (i) for a Bond in the Commercial Paper Mode, the last day of the Interest Period for such Bond, (ii) for a Bond in the Daily Mode or the Weekly Mode, any Business Day selected by the Owner of said Bond pursuant to the provisions of Section 4.01 hereof and (iii) for a Bond in the Term Rate Mode, the last day of the Interest Period for such Bond (or the next Business Day if such last day is not a Business Day), but only if the Owner thereof shall have elected to have such Bond purchased on such date pursuant to Section 4.04 hereof.

“Purchase Fund” means the fund by that name created in Section 4.12 hereof.

“Purchase Price” means (i) an amount equal to the principal amount of any Bonds purchased on any Purchase Date, plus, in the case of any purchase of Bonds in the Daily Mode or the Weekly Mode, accrued interest, if any, to, but not including, the Purchase Date, or (ii) an amount equal to the principal amount of any Bonds purchased on a Mandatory Purchase Date, plus, in the case of any Bonds purchased on a Substitution Tender Date, accrued interest, if any, to, but not including, the Mandatory Purchase Date.

“Rate Determination Date” means the date on which the interest rate on a Bond shall be determined, which, (i) in the case of the Commercial Paper Mode, shall be the first day of an Interest Period; (ii) in the case of the Daily

Mode, shall be each Business Day commencing with the first day the Bonds become subject to the Daily Mode; (iii) in the case of the initial conversion to the Weekly Mode, shall be no later than the Business Day prior to the Mode Change Date, and thereafter, shall be each Wednesday or, if Wednesday is not a Business Day, the next succeeding day or, if such day is not a Business Day, then the Business Day next preceding such Wednesday; (iv) in the case of the Term Rate Mode, shall be a Business Day no earlier than thirty (30) Business Days and no later than the Business Day next preceding the first day of an Interest Period, as determined by the Remarketing Agent; and (v) in the case of the Fixed Rate Mode, shall be a date determined by the Remarketing Agent which shall be at least one Business Day prior to the Mode Change Date.

“Rating Confirmation Notice” means a written notice from Moody’s, S&P or Fitch, to the extent each such rating agency is then rating the Bonds, confirming that the rating on the Bonds will not be withdrawn (other than a withdrawal of a short term rating upon a change to a Term Rate Mode) as a result of the action proposed to be taken.

“Rebate Fund” means the fund by that name created in Section 6.03 hereof.

“Rebate Requirement” means the Rebate Requirement defined in the Tax Certificate.

“Record Date” means (i) with respect to Bonds in a Commercial Paper Mode or a Weekly Mode, the day (whether or not a Business Day) next preceding each Interest Payment Date, (ii) with respect to Bonds in the Daily Mode, the last day of each month (whether or not a Business Day) and (iii) with respect to Bonds in a Term Rate Mode or a Fixed Rate Mode, the fifteenth (15th) day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

“Redemption Date” means the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms hereof.

“Redemption Price” means an amount equal to the principal of and premium, if any, and accrued interest, if any, on the Bonds to be paid on the Redemption Date.

“Registrar and Paying Agent” means U.S. Bank Trust National Association, a national banking association organized and existing under the laws of the United States, and having its principal office in New York, New York, or any other bank or trust company duly incorporated and existing under and by virtue of the laws of any state or of the United States of America, which may be substituted in its place as provided in Section 8.02 hereof.

“Remarketing Agent” means J.P. Morgan Securities LLC, or any other investment banking firm which may at any time be substituted in its place as provided in Section 8.07 hereof.

“Remarketing Agreement” means that certain Remarketing Agreement relating to the Bonds, dated as of December 19, 2017, by and between the County and the Remarketing Agent, or any similar agreement between the County and the Remarketing Agent, as any of them may be amended or supplemented from time to time in accordance with its terms.

“Remarketing Proceeds Account” means the account by that name created in Section 4.12 hereof.

“Securities Depositories” means The Depository Trust Company or such other securities depositories as the County may designate in a certificate of the County delivered to the Registrar and Paying Agent.

“Serial Bonds” shall be the Bonds maturing on the Serial Maturity Dates, as determined pursuant to Section 2.10 hereof.

“Serial Maturity Dates” means the dates on which the Serial Bonds mature, as determined pursuant to Section 2.10 hereof.

“Serial Payments” mean the payments to be made in payment of the principal of the Serial Bonds on the Serial Maturity Dates.

“SIFMA Index” means a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry and Financial Markets Association.

“S&P” means Standard & Poor’s Global Ratings, a division of McGraw-Hill and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

“Standby Bond Purchase Agreement” means the Standby Bond Purchase Agreement, dated as of December 1, 2017, by and among the Bank, the Registrar and Paying Agent and the County entered into contemporaneously with the original delivery of the Bonds.

“State” means the State of Maryland.

“Stated Interest Payment Dates” means each May 1 and November 1.

“Substitution Date” means the date on which an Alternate Liquidity Facility is substituted for the Liquidity Facility.

“Substitution Tender Date” means the date five Business Days prior to the Substitution Date.

“Supplemental Bond Order” means any order that supplements or amends this Bond Order in accordance with Article IX hereof.

“Tax Certificate” means that certificate signed by the County on the date the Bonds are issued and relating to the requirements of Section 148 of the Code.

“Term Rate” means the per annum interest rate for any Bond in the Term Rate Mode determined pursuant to Section 2.07(a) hereof.

“Term Rate Interest Payment Dates” means, with respect to a Bond in the Term Rate Mode and for the current Interest Period for such Bond, each Stated Interest Payment Date occurring in such Period (beginning with the first Stated Interest Payment Date that occurs no earlier than three months after the commencement of such Interest Period).

“Term Rate Mode” means the Mode during which all or any part of the Bonds bear interest at the Term Rate.

“Termination Tender Date” means the date established by the Registrar and Paying Agent in accordance with Section 4.05 hereof upon receipt of notice from the Bank pursuant to the Liquidity Facility of the occurrence of an Event of Termination under and as defined in the Liquidity Facility which is not deemed an Immediate Termination Event.

“Weekly Mode” means the Mode during which all or any part of the Bonds bear interest at the Weekly Rate.

“Weekly Rate” means the per annum interest rate on any Bond in the Weekly Mode determined pursuant to Section 2.06(b) hereof.

Section 1.02 Rules of Construction. (a) In this Bond Order, unless the context otherwise requires:

(i) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Bond Order, refer to this Bond Order, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this Bond Order;

(ii) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(iii) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons; and

(iv) Any headings preceding the text of the several Articles and Sections of this Bond Order, and the table of contents, shall be solely for convenience of reference and shall not constitute a part of this Bond Order, nor shall they affect its meaning, construction or effect.

(v) Whenever in this Bond Order the County or the Registrar and Paying Agent is named or referred to, it shall include, and shall be deemed to include, its respective successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the County or the Registrar and Paying Agent contained in the Bond Order shall bind and inure to the benefit of such respective successors and assigns and shall bind and inure to the benefit of any officer, board, commission, authority, agency or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the County or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions of this Bond Order.

(vi) Nothing in this Bond Order expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the County, the Registrar and Paying Agent, including their respective agents, the Bank and the Owners of the Bonds, any right, remedy or claim under or by reason of this Bond Order or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements in this Bond Order contained by or on behalf of the County shall be for the sole benefit of the County, the Registrar and Paying Agent, including their respective agents, the Bank and the Owners of the Bonds.

ARTICLE II CONDITIONS AND TERMS OF BONDS

Section 2.01 Authorization of Bonds. The issuance of the Bonds is hereby authorized in the aggregate principal amount of One Hundred Seventy Million Dollars (\$170,000,000) to be designated as “Montgomery County, Maryland General Obligation Bonds Consolidated Public Improvement Variable Rate Bonds of 2017, Series E.”

The Bonds (including any Bank-Owned Bonds) shall be general obligations of the County. The Bonds (including any Bank-Owned Bonds) shall also be payable from all moneys and earnings thereon held in the Funds or accounts therein created under the terms hereof (except the Rebate Fund and the Purchase Fund).

The Registrar and Paying Agent is hereby authorized to authenticate and to deliver the Bonds upon (i) written direction of the County, (ii) satisfaction of the conditions set forth in Section 2.09 hereof, and (iii) satisfactory evidence of the receipt by the County of the proceeds of sale thereof as provided in Section 5.01 hereof.

Section 2.02 Denominations, Medium, Method and Place of Payment and Dating of Bonds. The Bonds shall be initially issued in the Daily Mode and in the form of fully registered Bonds in Authorized Denominations. [The Bonds may also be in more than one Mode at any time after their original issuance.] The principal of and premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America. The interest on the Bonds shall be paid by the Registrar and Paying Agent on the Interest Payment Dates (i) in the case of Bonds in a Commercial Paper Mode, Daily Mode or Weekly Mode, by wire transfer of immediately available funds to an account specified by the Owner of record thereof on the applicable Record Date in a writing delivered to the Registrar and Paying Agent and (ii) in the case of Bonds in a Term Rate Mode or Fixed Rate Mode, by check mailed by the Registrar and Paying Agent to the respective Owners of record thereof on the applicable Record Date

at their addresses as they appear on the applicable Record Date in the books required to be kept by the Registrar and Paying Agent pursuant to the provisions of Section 2.14 hereof, except that in the case of such an Owner of \$1,000,000 or more in aggregate principal amount of Bonds, upon the written request of such Owner to the Registrar and Paying Agent, specifying the account or accounts to which such payment shall be made, payment of interest shall be made by wire transfer of immediately available funds on the Interest Payment Date following such Record Date. Any such request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Registrar and Paying Agent. The principal of and premium, if any, on each Bond shall be payable on the Principal Payment Date, upon surrender thereof at the office of the Registrar and Paying Agent.

The Registrar and Paying Agent, the Remarketing Agent and the County may treat the Owner of a Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and the Registrar and Paying Agent, the Remarketing Agent and the County shall not be affected by any knowledge or notice to the contrary; and payment of the principal of and premium, if any, and interest on such Bond shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge the liability of such Bond to the extent of the sum or sums so paid. All Bonds paid pursuant to the provisions of this Section 2.02 shall be cancelled by the Registrar and Paying Agent.

The Bonds shall be dated the date of authentication thereof and shall bear interest during each Interest Accrual Period until the entire principal amount of the Bonds has been paid.

Section 2.03 Payment of Principal and Interest of Bonds; Acceptance of Terms and Conditions. (a) The interest on the Bonds (including any Bank-Owned Bonds) shall become due and payable on the Interest Payment Dates in each year to and including the Maturity Date, and on each Redemption Date and on the date of any acceleration prior thereto. The principal of the Bonds shall become due and payable on the Principal Payment Dates.

(b) By the acceptance of its Bond, the Owner thereof shall be deemed to have agreed to all the terms and provisions of such Bond as specified in such Bond and this Bond Order including, without limitation, the applicable Interest Periods, interest rates (including any applicable Alternate Rate), Purchase Dates, Mandatory Purchase Dates, Purchase Prices, mandatory and optional purchase and redemption provisions applicable to such Bond, method and timing of purchase, redemption, payment, etc. Such Owner further agrees that if, on any date upon which one of its Bonds is to be purchased, redeemed or paid at maturity or earlier due date, funds are on deposit with the Registrar and Paying Agent to pay the full amount due on such Bond, then such Owner shall have no rights under this Bond Order other than to receive such full amount due with respect to such Bond and that interest on such Bond shall cease to accrue as of such date.

Section 2.04 Calculation and Payment of Interest; Maximum Rate. (a) When a Commercial Paper Mode, a Daily Mode or a Weekly Mode is in effect, interest shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed. When a Term Rate Mode or a Fixed Rate Mode is in effect, interest shall be calculated on the basis of a 360 day year comprised of twelve 30-day months. Payment of interest on each Bond shall be made on each Interest Payment Date for such Bond for unpaid interest accrued during the Interest Accrual Period to the Owner of record of such Bond on the applicable Record Date.

(b) Some or all of the Bonds in any Mode, other than a Fixed Rate Mode, may be changed to any other Mode at the times and in the manner hereinafter provided. Subsequent to such change in Mode (other than a change to a Fixed Rate Mode), any Bond may again be changed to a different Mode at the times and in the manner hereinafter provided. A Fixed Rate Mode shall be in effect until the Maturity Date, or acceleration thereof prior to the Maturity Date, and may not be changed to any other Mode.

(c) Absent manifest error, the interest rates contained in the records of the Registrar and Paying Agent shall be conclusive and binding upon the County, the Remarketing Agent, the Registrar and Paying Agent, the Bank and the Owners.

(d) No Bonds shall bear interest at an interest rate higher than the Maximum Rate, except that Bank-Owned Bonds may bear interest as provided in the Liquidity Facility.

(e) In the absence of manifest error, the determination of interest rates and Interest Periods by the Remarketing Agent shall be conclusive and binding upon the Remarketing Agent, the Registrar and Paying Agent, the Bank, the County and the Owners.

Section 2.05 Determination of Commercial Paper Rates and Interest Periods During the Commercial Paper Mode. An Interest Period for a Commercial Paper Bond shall be of such duration, ending on a Business Day (but not later than the current Expiration Tender Date), of from one to 270 calendar days, as the Remarketing Agent shall determine, in consultation with the County, in accordance with the provisions of this Section 2.05. A Commercial Paper Bond can have an Interest Period, and bear interest at a rate, different than other Commercial Paper Bonds. In making the determinations with respect to Interest Periods, subject to limitations imposed by the preceding sentence and in Section 2.04 hereof, on each Rate Determination Date for a Commercial Paper Bond, the Remarketing Agent, in consultation with the County, shall select for such Bond the Interest Period which would result in the Remarketing Agent being able to remarket such Bond at par in the secondary market at the lowest interest rate then available and for the longest Interest Period available at such rate, provided that if on any Rate Determination Date, the Remarketing Agent determines that current or anticipated future market conditions or anticipated future events are such that a different Interest Period would result in a lower average interest cost on such Bond, then the Remarketing Agent shall select the Interest Period which in the judgment of the Remarketing Agent, in consultation with the County, would permit such Bond to achieve such lower average interest cost; *provided, however,* that if the Remarketing Agent has received notice from the County that any Bond is to be changed from the Commercial Paper Mode to any other Mode or is to be purchased in accordance with a mandatory purchase pursuant to Section 4.05 hereof, the Remarketing Agent shall, with respect to such Bond, select Interest Periods which do not extend beyond the Mandatory Purchase Date.

On or after 4:00 P.M. on the Business Day next preceding each Rate Determination Date for a Commercial Paper Bond, any Owner of such Bond may telephone the Remarketing Agent and receive notice of the anticipated next Interest Period and the anticipated Commercial Paper Rate for such Interest Period for such Bond.

To receive payment of the Purchase Price, the Owner of any Bond in the Commercial Paper Mode must present such Bond to the Registrar and Paying Agent, by 12:00 noon on the Rate Determination Date, in which case, the Registrar and Paying Agent shall pay the Purchase Price to such Owner by the close of business on the same day.

By 12:30 P.M. on each Rate Determination Date for a Commercial Paper Bond, the Remarketing Agent shall determine the Commercial Paper Rate for the Interest Period then selected for such Bond and shall give notice by Electronic Means to the Registrar and Paying Agent of the new Owner, the Interest Period, the Purchase Date and the Commercial Paper Rate.

By 1:00 P.M. on each Rate Determination Date, the Remarketing Agent will assign CUSIP numbers for each Commercial Paper Bond for which a Commercial Paper Rate and Interest Period have been determined on such date and notify the Registrar and Paying Agent of such assignment by Electronic Means.

Section 2.06 Determination of Interest Rate During the Daily Mode and the Weekly Mode. The interest rate for any Bond in the Daily Mode or Weekly Mode shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent under then-existing market conditions, and, assumes all Bonds were available for sale, would result in the sale of such Bond on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued and unpaid interest, if any.

(a) During the Daily Mode, the Remarketing Agent shall establish the Daily Rate by 10:00 A.M. on each Rate Determination Date. The Daily Rate for any day during the Daily Mode which is not a Business Day shall be the Daily Rate established on the immediately preceding Rate Determination Date. The Remarketing Agent shall make the Daily Rate available by telephone to any Owner or Notice Party requesting such rate, and on the last Business Day of each month, shall give notice to the Registrar and Paying Agent, the County and the Bank of the Daily Rates that were in effect for each day of such month by Electronic Means.

(b) During the Weekly Mode, the Remarketing Agent shall establish the Weekly Rate by 5:00 P.M. on each Rate Determination Date. The Weekly Rate shall be in effect (i) initially, from and including the first day the Bonds become subject to the Weekly Mode to and including the following Wednesday and (ii) thereafter, from and including each Thursday to and including the following Wednesday. The Remarketing Agent shall make the Weekly Rate available (i) after 5:00 P.M. on the Rate Determination Date by telephone to any Owner or Notice Party requesting such rate and (ii) by Electronic Means to the Registrar and Paying Agent, the County and the Bank not later than the second Business Day immediately succeeding the Rate Determination Date.

Section 2.07 Determination of Term Rate and Fixed Rate.

(a) Term Rates. Once Bonds are changed to the Term Rate Mode, such Bonds shall continue in the Term Rate Mode until changed to another Mode in accordance with Section 2.10 hereof. The Term Rate shall be determined by the Remarketing Agent not later than 4:00 P.M. on the Rate Determination Date, and the Remarketing Agent shall make the Term Rate available by telephone to any Notice Party requesting such rate. The Remarketing Agent shall give written notice or notice by Electronic Means of the Term Rate to the County and the Registrar and Paying Agent upon request. The Term Rate shall be the minimum rate which, in the sole judgment of the Remarketing Agent, will result in a sale of the Bonds at a price equal to the principal amount thereof on the Rate Determination Date for the Interest Period selected by the County in writing delivered to the Remarketing Agent before such Rate Determination Date. If a new Interest Period is not selected by the County prior to such Rate Determination Date (for a reason other than a court prohibiting such selection) the new Interest Period shall be the same length as the current Interest Period (or such lesser period as shall be necessary to comply with the next sentence and paragraph). No Interest Period in the Term Rate Mode may extend beyond the applicable Maturity Date.

A Bond on the date it is converted to the Term Rate Mode and while it is in the Term Rate Mode does not have to be secured by a Liquidity Facility if so determined by the County as provided by Section 2.10(a) hereof. If, however, it is secured by the Liquidity Facility, then, notwithstanding anything to the contrary contained herein, no Interest Period for such Bond may extend beyond the Expiration Tender Date.

(b) Fixed Rate. The Remarketing Agent shall determine the Fixed Rate for a Bond in the Fixed Rate Mode in the manner and at the times as follows: Not later than 4:00 P.M. on the Rate Determination Date for such Bond, the Remarketing Agent shall determine the Fixed Rate for such Bond. The Fixed Rate shall be the minimum interest rate which, in the sole judgment of the Remarketing Agent, will result in a sale of such Bond at a price equal to the principal amount thereof on the Rate Determination Date. The Remarketing Agent shall make the Fixed Rate available by telephone to any Notice Party requesting such Fixed Rate. Upon request of any Notice Party, the Registrar and Paying Agent shall give notice of such rate by Electronic Means.

Section 2.08 Alternate Rates. (a) The following provisions shall apply in the event (i) the Remarketing Agent fails or is unable to determine the interest rate or Interest Period for any Bond or (ii) the method by which the Remarketing Agent determines the interest rate or Interest Period with respect to a Bond (or the selection by the County of the Interest Periods for Bonds in the Term Rate Mode) shall be held to be unenforceable by a court of law of competent jurisdiction. These provisions shall continue to apply until such time as the Remarketing Agent (or the County if applicable) again makes such determinations. In the case of clause (ii) above, the Remarketing Agent (or the County, if applicable) shall again make such determination at such time as there is delivered to the Remarketing Agent and the County an opinion of Bond Counsel to the effect that there are no longer any legal prohibitions against such determinations. The following shall be the methods by which the interest rates and, in the case of the Commercial Paper Mode and Term Rate Mode, the Interest Periods, shall be determined for a Bond as to which either of the events described in clauses (i) or (ii) shall be applicable. Such methods shall be applicable from and after the date either of the events described in clauses (i) or (ii) first become applicable to such Bond until such time as the events described in clauses (i) or (ii) are no longer applicable to such Bond. These provisions shall not apply if the County fails to select an Interest Period for a Bond in the Term Rate Mode for a reason other than as described in clause (ii) above.

(b) If such Bond is in the Commercial Paper Mode, then the next Interest Period shall be from, and including, the last day of the current Interest Period for such Bond to, but excluding, the next succeeding Business Day and thereafter shall commence on each Business Day and extend to, but exclude, the next succeeding

Business Day. For each such Interest Period, the interest rate for such Bond shall be the 15-day Federal Reserve Composite rate in effect on the Business Day that begins an Interest Period.

(c) If such Bond is in the Daily Mode, then such Bond shall bear interest during each subsequent Interest Period at the last lawful interest rate for such Bond [set by the Remarketing Agent pursuant to Section 2.06 hereof.]

(d) If such Bond is in the Weekly Mode, then such Bond shall bear interest during each subsequent Interest Period at the rate of 110% of the SIFMA Index in effect on the first day of such Interest Period.

(e) If such Bond is in the Term Rate Mode and if (i) such Bond is secured by a Liquidity Facility, it will be changed automatically to the Commercial Paper Mode with an Interest Period and Commercial Paper Rate to be determined by the Remarketing Agent in accordance with Section 2.05 hereof or (ii) if such Bond is not secured by a Liquidity Facility, then such Bond shall stay in the Term Rate Mode for subsequent Interest Periods, each beginning on the last Stated Interest Payment Date and ending on the next Stated Interest Payment Date, and shall bear interest at the Alternate Term Rate in effect at the beginning of each such Interest Period.

Section 2.09 Conditions Precedent to Delivery of the Bonds. The Bonds shall be executed by the County for issuance and delivered to the Registrar and Paying Agent, and thereupon shall be authenticated by the Registrar and Paying Agent and delivered to the County or upon its order, but only upon the receipt by the Registrar and Paying Agent of:

(i) a copy of the Bond Order;

(ii) an Opinion of Counsel to the effect that (i) the County is a duly organized and validly existing body politic and corporate and a political subdivision of the State of Maryland, empowered to issue the Bonds under the Bond Order, (ii) this Bond Order has been duly adopted by the County and constitutes the valid and legally binding obligation of the County and (iii) the Bond Order and the Bonds are enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or other laws or equitable principles relating to or limiting creditor's rights generally, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases;

(iii) an opinion of Bond Counsel to the effect that (i) the Bonds constitute the valid and binding general obligations of the County, and (ii) the Bond Order has been duly adopted and constitutes the valid and binding obligation of the County. Such opinion may provide that the rights and obligations under the Bonds and the Bond Order are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases;

(iv) a written direction as to the delivery of such Bonds and application of any proceeds to be deposited with the Registrar and Paying Agent upon such delivery, signed by a County Representative;

(v) a Liquidity Facility with a principal component equal to or greater than the principal amount of the Bonds being delivered, and with an interest component equal to or greater than the Available Interest Commitment for the Bonds; and

(vi) an executed counterpart of the Remarketing Agreement.

Section 2.10 Changes in Mode. Subject to the provisions of this Section, the County may effect a change in Mode with respect to a Bond by following the procedures set forth in this Section.

(a) Changes to a Mode Other Than the Fixed Rate Mode. A Bond (other than a Bond in the Fixed Rate Mode) may be changed from one Mode to another Mode (other than the Fixed Rate Mode) as follows:

(i) Mode Change Notice; Notice to Owners. No later than the forty- fifth (45th) day (or such shorter time as may be agreed to by the County, the Registrar and Paying Agent and the Remarketing Agent)

preceding the proposed Mode Change Date, the County shall give written notice to the Notice Parties of its intention to effect a change in the Mode from the Mode then prevailing (for purposes of this Section, the “Current Mode”) to another Mode (for purposes of this Section, the “New Mode”) specified in such written notice, and, if the change is to a Term Rate Mode, the length of the initial Interest Period as set by the County and whether or not the Bonds to be converted to the Term Rate Mode will be covered by the Liquidity Facility (if they will be covered, then the initial Interest Rate Period for such Bonds selected by the County cannot extend beyond the Expiration Tender Date). Notice of the proposed change in Mode shall be given to the Owners pursuant to Section 4.03 hereof.

(ii) Determination of Interest Rates. The New Mode for a Bond shall commence on the Mode Change Date for such Bond and the interest rate (together, in the case of a change to the Commercial Paper Mode or the Term Rate Mode, with the Interest Period for such Bond) shall be determined by the Remarketing Agent (or the County in the case of the Interest Period for a Bond converted to the Term Rate Mode) in the manner provided in Sections 2.05, 2.06 and 2.07 hereof, as applicable.

(iii) Conditions Precedent.

(A) The Mode Change Date shall be a Business Day.

(B) Additionally, the Mode Change Date in the case of a change:

(1) from the Commercial Paper Mode, shall be the next Purchase Date for the Bond to be changed to the New Mode; and

(2) from a Term Rate Mode, shall be the last day of the current Interest Period for the Bond being converted.

(C) The following items shall have been delivered to the Registrar and Paying Agent and the Remarketing Agent on the Mode Change Date:

(1) a Favorable Opinion of Bond Counsel dated the Mode Change Date and addressed to the Registrar and Paying Agent and the Remarketing Agent;

(2) a Rating Confirmation Notice;

(3) a Liquidity Facility with a principal component equal to the principal amount of the Bonds being converted, and with an interest component equal to or greater than the Available Interest Commitment and with an Expiration Date not earlier than 5 days prior to the end of the initial Interest Rate Period for such Bond; *provided, however*, that in the case of a conversion of a Bond to the Term Rate Mode, no Liquidity Facility need be applicable to such Bond while in the Term Rate Mode if the County so elects by the time it gives the notice to the Notice Parties required by subsection (a)(i) of this Section.

(D) If the Bonds to be changed are in the Commercial Paper Mode, no Interest Period set after delivery by the County to the Remarketing Agent of the notice of the intention to effect a change in Mode with respect to such Bonds shall extend beyond the proposed Mode Change Date.

(E) All Bonds being converted to a Term Rate Mode shall have been successfully remarketed.

(F) If the Liquidity Facility relating to the Current Mode is being terminated, the Bank shall be paid in full for all amounts due and owing under the Bank-Owned Bonds and the Liquidity Facility and the Fee Letter.

(b) Change to Fixed Rate Mode. At the option of the County, a Bond may be changed to the Fixed Rate Mode as provided in this Section 2.10(b). Not less than forty-five (45) days (or such shorter time as may be agreed to by the County, the Registrar and Paying Agent and the Remarketing Agent) before the proposed Mode Change Date for such Bond, the County shall give written notice to the Notice Parties stating that the Mode will be changed to the Fixed Rate Mode and setting forth the proposed Mode Change Date and whether or not the Bonds to be converted to the Fixed Rate Mode will be covered by the Liquidity Facility (and, if so, for how long). Such Notice shall also state whether or not some or all of the Bonds to be converted shall be converted to Serial Bonds and, if so, the applicable Serial Maturity Dates and Serial Payments, all as determined pursuant to the provisions of subsection (v) of this subsection (b). Any such change in Mode shall be made as follows:

(i) Conditions Precedent. The Mode Change Date shall be:

(A) a Business Day;

(B) in the case of a change from the Commercial Paper Mode, the Purchase Date for the Bond to be changed to the Fixed Rate Mode;

(C) in the case of a change from the Term Rate Mode, the last day of the current Interest Period for the Bond being converted; and

(D) a day on which all Bonds being converted to a Fixed Rate shall have been successfully remarketed.

(ii) Notice to Owners. Not sooner than the thirtieth (30th) day next preceding the Mode Change Date, the Registrar and Paying Agent shall mail, in the name of the County, a notice of such proposed change to the Owners of the Bonds being converted stating that the Mode will be changed to the Fixed Rate Mode, the proposed Mode Change Date and that such Owner is required to tender such Owner's Bonds for purchase on such proposed Mode Change Date.

(iii) General Provisions Applying to Change to Fixed Rate Mode. The change to the Fixed Rate Mode shall not occur unless the following items shall have been delivered to the Registrar and Paying Agent and the Remarketing Agent on the Mode Change Date:

(A) a Favorable Opinion of Bond Counsel dated the Mode Change Date and addressed to the Registrar and Paying Agent and the Remarketing Agent;

(B) a Rating Confirmation Notice; and

(C) a Liquidity Facility with a principal component equal to the principal amount of the Bonds being converted and an interest component equal to the Available Interest Commitment, unless the County has elected by the time it gives the notice to the Notice Parties provided for by the first paragraph of this subsection (b) not to have the Liquidity Facility apply to the Bonds to be converted to the Fixed Rate Mode.

(iv) Determination of Interest Rate. The Fixed Rate for a Bond to be converted to the Fixed Rate Mode shall be established by the Remarketing Agent pursuant to the provisions of Section 2.07(b).

(v) Serialization. Upon the conversion of Bonds to the Fixed Rate Mode, the County may elect to serialize such Bonds upon such terms as it may then determine.

(vi) Bank Paid in Full. If the Liquidity Facility relating to the Current Mode is being terminated, the Bank shall be paid in full for all amounts due and owing under the Bank-Owned Bonds, the Liquidity Facility and the Fee Letter to the Mode Change Date.

(c) Failure to Satisfy Conditions Precedent to a Mode Change. In the event the conditions described above in subsections (a) or (b), as applicable, of this Section have not been satisfied by the applicable Mode Change Date, then the New Mode or Fixed Rate Mode, as the case may be, shall not take effect. If the failed change in Mode was from the Commercial Paper Mode, the applicable Bond shall remain in the Commercial Paper Mode with interest rates and Interest Periods to be established by the Remarketing Agent on the failed Mode Change Date in accordance with Section 2.05 hereof. If the failed change in Mode was from the Daily Mode, the applicable Bond shall remain in the Daily Mode, and if the failed change in Mode was from the Weekly Mode, the applicable Bond shall remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of Section 2.06 hereof on and as of the failed Mode Change Date. If the failed change in Mode was from the Term Rate Mode and for which the Liquidity Facility was in effect for the Bond to be changed, the applicable Bond shall be changed to the Commercial Paper Mode with an Interest Period and Commercial Paper Rate to be determined by the Remarketing Agent on the failed Mode Change Date in accordance with Section 2.05 hereof. If, however, there was no Liquidity Facility in effect for such Bond to have been changed from the Term Rate Mode, then such Bond shall stay in the Term Rate Mode for an Interest Period ending on the next Stated Interest Payment Date and shall bear interest at the applicable Alternate Rate.

Section 2.11 Form of Bonds. The Bonds and the assignment to appear thereon shall each be in substantially the forms respectively set forth in Exhibit A attached hereto and incorporated herein, with appropriate or necessary insertions, omissions and variations as permitted or required hereby. Upon any change in Mode, if and to the extent necessary, a new form of Bonds shall be prepared which contains the terms of the Bonds applicable in the new Mode.

Section 2.12 Execution and Authentication of Bonds. The Bonds shall be signed by manual or facsimile signature by the County Executive and the Director of Finance of the County, attested by the Clerk of the Council of the County, and an original or facsimile of the official seal of the County shall be affixed to the Bonds. The Bonds shall be authenticated by the Registrar and Paying Agent by the manual signature of an authorized officer of the Registrar and Paying Agent.

If any of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall be upon the Bonds shall cease to be such officer of the County before the Bond so signed and sealed shall have been actually authenticated by the Registrar and Paying Agent or delivered, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed or sealed such Bonds or whose facsimile signature shall be upon the Bonds had not ceased to be such officer of the County; and any such Bond may be signed and sealed on behalf of the County by those persons who, at the actual date of the execution of such Bonds, shall be the proper officers of the County, although at the date of such Bond any such person shall not have been such officer of the County.

Section 2.13 Transfer and Exchange of Bonds. All Bonds are transferable or exchangeable by the Owner thereof, in person or by the Owner's attorney duly authorized in writing, at the office of the Registrar and Paying Agent in the books required to be kept by the Registrar and Paying Agent pursuant to the provisions of Section 2.14 hereof, upon surrender of such Bonds accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Registrar and Paying Agent. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Registrar and Paying Agent shall execute and deliver a new Bond or Bonds of Authorized Denominations of the same aggregate principal amount, except that the Registrar and Paying Agent may require the payment by any Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. All Bonds surrendered pursuant to the provisions of this Section 2.13 shall be cancelled by the Registrar and Paying Agent, shall not be redelivered and shall be disposed of as directed by the County. All Bonds issued in exchange for Bonds pursuant to this Section 2.13 shall be in the same Mode as the Bonds in exchange for which such Bonds were issued.

During the Term Rate Mode and the Fixed Rate Mode, the Registrar and Paying Agent shall not be required to transfer or exchange (i) any Bonds during the period commencing on the date ten days prior to the date of selection of Bonds for redemption and ending on such date of selection, (ii) any Bond selected for redemption in whole or in part or (iii) any Bonds during the period of fifteen (15) days preceding any Interest Payment Date.

Section 2.14 Registration Books. The Registrar and Paying Agent will keep at its office sufficient books for the registration of the ownership, transfer or exchange of the Bonds, which books shall be available for inspection by the County at reasonable hours and under reasonable conditions; and upon presentation for such purpose the Registrar and Paying Agent shall, under such reasonable regulations as it may prescribe, register the ownership, transfer or exchange of the Bonds in such books as hereinabove provided. The ownership of any Bonds may be proved by the books required to be kept by the Registrar and Paying Agent pursuant to the provisions of this Section 2.14.

Section 2.15 Temporary Bonds. The Bonds may be initially delivered in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Registrar and Paying Agent, shall be in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Every temporary Bond shall be authenticated and delivered by the Registrar and Paying Agent upon the same conditions and terms and in substantially the same manner as definitive Bonds. If the Registrar and Paying Agent authenticates and delivers temporary Bonds, the County will prepare and execute and the Registrar and Paying Agent will authenticate definitive Bonds without delay, and in that case upon demand of the Owner of any temporary Bonds such definitive Bonds shall be exchanged without cost to such Owner for temporary Bonds at the office of the Registrar and Paying Agent upon surrender of such temporary Bonds, and until so exchanged such temporary Bonds shall be entitled to the same benefit, protection and security hereunder as the definitive Bonds executed and delivered hereunder. All temporary Bonds surrendered pursuant to the provisions of this Section 2.15 shall be cancelled by the Registrar and Paying Agent, shall not be redelivered and shall be disposed of as directed by the County.

Section 2.16 Bond Mutilated, Destroyed, Lost or Stolen. If any Bond shall become mutilated, the Registrar and Paying Agent shall authenticate and deliver a new Bond of like tenor and number in lieu of the mutilated Bond, but only upon surrender to the Registrar and Paying Agent of the mutilated Bond, and every mutilated Bond surrendered to the Registrar and Paying Agent shall be cancelled by it and shall not be redelivered and shall be disposed of as directed by the County. If any Bond shall be destroyed, lost or stolen, evidence of such destruction, loss or theft may be submitted to the Registrar and Paying Agent and if such evidence is satisfactory to the Registrar and Paying Agent, and the Registrar and Paying Agent and the County receive indemnity satisfactory to them, the Registrar and Paying Agent shall authenticate and deliver a new Bond of like tenor and number in substitution for the destroyed, lost or stolen Bond. The Registrar and Paying Agent may require payment of a sum not exceeding the actual cost of preparing each new Bond authenticated and delivered by it under this Section 2.16 and of the expenses which may be incurred by it under this Section 2.16. Any replacement Bond authenticated and delivered under the provisions of this Section 2.16 hereof in lieu of or in substitution for any mutilated, destroyed, lost or stolen Bond shall be equally and proportionately entitled to the benefit, protection and security hereof with all other Bonds executed and delivered hereunder; and the Registrar and Paying Agent shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds outstanding hereunder, but both the original and the replacement Bond shall be treated as one and the same. Notwithstanding any other provision of this Section 2.16, rather than authenticating and delivering a new Bond for a mutilated, destroyed, lost or stolen Bond which has been called for redemption, the Registrar and Paying Agent may make payment of the principal of such mutilated, destroyed, lost or stolen Bond directly to the Owner thereof under such regulations as the Registrar and Paying Agent may prescribe.

Section 2.17 Additional Bonds. (a) Additional Bonds may be issued under this Bond Order and a Supplemental Bond Order for any purpose permitted under the Authorizing Legislation and the Act. Any Additional Bonds issued under this Bond Order shall bear a separate series designation from the Bonds issued on the Closing Date.

(b) In addition to the conditions precedent to the delivery of the Bonds in Section 2.09 hereof, the Registrar and Paying Agent shall not authenticate or deliver any Additional Bonds unless it has received an opinion of Bond Counsel stating the issuance of the Additional Bonds will not adversely affect the exemption from federal income taxes of interest on the Bonds as set forth in the opinion of Bond Counsel delivered at the time of delivery of the Bonds.

Section 2.18 Book-Entry System. (a) The County hereby provides that Bonds in any Mode may be issued in book-entry form. Notwithstanding any inconsistent provision in this Bond Order to the contrary, the provisions of this Section 2.18 shall govern at any time that the Bonds are issued in book-entry form.

(b) Bonds issued in book-entry form shall be issued in the form of one or more fully-registered immobilized certificate in required principal amount of Bonds outstanding which certificates, taken together, will represent the total aggregate principal amount of the Bonds, which Bonds (except as provided in paragraph (i) below) shall be registered in the name of Cede & Co., as nominee of DTC; provided, that if DTC shall request that the Bonds be registered in the name of a different nominee, the Registrar and Paying Agent shall exchange all or any portion of the Bonds for an equal aggregate principal amount of Bonds registered in the name of such other nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the County or the Registrar and Paying Agent a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof, unless DTC or its nominee shall transfer record ownership of all or any portion of the Bonds on the Bond registration books to be maintained by the Registrar and Paying Agent, in connection with discontinuing the book-entry system as provided in paragraph (i) below or otherwise.

(c) So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the purchase price, principal, prepayment price or of interest on such Bonds shall be made to DTC or its nominee in immediately available funds on the dates provided for such payments under this Bond Order and at such times as provided in the Letter of Representations to be entered into among the County, the Remarketing Agent and DTC (the "Representation Letter"). Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the County or the Registrar and Paying Agent with respect to the purchase price, principal, prepayment price or of interest on the Bonds to the extent of the sum or sums so paid. In the event of the prepayment of less than all of the Bonds Outstanding of any maturity, the Registrar and Paying Agent shall not require surrender by DTC or its nominee of the Bonds so prepaid, but DTC or its nominee may retain such Bonds and make an appropriate notation thereon as to the amount of such partial prepayment; provided, that DTC shall deliver to the Registrar and Paying Agent, upon request, a written confirmation of such partial prepayment and thereafter the records maintained by the Registrar and Paying Agent shall be conclusive as to the amount of the Bonds of such maturity which have been prepaid.

(d) All transfers of beneficial ownership interests in such Bonds issued in book- entry form shall be effected by procedures by DTC with its participants for recording and transferring the ownership of beneficial interests in each such series of Bonds.

(e) The County and the Registrar and Paying Agent may treat DTC (or its nominee) as the sole and exclusive Owner of the Bonds registered in its name for the purposes of payment of the purchase price, principal, prepayment price or of interest on the Bonds, selecting the Bonds or portions thereof to be optionally purchased or prepaid, giving any notice permitted or required to be given to Owners under this Bond Order, registering the transfer of Bonds, obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever; and the County and the Registrar and Paying Agent shall not be affected by any notice to the contrary. The County and the Registrar and Paying Agent shall not have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other person which is not shown on the Bond registration books as being an Owner, with respect to: (1) the Bonds, or (2) the accuracy of any records maintained by DTC or any such participant; or (3) the payment by DTC or any such participant of any amount in respect of the purchase price, principal, prepayment price or of interest on the Bonds; or (4) any notice which is permitted or required to be given to Owners under this Bond Order; or (5) the selection by DTC or any such participant of any person to receive payment in the event of a partial purchase or prepayment of the Bonds; or (6) any consent given or other action taken by DTC as Owner.

(f) So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the Owners under this Bond Order shall be given to DTC as provided in the Representation Letter to be delivered to DTC, in form and content satisfactory to DTC, the County and the Registrar and Paying Agent.

(g) In connection with any notice or other communication to be provided to Owners pursuant to this Bond Order by the County or the Registrar and Paying Agent with respect to any consent or other

action to be taken by Owners, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the County or the Registrar and Paying Agent shall give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(h) Any successor Registrar and Paying Agent, in its written acceptance of its duties under this Bond Order, shall agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

(i) The book-entry system for registration of the ownership of the Bonds in book-entry form may be discontinued at any time if: (1) after notice to the County and the Registrar and Paying Agent, DTC determines to resign as securities depository for the Bonds; or (2) after notice to DTC and the Registrar and Paying Agent, the County determines that a continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the County; or (3) after notice to the County and the Registrar and Paying Agent, DTC determines that the current system of book-entry transfers through DTC does not permit DTC to act as a securities depository for the Bonds during the time that the Bonds are in a particular Mode. In each of such events (unless, in the cases described in clause (1) or (4) above, the County appoints a successor securities depository), the Bonds shall be delivered in registered certificate form to such persons, and by series in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the County or the Registrar and Paying Agent for the accuracy of such designation. Whenever DTC requests the County and the Registrar and Paying Agent to do so, the County and the Registrar and Paying Agent shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

(j) To exercise any optional tender pursuant to Sections 4.01 or 4.04 hereof, in addition to notifying the Remarketing Agent and the Registrar and Paying Agent, as the case may be, a beneficial owner must notify its DTC participant, if the Remarketing Agent is not such Owner's DTC participant, of its decision to demand the purchase of its Bonds as provided herein.

(k) In the event that the Remarketing Agent fails to remarket all of Bonds on a Purchase Date, such beneficial owner's DTC participant shall cause to be transferred such Bonds to an account of the Registrar and Paying Agent at DTC and the Registrar and Paying Agent, upon receipt of the proceeds drawn under the Liquidity Facility, shall cause the Purchase Price of the Bonds to be transferred to an account of such beneficial owner's DTC participant against receipt of such Bonds.

(l) Upon remarketing of Bonds, payment of the purchase price thereof shall be made to DTC and no physical delivery or surrender of Bonds is expected to be required; such delivery or surrender of the Bonds shall be accomplished through DTC's book entry system. Such sales shall be made through DTC participants (which may include the Remarketing Agent) and the DTC participants shall transmit payment to the beneficial owners whose Bonds were purchased pursuant to a remarketing. The County, the Registrar and Paying Agent and the Remarketing Agent are not responsible for transfers of payment to DTC participants or beneficial owners.

(m) The County hereafter may amend this Bond Order or enter into one or more amendments or supplements hereto without notice to or consent of the Owners of any of the Bonds in order (i) to offer to the beneficial owners of the Bonds the option of receiving any Bonds in certificated form or (ii) to require the execution and delivery of certificated Bonds representing a portion or all of the Bonds, (A) if DTC shall cease to serve as depository and no successor depository can be found to serve upon terms satisfactory to the County, or (B) if the County determines that it would be in their best interest or in the best interests of the beneficial owners of the Bonds that they obtain certificated Bonds; provided, that any such amendment or supplements is in form reasonably satisfactory to the Registrar and Paying Agent.

Section 2.19 Principal of and Interest on Bank-Owned Bonds. (a) The principal of each Bank-Owned Bond shall be repaid by or on behalf of the County as provided in the Liquidity Facility.

(b) Each Bank-Owned Bond shall bear interest on the outstanding principal amount thereof at the Bank Interest Rate for each day from and including the date such Bond becomes a Bank-Owned Bond to, but not including, the date such Bond is paid in full or is remarketed as provided in the Liquidity Facility.

Interest on Bank-Owned Bonds shall be payable as provided in the Liquidity Facility. Bank-Owned Bonds shall not bear interest at the Bank Interest Rate after such Bonds have been remarketed unless such Bonds shall again become Bank-Owned Bonds. Interest on Bank-Owned Bonds shall be calculated based upon a 365/366 day year for the actual number of days elapsed.

ARTICLE III REDEMPTION OF BONDS

Section 3.01 Mandatory Redemption in Accordance with Liquidity Facility. Bank-Owned Bonds shall be subject to redemption at the times and in the amounts set forth in the Liquidity Facility.

Section 3.02 Mandatory Sinking Fund Redemption. The Bonds shall be subject to mandatory sinking fund redemption at the following times and amounts:

<u>Date of Redemption</u>	<u>Redemption Amount</u>
November 1, 2028	\$17,000,000
November 1, 2029	\$17,000,000
November 1, 2030	\$17,000,000
November 1, 2031	\$17,000,000
November 1, 2032	\$17,000,000
November 1, 2033	\$17,000,000
November 1, 2034	\$17,000,000
November 1, 2035	\$17,000,000
November 1, 2036	\$17,000,000
November 1, 2037*	\$17,000,000

* Date of Maturity

Section 3.03 Optional Redemption of Commercial Paper Bonds. Bonds in the Commercial Paper Mode are not subject to optional redemption prior to their respective Purchase Dates. Bonds in the Commercial Paper Mode shall be subject to redemption at the option of the County in whole or in part on their respective Purchase Dates at a redemption price equal to the principal amount thereof.

Section 3.04 Optional Redemption of Bonds in the Daily Mode or the Weekly Mode. Bonds in the Daily Mode or the Weekly Mode are subject to optional redemption by the County, in whole on any date or in part on any Interest Payment Date, in Authorized Denominations, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any.

Section 3.05 Optional Redemption of Bonds in the Term Rate or the Fixed Rate Mode. Bonds in the Term Rate Mode or Fixed Rate Mode are subject to redemption in whole on any date or in part on any Interest Payment Date (and if in part, in such order of maturity as the County shall specify and within a maturity by lot or by such other method as the Registrar and Paying Agent determines to be fair and reasonable and in Authorized Denominations) at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any.

Section 3.06 Selection of Bonds for Redemption. If not otherwise provided in Sections 3.02, 3.03, 3.04 or 3.05 hereof, whenever less than all the Outstanding Bonds of a maturity are to be redeemed on any one date, the Registrar and Paying Agent shall select the Bonds to be redeemed from the Outstanding Bonds of such maturity by

lot, or in such other manner as the Registrar and Paying Agent deems fair; provided, that (i) Bank-Owned Bonds shall be redeemed first; (ii) if Bonds are then Outstanding as Serial Bonds, the Registrar and Paying Agent shall select for redemption Serial Bonds stated to mature in the years selected by the County in its discretion; and (iii) if Bonds are then Outstanding in more than one Mode, the Registrar and Paying Agent shall select for redemption Bonds in the respective Modes as directed by the County in its discretion.

Section 3.07 Notice of Redemption. Except as otherwise provided herein, the Registrar and Paying Agent shall give notice of redemption of any Bonds to be redeemed, as provided herein, upon receipt of notice from the County, which notice shall be given to the Registrar and Paying Agent and the Bank at least thirty (30) calendar days prior to the Redemption Date (unless the Registrar and Paying Agent and the Bank shall agree to a shorter period).

Except as otherwise provided herein, notice of redemption shall be given by mail by the Registrar and Paying Agent to the Remarketing Agent, the Bank, the Owners of any Bonds designated for redemption in whole or in part and to EMMA and to the Securities Depositories no less than fifteen (15) nor more than forty-five (45) days prior to the Redemption Date. Each notice of redemption shall state the Redemption Date, the redemption place and the redemption price, the maturity dates of the Bonds to be redeemed and shall designate the numbers of the Bonds to be redeemed if less than all of the Outstanding Bonds of a maturity are to be redeemed, shall (in the case of any Bond called for redemption in part only) state the portion of the principal amount thereof which is to be redeemed, and shall state that the interest thereon or portions thereof designated for redemption shall cease to accrue from and after such Redemption Date and that on such Redemption Date there will become due and payable on each of the Bonds or portions thereof designated for redemption the redemption price thereon. The failure to mail such notice with respect to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond with respect to which notice was so mailed.

Any notice mailed as provided in this Article III will be conclusively presumed to have been given, whether or not actually received by any Owner. Failure by the Registrar and Paying Agent to give notice pursuant to this Section, or the insufficiency of any such notice, shall not affect the validity of the proceedings for redemption.

Section 3.08 Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Registrar and Paying Agent shall authenticate and deliver to the Owner thereof a new Bond or Bonds representing the unredeemed principal amount of the Bond so surrendered.

Section 3.09 Effect of Redemption. If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds or portions thereof to be redeemed is held by the Registrar and Paying Agent, then on the Redemption Date designated in such notice the Bonds or portions thereof so called for redemption shall become payable at the redemption price as specified in such notice; and from and after the Redemption Date so designated, interest thereon or portions thereof so called for redemption shall cease to accrue, such Bonds or portions thereof shall cease to be entitled to any benefit, protection or security hereunder and the Owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price. Notwithstanding the foregoing, any Bank-Owned Bonds shall remain Outstanding until the Bank is paid all amounts due under such of the Bonds or portions thereof to be redeemed on their redemption dates and all amounts due under the Liquidity Facility. After payment to the Bank of all amounts due on Bank-Owned Bonds and all amounts due under the Liquidity Facility and the Fee Letter, the Bank shall surrender such Bonds to the Registrar and Paying Agent for cancellation.

ARTICLE IV PURCHASE OF BONDS

Section 4.01 Optional Tenders of Bonds in the Daily Mode or the Weekly Mode. The Owners of Bonds in a Daily Mode or a Weekly Mode may elect to have their Bonds (or portions of those Bonds in amounts equal to Authorized Denominations) purchased on any Business Day at a price equal to the Purchase Price, (i) in the case of Bonds in a Daily Mode, upon delivery of an irrevocable telephonic notice of tender to the Remarketing Agent, promptly confirmed in writing to the Registrar and Paying Agent, not later than 11:00 A.M. on the Purchase Date specified by the Owner; and (ii) in the case of Bonds in a Weekly Mode, upon delivery of an irrevocable written

notice of tender or irrevocable telephonic notice of tender to the Remarketing Agent, promptly confirmed in writing to the Registrar and Paying Agent, not later than 4:00 P.M. on a Business Day, not less than seven (7) days before the Purchase Date specified by the Owner in such notice. Such notices of tender shall state the CUSIP number, Bond number and the principal amount of such Bond and that such Bond shall be purchased on the Purchase Date specified above. The Bond shall be delivered (with all necessary endorsements) at or before 12:00 noon on the Purchase Date at the office of the Registrar and Paying Agent in New York, New York; *provided, however*, that payment of the Purchase Price shall be made pursuant to this Section only if the Bond so delivered to the Registrar and Paying Agent conforms in all respects to the description thereof in the notice described in this Section. Payment of the Purchase Price with respect to purchases under this Section shall be made to the Owners of tendered Bonds by wire transfer in immediately available funds by the Registrar and Paying Agent by the close of business on the Purchase Date. An Owner who gives the notice of tender as set forth above may repurchase the Bonds so tendered on such Purchase Dates if the Remarketing Agent agrees to sell the Bonds so tendered to such Owner. If such Owner decides to repurchase such Bonds and the Remarketing Agent agrees to sell the specified Bonds to such Owner, the delivery requirements set forth above shall be waived.

Section 4.02 Mandatory Purchase at End of Commercial Paper Rate Periods. Each Commercial Paper Bond shall be subject to mandatory purchase on the Purchase Date for the current Interest Period applicable to such Bond at the Purchase Price. Bonds purchased pursuant to this Section shall be delivered by the Owners (with all necessary endorsements) to the office of the Registrar and Paying Agent, at or before 12:00 noon on such Purchase Date, and payment of the Purchase Price shall be made by wire transfer in immediately available funds by the close of business on such Purchase Date. No notice of such mandatory purchase shall be given to the Owners.

Section 4.03 Mandatory Purchase on Mode Change Date and Mandatory Purchase Dates Established by the County.

(a) Bonds to be changed from one Mode to another Mode (other than a change to the Fixed Rate Mode) are subject to mandatory purchase on the Mode Change Date at the Purchase Price as provided in this subsection (a). Bonds purchased pursuant to this Section shall be delivered by the Owners (with all necessary endorsements) to the office of the Registrar and Paying Agent, at or before 12:00 noon on the Mode Change Date and payment of the Purchase Price shall be made by wire transfer in immediately available funds by the close of business on the Mode Change Date. The Registrar and Paying Agent shall give notice of such mandatory purchase by mail to the Owners of the Bonds subject to mandatory purchase no less than thirty (30) days prior to the Mandatory Purchase Date. The notice shall state the Mandatory Purchase Date, the Purchase Price, the numbers of the Bonds to be purchased if less than all of the Bonds owned by such Owner are to be purchased and that interest on Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Owner.

(b) Bonds to be changed to the Fixed Rate Mode are subject to mandatory purchase on the Mode Change Date at the Purchase Price as provided in this subsection (b). Bonds purchased pursuant to this Section shall be delivered by the Owners (with all necessary endorsements) to the office of the Registrar and Paying Agent at or before 12:00 noon on the Mode Change Date and payment of the Purchase Price shall be made by wire transfer of immediately available funds by the close of business on the Mode Change Date. The Registrar and Paying Agent shall give notice of such mandatory purchase as part of the notice of change of Mode to be sent to the Owners pursuant to Section 2.10(b)(ii) hereof.

(c) The Bonds shall be subject to mandatory purchase at the Purchase Price of such Bonds on any Business Day selected by the County, upon 25 days' written notice to the Registrar and Paying Agent (or such fewer number of days as shall be acceptable to the Registrar and Paying Agent), *provided* that (a) the date selected by the County shall be a date on which the Bonds to be purchased would otherwise be redeemable at the option of the County and (b) the Bank shall have received evidence reasonably satisfactory to it that all Bank-Owned Bonds, if any, will be purchased and all other amounts payable to the Bank will be paid on such date on each date selected by the County at the Purchase Price of such Bonds. The Registrar and Paying Agent shall mail notice of each such Mandatory Purchase Date to the holders of Bonds subject to mandatory purchase not less than 15 days prior to such Mandatory Purchase Date. Each such notice shall state (i) the Mandatory Purchase Date, (ii)

the Purchase Price, and (iii) that interest on such Bonds shall cease to accrue from and after the Mandatory Purchase Date. The failure to mail any such notice shall not affect the validity of the mandatory purchase of any Bond subject to mandatory purchase in accordance with this Bond Order. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any holder. Bonds purchased pursuant to this Section shall be delivered by their Owners (with all necessary endorsements) to the office of the Registrar and Paying Agent in New York, New York, at or before 12:00 noon on the Mandatory Purchase Date, and payment of the Purchase Price of such Bonds shall be made by wire transfer of immediately available funds by the Registrar and Paying Agent by the close of business on such Mandatory Purchase Date.

Section 4.04 Optional Purchase at End of Interest Period for Term Rate Mode. The Owner of a Bond in the Term Rate Mode may elect to have its Bond (or portions thereof in Authorized Denominations) purchased on the last day of the current Interest Period applicable to such Bond (or the next Business Day if such last day is not a Business Day) at a price equal to the Purchase Price upon delivery of an irrevocable written notice of tender or irrevocable telephonic notice of tender to the Remarketing Agent, promptly confirmed in writing to the Registrar and Paying Agent, by not later than 4:00 p.m. on a Business Day, not less than thirty (30) days before such last day. Such notice of tender shall state the CUSIP number, Bond number and the principal amount of such Bond to be purchased. Bonds purchased pursuant to this Section shall be delivered by the Owners (with all necessary endorsements) to the office of the Registrar and Paying Agent at or before 12:00 noon on such Purchase Date and payment of the Purchase Price of such Bonds shall be made by wire transfer in immediately available funds by the Registrar and Paying Agent by the close of business on such Business Day.

Section 4.05 Mandatory Purchase Upon Expiration or Termination of Liquidity Facility or Substitution of Alternate Liquidity Facility. Bonds shall be subject to mandatory purchase on each Expiration Tender Date and Substitution Tender Date applicable to such Bonds. The Registrar and Paying Agent shall mail notice of each Expiration Tender Date and Substitution Tender Date to the holders of Bonds subject to mandatory purchase not less than 15 days prior to such Expiration Tender Date and Substitution Tender Date, respectively. If the Registrar and Paying Agent shall receive notice from the Bank of the occurrence of an Event of Termination under and as defined in the Liquidity Facility, then the Registrar and Paying Agent shall immediately, and in any case not more than one Business Day following receipt of such notice, establish the Termination Tender Date, which shall be a date not more than three Business Days after receipt by the Registrar and Paying Agent of such notice from the Bank, and in any event not later than the Business Day immediately preceding the Termination Date under and as defined in the Liquidity Facility and give notice of such Tender Termination Date to the holders of all outstanding Bonds secured by the Liquidity Facility. Each such notice shall state (i) the Mandatory Purchase Date, (ii) the Purchase Price, and (iii) that interest on such Bonds shall cease to accrue from and after the Mandatory Purchase Date. The failure to mail any such notice shall not affect the validity of the mandatory purchase of any Bond subject to mandatory purchase in accordance with this Bond Order. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any holder. Bonds purchased pursuant to this Section shall be delivered by their Owners (with all necessary endorsements) to the office of the Registrar and Paying Agent in New York, New York, at or before 12:00 noon on the Mandatory Purchase Date, and payment of the Purchase Price of such Bonds shall be made by wire transfer of immediately available funds by the Registrar and Paying Agent by the close of business on such Mandatory Purchase Date.

Section 4.06 Remarketing of Bonds; Notices.

(a) Remarketing of Bonds. The Remarketing Agent shall use its best efforts to offer for sale:

(i) all Bonds or portions thereof as to which notice of tender pursuant to Sections 4.01 or 4.04 hereof has been given;

(ii) all Bonds required to be purchased pursuant to Sections 4.02, 4.03 and 4.05 hereof; provided, that the Remarketing Agent shall not remarket any Bonds in the Daily Mode, the Weekly Mode or the Commercial Paper Mode after an Expiration Date unless the County shall have delivered an Alternate Liquidity Facility in accordance with the provisions of Section 4.11(c); and

(iii) all Bank-Owned Bonds; provided, that no Bank-Owned Bonds may be remarketed unless the Registrar and Paying Agent shall have received written notice from the Bank that the Available Commitment (as defined in the Liquidity Facility) shall have been adjusted, instantaneous with the sale of such Bank-Owned Bonds, upward in an amount sufficient to pay the Purchase Price of all Outstanding Bonds.

(b) Notice of Remarketing; Registration Instructions; New Bonds. On each Purchase Date or Mandatory Purchase Date, as the case may be:

(i) unless the Remarketing Agent has notified the Registrar and Paying Agent otherwise, the Remarketing Agent shall transfer any remarketing proceeds and notify the Registrar and Paying Agent by Electronic Means not later than 12:00 noon of the amount of tendered Bonds which were successfully remarketed and are on hand, and, if not in book-entry form, the names of the tendering Owners and the registration instructions (i.e., the names, addresses and taxpayer identification numbers of the purchasers and the desired Authorized Denominations) with respect thereto; and

(ii) the Registrar and Paying Agent shall authenticate new Bonds for the respective purchasers thereof which and, if not in book-entry form, shall be available for pick-up by the Remarketing Agent not later than 1:30 P.M.

(c) Transfer of Funds; Draw on Liquidity Facility. On each Purchase Date or Mandatory Purchase Date, as the case may be, the Registrar and Paying Agent shall draw on the Liquidity Facility by 12:30 P.M. in an amount equal to the Purchase Price of all Bonds tendered or deemed tendered less the sum of (i) the aggregate amount of remarketing proceeds received by and on hand with the Registrar and Paying Agent from the remarketing of Bonds and (ii) the sum on deposit in the County Funds Account, if directed by the County to use such amounts.

Section 4.07 Source of Funds for Purchase of Bonds. By the close of business on the Purchase Date or the Mandatory Purchase Date, as the case may be, the Registrar and Paying Agent shall purchase tendered Bonds from the tendering Owners at the Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and neither the Registrar and Paying Agent nor the Remarketing Agent shall be obligated to provide funds from any other source:

- (a) immediately available funds on deposit in the Remarketing Proceeds Account; and
- (b) immediately available funds on deposit in the Liquidity Facility Purchase Account.

Notwithstanding the above, immediately available funds on deposit in the County Funds Account, may be use by the Registrar and Paying Agent, upon written direction from the County, if insufficient remarketing proceeds are available on a Purchase Date or the Mandatory Purchase Date.

Section 4.08 Delivery of Bonds. On each Purchase Date or Mandatory Purchase Date, as the case may be, the Bonds shall be delivered as follows:

(a) Bonds sold by the Remarketing Agent pursuant to Section 4.06(a) hereof shall be delivered by the Remarketing Agent to the purchasers of those Bonds by 3:00 P.M.;

(b) Bonds purchased by the Registrar and Paying Agent with moneys described in Section 4.07(b) hereof shall, upon the written direction of a County Representative, be either (i) registered in the name of the Registrar and Paying Agent as agent for the County and held upon the direction of the County or (ii) cancelled; and

(c) Bonds purchased by the Registrar and Paying Agent with moneys described in Section 4.07(c) hereof shall be registered immediately in the name of the Bank or its nominee on or before 1:30 P.M.

Section 4.09 Undelivered Bonds. If Bonds to be purchased are not delivered by the Owners to the Registrar and Paying Agent by 12:00 noon on the Purchase Date or the Mandatory Purchase Date, as the case may be, the Registrar and Paying Agent shall hold any funds received for the purchase of those Bonds in trust in a separate account and shall pay such funds to the former Owners of the Bonds upon presentation of the Bonds. Such undelivered Bonds shall cease to accrue interest as to the former Owners on the Purchase Date or the Mandatory Purchase Date, as the case may be, and moneys representing the Purchase Price shall be available against delivery of those Bonds at the Principal Office of the Registrar and Paying Agent; *provided, however*, that any funds which shall be so held by the Registrar and Paying Agent and which remain unclaimed by the former Owner of a Bond not presented for purchase for a period of five years after delivery of such funds to the Registrar and Paying Agent, shall, to the extent permitted by law, upon request in writing by the County and the furnishing of security or indemnity to the Registrar and Paying Agent's satisfaction, be paid to the County free of any trust or lien and thereafter the former Owner of such Bond shall look only to the County and then only to the extent of the amounts so received by the County without any interest thereon and the Registrar and Paying Agent shall have no further responsibility with respect to such moneys or payment of the purchase price of such Bonds. The Registrar and Paying Agent shall authenticate a replacement Bond for any undelivered Bond which may then be remarketed by the Remarketing Agent.

Section 4.10 No Purchases or Sales After Payment Default. Anything in this Bond Order to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default described in subsection (a) or (b) of Section 7.01 hereof, the Remarketing Agent shall be notified and shall not remarket any Bonds.

Section 4.11 Liquidity Facility; Alternate Liquidity Facility. (a) On each Purchase Date or Mandatory Purchase Date, as the case may be, the Registrar and Paying Agent, as provided in Section 4.06(c) hereof, by Electronic Means demand given before 12:30 P.M., shall draw on the Liquidity Facility in accordance with the terms thereof so as to receive thereunder by 2:30 P.M. on such date an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of Bonds on such date and funds on deposit in the County Funds Account, if such amounts are designated for use by the County, to enable the Registrar and Paying Agent to pay the Purchase Price in connection therewith. The proceeds of such draw shall be paid to the Registrar and Paying Agent, who shall deposit said proceeds in the Liquidity Facility Purchase Account pursuant to Section 4.12(c) hereof.

(b) Notwithstanding the foregoing paragraph (a) of this Section, the Registrar and Paying Agent shall not draw on the Liquidity Facility with respect to any payments due or made in connection with Bank-Owned Bonds, Bonds the Owner of which is the County, or Bonds in the Term Rate Mode or the Fixed Rate Mode not covered by the Liquidity Facility.

(c) If at any time there shall have been delivered to the Registrar and Paying Agent (i) an Alternate Liquidity Facility in substitution for the Liquidity Facility then in effect, (ii) a Favorable Opinion of Bond Counsel, (iii) a Rating Confirmation Notice from Moody's, if the Bonds are rated by Moody's, from S&P, if the Bonds are rated by S&P, and from Fitch, if the Bonds are rated by Fitch, together with a written statement of Moody's, S&P and Fitch, as applicable, indicating that the substitution of the Alternate Liquidity Facility will not result in a lowering of their ratings on the Bonds to be covered by the Alternate Liquidity Facility as a result of its substitution for the current Liquidity Facility and (iv) written evidence satisfactory to the Bank of the provision for purchase from the Bank of all Bank-Owned Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due it under the Liquidity Facility and the Fee Letter on or before the effective date of such Alternate Liquidity Facility, then the Registrar and Paying Agent shall accept such Alternate Liquidity Facility on the Substitution Tender Date and shall surrender the Liquidity Facility then in effect to the Bank on the Substitution Date. The County shall give the Registrar and Paying Agent, the Remarketing Agent and the Bank written notice of the proposed substitution of an Alternate Liquidity Facility for the Liquidity Facility then in effect no less than forty-five (45) days prior to the proposed Substitution Date. The Registrar and Paying Agent shall give notice of such proposed substitution by mail to the Owners of the Bonds no less than thirty (30) days prior to the proposed Substitution Date.

(d) The Registrar and Paying Agent shall not sell, assign or otherwise transfer the Liquidity Facility, except to a successor Registrar and Paying Agent hereunder and in accordance with the terms of the Liquidity Facility and this Bond Order.

Section 4.12 Purchase Fund. There is hereby established and there shall be maintained with the Registrar and Paying Agent a separate fund to be known as the “Purchase Fund.” The Registrar and Paying Agent shall further establish separate accounts within the Purchase Fund to be known as the “Liquidity Facility Purchase Account,” the “Remarketing Proceeds Account” and the “County Funds Account.”

(a) **Remarketing Proceeds Account.** The Remarketing Agent shall transfer the proceeds of a remarketing of Bonds received by the Remarketing Agent, if any, to the Registrar and Paying Agent on the same Business Day on which such remarketing occurs. Upon receipt of the proceeds of a remarketing of Bonds, the Registrar and Paying Agent shall deposit such proceeds in the Remarketing Proceeds Account for application to the Purchase Price of the Bonds. Notwithstanding the foregoing, upon the receipt of the proceeds of a remarketing of Bank-Owned Bonds, the Registrar and Paying Agent shall immediately pay such proceeds to the Bank to the extent of any amount owing to the Bank.

(b) **County Funds Account.** Upon receipt of funds from the County accompanied by written direction to deposit such funds in the County Funds Account, the Registrar and Paying Agent shall deposit such funds in the County Funds Account for application to the Purchase Price of the Bonds as directed by the County. Any amounts deposited in the County Funds Account and not needed with respect to the Purchase Price of the Bonds may be returned to the County upon direction from the County.

(c) **Liquidity Facility Purchase Account.** Upon receipt from the Registrar and Paying Agent of the immediately available funds transferred to the Registrar and Paying Agent pursuant to paragraph (a) of Section 4.11 hereof, the Registrar and Paying Agent shall deposit such money in the Liquidity Facility Purchase Account for application to the Purchase Price of the Bonds to the extent that the moneys on deposit in the Remarketing Proceeds Account and on deposit and designated for use in the County Funds Account shall not be sufficient. Any amounts deposited in the Liquidity Facility Purchase Account and not needed with respect to any Purchase Date or Mandatory Purchase Date for the payment of the Purchase Price for any Bonds shall be immediately returned to the Bank.

(d) **Investment.** Amounts held in the Liquidity Facility Purchase Account, the County Funds Account and the Remarketing Proceeds Account by the Registrar and Paying Agent shall be held uninvested and separate and apart from all other funds and accounts.

ARTICLE V FUNDS AND ACCOUNTS

Section 5.01 Application of Proceeds. The proceeds received from the sale of the Bonds shall be deposited with the County and applied to refinancing of outstanding commercial paper bond anticipation notes of the County, in accordance with the provisions of the Authorizing Legislation.

Section 5.02 Bond Fund. There is hereby established and created a fund to be designated “Montgomery County, Maryland General Obligation Bonds Consolidated Public Improvement Variable Rate Bonds of 2017, Series E Bond Fund” (the “Bond Fund”). The County shall pay to the Registrar and Paying Agent for deposit in the Bond Fund funds at the times and in the amounts necessary for the Registrar and Paying Agent to make the transfers described below.

The Registrar and Paying Agent shall transfer money contained in the Bond Fund to the accounts described below at the following respective times in the manner hereinafter provided, which accounts the Registrar and Paying Agent hereby agrees to establish and maintain so long as this Bond Order is not discharged in accordance with Article X hereof and each such account shall constitute a trust fund for the benefit of the Owners of the Bonds and the Bank, and the money in each such account shall be disbursed only for the purposes and uses hereinafter authorized.

(a) **Interest Account.** On each Interest Payment Date, the Registrar and Paying Agent shall deposit in the Interest Account from money in the Bond Fund an amount which shall be sufficient to pay interest

payable on such Bonds (including any Bank-Owned Bonds) on such Interest Payment Date. Money in the Interest Account shall be used and withdrawn by the Registrar and Paying Agent on each Interest Payment Date solely for the payment of the accrued and unpaid interest of Outstanding Bonds (including any Bank-Owned Bonds).

(b) Principal Account. On each Principal Payment Date, the Registrar and Paying Agent shall deposit in the Principal Account from money in the Bond Fund, an amount equal to the principal becoming due on such Bonds (including any Bank-Owned Bonds) on each Principal Payment Date. Money in the Principal Account shall be used and withdrawn by the Registrar and Paying Agent on each Principal Payment Date solely for the payment of the principal of Outstanding Bonds (including any Bank-Owned Bonds).

(c) Redemption Account. The Registrar and Paying Agent shall deposit in the Redemption Account amounts required to pay the principal of and premium, if any, and accrued interest on any Bonds (including any Bank-Owned Bond) to be redeemed pursuant to Sections 3.01, 3.02, 3.03, 3.04 or 3.05 hereof. Money in the Redemption Account shall be used and withdrawn by the Registrar and Paying Agent on each Redemption Date solely for the payment of the principal of and premium, if any, and accrued interest on such Bonds (including any Bank-Owned Bonds) upon the redemption thereof.

Section 5.03 Investments. Except as otherwise provided in Sections 4.12(d) hereof, so long as the Bonds are Outstanding and there is no default hereunder, moneys on deposit to the credit of the Funds shall, at the telephonic request of a County Representative, confirmed in writing within two Business Days, specifying and directing that such investment of such funds be made, be invested by the Registrar and Paying Agent in Permitted Investments. The Registrar and Paying Agent is entitled to rely on said instructions for purposes of taking any action pursuant to this Section.

The Registrar and Paying Agent may commingle any of the money held by it hereunder, except money derived from draws under the Liquidity Facility, which shall not be commingled with any other Funds under any circumstances. The Registrar and Paying Agent may present for redemption or sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested. The Registrar and Paying Agent shall not be liable or responsible for any losses resulting from any such deposit or investment presented for redemption or sold.

Any interest or profits on deposits and investments in the Principal Account and the Redemption Account of the Bond Fund received by the Registrar and Paying Agent shall be deposited in the Interest Account. Any interest or profits on deposits and investments in the Interest Account of the Bond Fund shall be retained therein.

ARTICLE VI COVENANTS

Section 6.01 Payment of Bonds. The County will promptly pay the principal of and premium, if any, and interest on the Bonds (including any Bank-Owned Bonds) on the dates and in the manner provided in the Bonds (including any Bank-Owned Bonds), but only from the sources available therefor under this Bond Order. The County will provide the Registrar and Paying Agent sufficient moneys to enable the Registrar and Paying Agent to make deposits required under this Bond Order and to make all payments of principal and Purchase Price of, and premium, if any, and interest on, the Bonds (including any Bank-Owned Bonds). The County will promptly pay all other amounts due to the Bank under the Liquidity Facility and the Fee Letter as provided therein.

Section 6.02 Further Assurances. The County will execute and deliver such supplemental orders and such further instruments, and do such further acts, as the Registrar and Paying Agent may reasonably require for the better assuring and confirming to the Registrar and Paying Agent the amounts from the sources available under this Bond Order for the payment of the Bonds.

Section 6.03 Rebate Fund; Tax Covenants. (a) In addition to the other Funds and accounts created pursuant hereto, the Registrar and Paying Agent shall establish and maintain a Fund separate from any other Fund or account established and maintained hereunder designated the “Montgomery County, Maryland General Obligation Bonds Consolidated Public Improvement Variable Rate Bonds of 2017, Series E Rebate Fund” (the

“Rebate Fund”). There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Registrar and Paying Agent in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America.

Notwithstanding defeasance of the Bonds pursuant to Article X hereof or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section 6.03 and by the Tax Certificate (which is incorporated herein by reference). The Registrar and Paying Agent shall be deemed conclusively to have complied with such provisions if it follows the written directions of the County, and shall have no liability or responsibility to enforce compliance by the County with the terms of the Tax Certificate.

(b) Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts due in compliance with the Tax Certificate, shall be withdrawn by the Registrar and Paying Agent and remitted to the County.

(c) The County covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income under Section 103 of the Code of the interest on the Bonds. The County will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the County, or take or omit to take any action, that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code. To that end, the County will comply with all requirements of the Tax Certificate and with Section 148 of the Code to the extent applicable to the Bonds.

ARTICLE VII DEFAULT AND LIMITATIONS OF LIABILITY

Section 7.01 Events of Default. If any of the following events occur, it is hereby declared to constitute an “Event of Default”:

(a) Default in the due and punctual payment of interest on any Bond, whether at the stated Interest Payment Date thereof, or upon proceedings for redemption thereof or upon purchase thereof pursuant to Article IV hereof; or

(b) Default in the due and punctual payment of the principal of or premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon purchase pursuant to Article IV hereof; or

(c) The County shall fail to observe or perform in any material way any covenant, condition, agreement or provision contained in the Bonds or in this Bond Order on the part of the County to be performed other than those set forth in Section 6.01 hereof, and such failure shall continue for thirty (30) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the County by the Registrar and Paying Agent, which notice may be given by the Registrar and Paying Agent in its discretion and shall be given by the Registrar and Paying Agent at the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of all Bonds then Outstanding.

If the Registrar and Paying Agent has actual knowledge that an Event of Default has occurred and is continuing, the Registrar and Paying Agent will mail notice of the Event of Default to the Owners, the Remarketing Agent and the Bank as promptly as practicable after it occurs.

Section 7.02 Remedies. If an Event of Default occurs and is continuing, any Owner may pursue any available remedy by proceeding at law or in equity to collect the principal of and premium, if any, or interest on such Bond or to enforce the performance of any provision of the Bonds or this Bond Order. A delay or omission by any Owner in exercising any right or remedy accruing upon an Event of Default shall not impair the right or

remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Section 7.03 Waiver of Past Defaults. A majority in principal amount of the Outstanding Bonds, with the prior written approval of the Bank, by notice to the County and the Registrar and Paying Agent may waive an existing Event of Default and its consequences. When an Event of Default is waived, it is cured and stops continuing, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent to it.

Section 7.04 Control by Majority. The Owners of a majority in aggregate principal amount of Bonds Outstanding, with the prior written approval of the Bank, may direct the time, method and place of conducting any proceeding for any remedy available to Owners.

Notwithstanding the foregoing, if a Liquidity Facility is in effect, and the Bank, wrongfully dishonors a demand for payment made in strict compliance with the terms of the related Liquidity Facility, as applicable, for so long as such demand for payment remains unpaid by the Bank, as applicable, 25% of the Owners of the Bonds enhanced by such Liquidity Facility, shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Registrar and Paying Agent, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Liquidity Facility or any other proceedings hereunder; provided that such direction shall be in accordance with applicable law.

Section 7.05 Rights of Owners to Receive Payment. Notwithstanding any other provision of this Bond Order, the right of any Owner to receive payment of principal or premium, if any, and interest on a Bond, on or after the due dates expressed in the Bond, or the purchase price of a Bond on or after the date for its purchase as provided in the Bond, or to bring suit for the enforcement of any such payment on or after such dates, shall not be impaired or affected without the consent of the Owner.

Section 7.06 Priorities. Except as provided in this Section, funds drawn under the Liquidity Facility will be used only for the payment of the Purchase Price of the Bonds supported by the Liquidity Facility, as provided in the Liquidity Facility. If the Registrar and Paying Agent collects any money pursuant to this Article, it shall pay out the money in the following order: first to the Registrar and Paying Agent for amounts to which it is entitled under Section 8.03 hereof (provided, that if such money constitutes proceeds of an advance under the Liquidity Facility, the Registrar and Paying Agent shall pay the Owners first and itself second); second to Owners for amounts due and unpaid on the Bonds (including any Bank-Owned Bonds) for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Bonds (including any Bank-Owned Bonds) for principal, premium and interest, respectively; third to the Bank to the extent it certifies that the County is indebted to it on account of advances under the Liquidity Facility or otherwise under the Liquidity Facility and to the extent not paid pursuant to the provisions of clause second of this Section 7.06; and fourth to the County.

The Registrar and Paying Agent may fix a payment date for any payment to the Owners.

Section 7.07 Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Bond Order or in any suit against the Registrar and Paying Agent for any action taken or omitted by it as Registrar and Paying Agent, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Registrar and Paying Agent, a suit by an Owner pursuant to Section 7.06 hereof or a suit by Owners of more than 25% in aggregate principal amount of Bonds Outstanding.

ARTICLE VIII
THE REGISTRAR AND PAYING AGENT AND THE REMARKETING AGENT

Section 8.01 Employment and Duties of the Registrar and Paying Agent.

The County hereby appoints and employs the Registrar and Paying Agent to perform the obligations contained herein; all in the manner provided herein and subject to the conditions and terms hereof.

Section 8.02 Removal and Resignation of the Registrar and Paying Agent. The Registrar and Paying Agent may resign by notifying the County. The Owners of a majority in principal amount of the Outstanding Bonds may remove the Registrar and Paying Agent by notifying the Registrar and Paying Agent and may appoint a successor Registrar and Paying Agent with the consent of the County and, when a Liquidity Facility is in effect and so long as the Bank has not wrongfully dishonored a drawing on the Liquidity Facility, the consent of the Bank (which shall be under no liability by reason of giving or withholding such consent). The County will remove the Registrar and Paying Agent by notifying the Registrar and Paying Agent if (a) the Registrar and Paying Agent fails to comply with the penultimate sentence of the first paragraph of this Section 8.02, (b) the Registrar and Paying Agent is adjudged a bankrupt or an insolvent, (c) a receiver or other public officer takes charge of the Registrar and Paying Agent or its property or (d) the Registrar and Paying Agent otherwise becomes incapable of acting. Upon any such removal or resignation, the County, with the consent of the Bank, when a Liquidity Facility is in effect and so long as the Bank has not wrongfully dishonored a drawing on the Liquidity Facility (which consent shall not be unreasonably withheld, provided that the Bank shall be under no liability by reason of giving or withholding such consent), shall promptly appoint a successor Registrar and Paying Agent by an instrument in writing, which successor Registrar and Paying Agent shall give notice of such appointment to all Owners and the Remarketing Agent as soon as practicable; provided, that in the event the County does not appoint a successor Registrar and Paying Agent within sixty (60) days following the giving of any such notice of removal or the receipt of any such notice of resignation, the removed or resigning Registrar and Paying Agent may petition any appropriate court having jurisdiction to appoint a successor Registrar and Paying Agent. Any successor Registrar and Paying Agent shall be a bank with trust powers, national banking association with trust powers or trust company doing business and having a principal corporate trust office in New York, New York, having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000) and subject to supervising or examination by state or national authorities. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 8.02 the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any removal or resignation of a Registrar and Paying Agent and appointment of a successor Registrar and Paying Agent shall become effective only upon the acceptance of the appointment by the successor Registrar and Paying Agent and the transfer by the retiring Registrar and Paying Agent to the successor Registrar and Paying Agent of all property held by it hereunder as Registrar and Paying Agent.

Section 8.03 Compensation and Indemnification of the Registrar and Paying Agent. The County shall from time to time, subject to any agreement then in effect with the Registrar and Paying Agent, pay the Registrar and Paying Agent compensation for its services and reimburse the Registrar and Paying Agent for all its advances and expenditures hereunder, including but not limited to advances to and fees and expenses of accountants, agents, appraisers, consultants, counsels or other experts employed by it in the observance and performance of its rights and obligations hereunder; provided that the Registrar and Paying Agent shall not have any lien for such compensation or reimbursement against any money held by it in any of the funds established hereunder, although the Registrar and Paying Agent may take whatever legal actions are available to it directly against the County to recover such compensation or reimbursement.

To the extent permitted by law, the County does hereby assume liability for, and agrees to indemnify and hold harmless the Registrar and Paying Agent from and against any and all claims, damages and losses (including legal fees and expenses) arising out of any act of negligence of the County or of any of its agents, contractors, employees, invitees, licensees, officers or supervisors; provided, that no indemnification will be made for willful misconduct or negligence hereunder by the Registrar and Paying Agent.

The County also agrees, to the extent of legally available fund, to indemnify the Registrar and Paying Agent for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Registrar and Paying Agent, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, as well as the costs and expenses of defending itself against any claim or liability in accordance with the exercise or performance of any of its powers or duties hereunder; provided, that no indemnification will be made for willful misconduct or negligence by the Registrar and Paying Agent.

Section 8.04 Protection of the Registrar and Paying Agent. The Registrar and Paying Agent shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Registrar and Paying Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Registrar and Paying Agent may consult with counsel, who may be counsel to the County, with regard to legal questions arising hereunder, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in good faith in accordance therewith.

Whenever in the observance or performance of its rights and obligations hereunder the Registrar and Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of a County Representative, and such certificate shall be full warrant to the Registrar and Paying Agent for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Registrar and Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Registrar and Paying Agent may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner may be entitled to take with like effect as if it were not a party hereto. The Registrar and Paying Agent, either as principal or agent, may also engage in or be interested in any financial or other transaction with the County and may act as agent, depositary or trustee for any committee or body of Owners or of owners of obligations of the County as freely as if it were not the Registrar and Paying Agent hereunder.

The Registrar and Paying Agent shall not be liable for any action it takes or omits to take in good faith without negligence which it believes to be authorized or within its rights or powers.

The Registrar and Paying Agent makes no representation as to the validity or adequacy of this Bond Order or the Bonds, shall not be accountable for the County's covenants and representations contained in this Bond Order, and shall not be responsible for any statement in the Bonds other than its certificate of authentication.

Section 8.05 Duties of Registrar and Paying Agent. (a) If an Event of Default has occurred and is continuing, the Registrar and Paying Agent shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default,

(i) The Registrar and Paying Agent need perform only those duties that are specifically set forth in the Bond Order and no others, and

(ii) In the absence of bad faith on its part, the Registrar and Paying Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Registrar and Paying Agent and conforming to the requirements of this Bond Order. However, the Registrar and Paying Agent shall examine these certificates and opinions to determine whether they conform to the requirements of the Bond Order.

(c) The Registrar and Paying Agent may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

(i) This paragraph does not limit the effect of paragraph (b) of this Section;

(ii) The Registrar and Paying Agent shall not be liable for any error of judgment made in good faith by a responsible officer of the Registrar and Paying Agent, unless it is proved that the Registrar and Paying Agent was negligent in ascertaining the pertinent facts;

(iii) The Registrar and Paying Agent shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 7.05 hereof; and

(iv) No provision of this Bond Order shall require the Registrar and Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Every provision of this Bond Order that in any way relates to the Registrar and Paying Agent is subject to all the foregoing paragraphs of this Section.

(e) The Registrar and Paying Agent may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense, but the Registrar and Paying Agent shall not require indemnity as a condition to declaring the principal of and interest on the Bonds to be due immediately under Section 7.02 hereof, to drawing on the Liquidity Facility or making payment on the Bonds.

(f) The Registrar and Paying Agent shall not be liable for interest on any cash held by it except as provided by Section 5.03 hereof and as the Registrar and Paying Agent may otherwise agree with the County.

Section 8.06 Notice of Defaults. If an event occurs which, with the giving of notice or lapse of time, or both, would be an Event of Default, and if the event is continuing and if it is known to the Registrar and Paying Agent, the Registrar and Paying Agent shall mail to each Owner, the Remarketing Agent and the Bank notice of the event within 90 days after it occurs. Except in the case of a payment default, the Registrar and Paying Agent may withhold the notice if and so long as a committee of its officers in good faith determines that withholding the notice is in the interest of the Owners.

Section 8.07 Appointment of Remarketing Agent. The County hereby appoints the Remarketing Agent to remarket Bonds pursuant to this Bond Order, and to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Bank, the County and the Registrar and Paying Agent at all reasonable times.

The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Bond Order by giving at least thirty (30) days' notice to the County, the Registrar and Paying Agent and the Bank. The Remarketing Agent may be removed at any time, at the direction of the County with the consent of the Bank (which shall not be unreasonably withheld), by an instrument filed with the Remarketing Agent, the Registrar and Paying Agent and the Bank and upon at least thirty (30) days' notice to the Remarketing Agent. Any successor Remarketing Agent shall be selected by the County with the consent of the Bank (which shall not be unreasonably withheld) and shall be a member of the Financial Industry Regulatory Authority, shall have a capitalization of at least fifteen million dollars (\$15,000,000), and shall be authorized by law to perform all the duties set forth in this Bond Order. When a Liquidity Facility is in effect and so long as the Bank has not wrongfully dishonored a draw on the Liquidity Facility, the County shall obtain the Bank's consent to the appointment of such successor Remarketing Agent. The County's delivery to the Registrar and Paying Agent of a certificate setting forth the effective date of the appointment of a successor Remarketing Agent and the name of such successor shall be conclusive evidence that (i) if applicable, the predecessor Remarketing Agent has been removed in accordance with

the provisions of this Bond Order and (ii) such successor has been appointed and is qualified to act as Remarketing Agent under the terms of this Bond Order.

Section 8.08 Successor Registrar and Paying Agent or Remarketing Agent by Merger. If the Registrar and Paying Agent or Remarketing Agent consolidates with, merges or converts into, or transfers all or substantially all of its assets (or, in the case of a bank, national banking association or trust company, its corporate trust assets) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Registrar and Paying Agent or Remarketing Agent.

ARTICLE IX AMENDMENT OF OR SUPPLEMENT TO THE BOND ORDER

Section 9.01 Amendment or Supplement by Consent of Owners; Without Consent of Owners. (a) This Bond Order, the Bonds and the rights and obligations of the County, the Registrar and Paying Agent, the Remarketing Agent, the Bank and the Owners hereunder may be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 9.02 hereof, and the written consent of the Bank when a Liquidity Facility is in effect and so long as the Bank is not in default on the Liquidity Facility (provided that the Bank shall be under no liability by reason of giving or withholding such consent), are filed with the Registrar and Paying Agent, together with a Favorable Opinion of Bond Counsel. No such amendment or supplement shall (1) reduce the rate of interest on any Bond or extend the time of payment thereof or reduce the amount of principal or redemption premiums, if any, on any Bond or extend the Principal Payment Date thereof without the prior written consent of the Owner of the Bond so affected, or (2) reduce the percentage of Owners whose consent is required for the execution of any amendment hereof or supplement hereto, or (3) modify any of the rights or obligations of the Registrar and Paying Agent or the Remarketing Agent without its prior written consent thereto.

(b) This Bond Order, the Bonds and the rights and obligations of the County, the Registrar and Paying Agent, the Remarketing Agent, the Bank and the Owners hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution without the written consent of any Owners, but with the written consent of the Bank when a Liquidity Facility is in effect and so long as the Bank is not in default on the Liquidity Facility (provided that the Bank shall be under no liability by reason of giving or withholding such consent), and (if the amendment or supplement modifies any of the rights or obligations of the Registrar and Paying Agent or the Remarketing Agent hereunder) with the written consent of the Registrar and Paying Agent or the Remarketing Agent, as applicable, only after receipt of a Favorable Opinion of Bond Counsel and only for any one or more of the following purposes:

(i) to add to the conditions, covenants and terms contained herein required to be observed or performed by the County, other conditions, covenants and terms thereafter to be observed or performed by the County, or to surrender any right reserved herein to or conferred herein on the County, and which in either case shall not adversely affect the interests of the Owners;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective, inconsistent or conflicting provision contained herein or in regard to questions arising hereunder which the County may deem desirable or necessary, and which shall not adversely affect the interests of the Owners;

(iii) to comply with the requirements of Moody's, S&P or Fitch, as applicable, as a condition of rating, or maintaining an existing rating on, the Bonds, provided such change is not materially adverse to the interests of the Owners of any of the Bonds;

(iv) to provide for (or subsequently modify) an additional Mode for the Bonds and the provisions relating thereto. Such amendment shall specify the period for payment of the interest, the intervals and dates at which the rate will be set by the Remarketing Agent and the intervals and procedures by which the Bonds may be tendered for purchase. These changes will be noted on the Bonds in accordance with Section 9.03 hereof, or an amended Bond form will be provided for in the amendment in order to reflect them;

(v) to provide for the delivery of Bonds in book-entry form;

(vi) to provide for the issuance of Additional Bonds; or

(vii) to make any other change in the Bond Order, *provided* that such change shall not become effective with respect to any Bond unless either (a) the effective date of such change is a Mandatory Purchase Date with respect to such Bond or (b) at least 15 days' Notice of such change has been given to the holder of such Bond, and such Bond is in the Weekly Mode or the Daily Mode.

A change to an additional Mode pursuant to the provisions of clause (iv) hereof from another interest rate determination method will cause a mandatory purchase of the Bonds. The notice requirements of Section 4.02 hereof will apply to any such change. The effective date of a change to an additional Mode cannot be after a change to the Fixed Rate Mode.

Each additional Mode interest rate will be set at the minimum rate necessary for the Remarketing Agent to sell the Bonds on the day the rate is to take effect at their principal amount plus accrued interest, if any.

The amendment shall establish an index and/or method by which the rate will be set, to be used in the event that for any reason the Remarketing Agent does not set an additional Mode interest rate or a court holds that the rate set is invalid or unenforceable.

Section 9.02 Disqualified Bonds. Bonds held for the account of the County shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided herein, and shall not be entitled to consent to or take any other action provided herein (*provided, however*, that only Bonds that the Registrar and Paying Agent knows to be so held shall be disregarded), and the Registrar and Paying Agent may adopt appropriate regulations to require each Owner, before such Owner's consent provided for herein shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in this Section 9.02.

Section 9.03 Endorsement or Replacement of Bonds After Amendment or Supplement. After the effective date of any action taken as hereinabove provided, the Registrar and Paying Agent may determine that the Bonds may bear a notation by endorsement in form approved by the Registrar and Paying Agent as to such action, and in that case upon demand of the Owner of any Outstanding Bond and presentation of such Owner's Bond for such action such notation shall be made on such Bond. If the Registrar and Paying Agent shall so determine, new Bonds so modified as in the opinion of the Registrar and Paying Agent shall be necessary to conform to such action shall be prepared, and in that case upon demand of the Owner of any Outstanding Bonds, such new Bonds shall be exchanged without cost to each Owner for Bonds then Outstanding at the office of the Registrar and Paying Agent upon surrender of such Outstanding Bonds. All Bonds surrendered to the Registrar and Paying Agent pursuant to the provisions of this Section 9.03 shall be cancelled by the Registrar and Paying Agent and shall not be redelivered.

Section 9.04 Signing by Registrar and Paying Agent of Amendments and Supplements. The Registrar and Paying Agent will sign any amendment or supplement to this Bond Order or the Bonds authorized by this Article if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Registrar and Paying Agent. If it does, the Registrar and Paying Agent may, but need not, sign it. In signing an amendment or supplement, the Registrar and Paying Agent will be entitled to receive and (subject to Section 8.05 hereof) will be fully protected in relying on an Opinion of Counsel stating that such amendment or supplement is authorized by this Bond Order.

ARTICLE X DEFEASANCE

Section 10.01 Defeasance. If and when the Bonds secured hereby shall become due and payable in accordance with their terms or through redemption proceedings as provided in this Bond Order, or otherwise, and the whole amount of the principal, or redemption price and the interest so due and payable upon all of the Bonds

shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable under this Bond Order by the County, including all fees and expenses of the Registrar and Paying Agent and payment of all obligations due and owing to the Bank (including any principal or interest due and owing on any Bank-Owned Bonds) under the Liquidity Facility and the Fee Letter, then and in that case, this Bond Order and the lien created hereby shall be discharged and satisfied and the County shall be released from the covenants, agreements and obligations of the County contained in this Bond Order, and the Registrar and Paying Agent shall assign and transfer to or upon the order of the County all property (in excess of the amounts required for the foregoing) then held by the Registrar and Paying Agent free and clear of any encumbrances and shall execute such documents as may be reasonably required by the County in this regard.

Subject to the provisions of the above paragraph, when any of the Bonds shall have been paid and if, at the time of such payment, the County shall have kept, performed and observed all the covenants and promises in such Bonds and in this Bond Order required or contemplated to be kept, performed and observed by the County or on its part on or prior to that time then this Bond Order shall be considered to have been discharged in respect of such Bonds and such Bonds shall cease to be entitled to the lien of this Bond Order and such lien and all covenants, agreements and other obligations of the County hereunder shall cease, terminate, become void and be completely discharged as to such Bonds.

Notwithstanding the satisfaction and discharge of this Bond Order or the discharge of this Bond Order in respect of any Bonds, those provisions of this Bond Order relating to the maturity of the Bonds, interest payments and dates thereof, tender and exchange provisions, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds and the duties of the Registrar and Paying Agent in connection with all of the foregoing, and compliance by the County of the covenants contained in Section 6.03 hereof, shall remain in effect and shall be binding upon the County, the Registrar and Paying Agent and the Owners of the Bonds and the Registrar and Paying Agent shall continue to be obligated to hold in trust any moneys or investments then held by the Registrar and Paying Agent for the payment of the principal of, redemption price and interest on the Bonds, to pay to the Owners of Bonds the funds so held by the Registrar and Paying Agent as and when such payment becomes due. Notwithstanding the satisfaction and discharge of this Bond Order or the discharge of this Bond Order in respect of any Bonds, those provisions of this Bond Order contained in Section 8.03 hereof relating to the compensation of the Registrar and Paying Agent shall remain in effect and shall be binding upon the Registrar and Paying Agent and the County.

Section 10.02 Bonds Deemed to Have Been Paid. Any Outstanding Bond or Bonds shall, prior to the maturity, acceleration or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in Section 10.01 hereof if (a) in case said Bonds are to be redeemed on any date prior to their maturity, the County shall have given to the Registrar and Paying Agent in form satisfactory to the Registrar and Paying Agent irrevocable instructions to mail, in accordance with the provisions of Article III of this Bond Order, notice of redemption of such Bonds on said redemption date, (b) there shall have been deposited with the Registrar and Paying Agent either moneys, in an amount which shall be sufficient, or Government Obligations, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Registrar and Paying Agent at the same time, shall be sufficient (as verified by a report of an independent certified public accountant), to pay when due the principal or redemption price (if applicable) of, and interest due and to become due on, said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (c) in the event any of said Bonds are not to be redeemed within the next succeeding sixty (60) days, the County shall have given the Registrar and Paying Agent in form satisfactory to the Registrar and Paying Agent irrevocable instructions to mail, as soon as practicable in the same manner as a notice of redemption is mailed pursuant to Article III of this Bond Order, a notice to the Owners of such Bonds and to the Securities Depositories and EMMA that the deposit required by (b) above has been made with the Registrar and Paying Agent and that said Bonds are deemed to have been paid in accordance with this Section 10.02 and stating such maturity or redemption dates upon which moneys are to be available for the payment of the principal or redemption price (if applicable) of said Bonds, and (d) as to any Bonds in the Daily Mode, the Weekly Mode or the Commercial Paper Mode, the County shall have delivered to the Registrar and Paying Agent a Rating Confirmation Notice. Neither the securities nor moneys deposited with the Registrar and Paying Agent pursuant to this Section 10.02 nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or redemption price (if applicable) of, and interest on said Bonds; provided that any cash received from such principal or interest payments

on such obligations deposited with the Registrar and Paying Agent, if not then needed for such purpose, shall, to the extent practicable, and at the direction of the County, be reinvested in Government Obligations maturing at times and in amounts, together with the other moneys and payments with respect to Government Obligations then held by the Registrar and Paying Agent pursuant to this Section, sufficient to pay when due the principal or redemption price (if applicable) of, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall, upon receipt by the Registrar and Paying Agent of a written direction of a County Representative, be paid over to the County, as received by the Registrar and Paying Agent, free and clear of any trust, lien or pledge.

Any release under this Section 10.02 shall be without prejudice to the right of the Registrar and Paying Agent to be paid reasonable compensation for all services rendered by it under this Bond Order and all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the administration of trusts by this Bond Order created and the performance of its powers and duties under this Bond Order; *provided, however*, that the Registrar and Paying Agent shall have no right, title or interest in, or lien on, any moneys or securities deposited pursuant to this Article X.

Section 10.03 Moneys Held for Particular Bonds. Except as otherwise provided in Section 10.02 hereof, the amounts held by the Registrar and Paying Agent for the payment of the interest, principal, Purchase Price or redemption price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto.

Section 10.04 Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Registrar and Paying Agent in trust for the payment and discharge of the interest, principal or Purchase Price or redemption premiums, if any, of any Bonds which remains unclaimed for three (3) years after the date when the payments on such Bonds have become payable, if such money was held by the Registrar and Paying Agent on such date, or for three (3) years after the date of deposit of such money if deposited with the Registrar and Paying Agent after the date when the interest and principal on such Bonds have become payable, shall upon written notice from the County be repaid by the Registrar and Paying Agent to the County as its absolute property free from trust, and the Registrar and Paying Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the County for the payment of the interest, principal or Purchase Price or redemption premiums, if any, on such Bonds; provided that before being required to make any such payment to the County, the Registrar and Paying Agent shall, at the expense of the County, give notice by mail to the Owners of such Bonds that such money remains unclaimed and that after a date named in such notice, which date shall not be less than sixty (60) days after the date of giving such notice, the Registrar and Paying Agent shall promptly pay to the Bank so much of such money as the Bank certifies to the Registrar and Paying Agent that the County owes to the Bank with respect to any Bond or under the Liquidity Facility, and the balance of such money then unclaimed will be returned to the County.

ARTICLE XI MISCELLANEOUS

Section 11.01 Benefits of This Bond Order Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Bank, the County, the Remarketing Agent, the Registrar and Paying Agent and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term contained herein required to be observed or performed by or on behalf of the County shall be for the sole and exclusive benefit of the Bank, the Remarketing Agent and the Registrar and Paying Agent and the Owners.

Section 11.02 Successor Deemed Included in All References to Predecessor. Whenever either the Bank, the County, the Remarketing Agent, the Registrar and Paying Agent or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Bank, the County, the Remarketing Agent or the Registrar and Paying Agent or such officer, and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Bank, the County, the Remarketing Agent or the Registrar and Paying Agent or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 11.03 Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner's attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which such notary public or other officer purports to act that the person signing such declaration, request or other instrument or writing acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Registrar and Paying Agent may accept which it may deem sufficient.

Any declaration, request or other instrument in writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the County or the Registrar and Paying Agent in good faith and in accordance therewith.

Section 11.04 Waiver of Personal Liability. No official, officer or employee of the County shall be individually or personally liable for the payment of the interest or principal or redemption premiums, if any, on the Bonds, but nothing contained herein shall relieve any supervisor, officer or employee of the County from the performance of any official duty provided by any applicable provision of law or hereby.

Section 11.05 Acquisition of the Bonds by the County. All Bonds acquired by the County, whether by purchase or gift or otherwise, shall be surrendered to the Registrar and Paying Agent for cancellation.

Section 11.06 Notice by Mail. Any notice required to be given hereunder by mail to the Owners shall be given by mailing a copy of such notice, first class postage prepaid, to the Owners of all the Bonds at their addresses appearing in the books required to be kept by the Registrar and Paying Agent pursuant to the provisions hereof.

Section 11.07 Funds. Any Fund required to be established and maintained herein by the Registrar and Paying Agent may be established and maintained in the account records of the Registrar and Paying Agent either as an account or a fund, and may, for the purpose of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such Funds shall at all times be maintained in accordance with sound industry practice and with due regard for the protection of the security of the Bonds and the rights of the Owners.

Section 11.08 Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to this Bond Order as a whole and not to any particular articles, section, subdivision or clause thereof.

Section 11.09 Partial Invalidity. If any one or more of the conditions, covenants or terms contained herein or required herein to be observed or performed by or on the part of the County, the Remarketing Agent, the Bank or the Registrar and Paying Agent shall be contrary to law, then such condition or conditions, such covenant or covenants, or such term or terms shall be null and void and shall be deemed separable from the remaining conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them hereunder and under all provisions of applicable law. The parties hereto declare that they would have executed and delivered this Bond Order and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance and delivery of the Bonds pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 11.10 Reference to Bank. Notwithstanding any provisions contained herein to the contrary, after the expiration or termination of the Liquidity Facility and after all obligations owed to the Bank pursuant to the Liquidity Facility and the Fee Letter (other than the right to indemnification and other rights which purport to survive satisfaction of present payment obligations) have been paid in full or discharged, all references to the Bank contained herein shall be null and void and of no further force and effect

Section 11.11 Governing Law; Venue. This Bond Order shall be construed and governed in accordance with the laws of the State of Maryland.

IN THE EVENT OF A DISPUTE INVOLVING THIS BOND ORDER OR ANY OF THE OTHER DOCUMENTS EXECUTED IN CONNECTION HEREWITH, THE VENUE FOR ANY SUCH DISPUTE SHALL BE A FEDERAL OR STATE COURT LOCATED IN THE STATE OF MARYLAND. BY ENTERING INTO THE TRANSACTIONS CONTEMPLATED HEREIN THE BANK, THE REMARKETING AGENT AND THE BOND REGISTRAR AND PAYING AGENT SUBMIT THEMSELVES TO THE JURISDICTION OF THE COURTS OF THE STATE OF MARYLAND AND WAIVE ANY CLAIM OF LACK OF PERSONAL JURISDICTION.

Section 11.12 New York Time. Unless otherwise expressly stated, all times referred to in this Bond Order shall be New York City time.

Section 11.13 Notices. All written notices to be given hereunder to any Notice Party shall be given by first-class mail, postage prepaid to the party or parties entitled thereto at the address set forth below, or at such other address as may be provided to the other parties hereinafter listed in writing from time to time, namely:

If to the County:

Montgomery County, Maryland
Executive Office Building
101 Monroe Street, 15th Floor
Rockville, Maryland 20850
Attention: Director of Finance
Telephone:
Telecopy:

If to the Registrar and Paying Agent:

If to the Remarketing Agent:

J.P. Morgan Securities LLC
383 Madison Avenue, 8th Floor
New York, New York 10179
Attention: Peter McCarthy
Telephone: (212) 834-7224
Telecopier: (917) 456-3541
Email: peter.mccarthy@jpmorgan.com
Public_Finance_Short_Term_Trading@jpmorgan.com

If to the Bank:

U.S. Bank National Association
1095 Avenue of the Americas
New York, New York 10036
Attention: James N. Beck
Telephone: (917) 326-3938
Telecopy: (917) 256-2830

If to Moody's:

Moody's Investors Service, Inc.
7 World Trade Center
250 Greenwich Street
New York, NY 10007
Attention: Public Finance Department,
Structured Finance Department
Telephone: (212) 553-1619
Facsimile: (212) 553-1066

If to Standard & Poor's:

Standard & Poor's Global Ratings
55 Water Street, 38th Floor
New York, New York 10041
pubfin_structred@spglobal.com

If to Fitch:

Fitch Ratings
33 Whitehall Street
New York, New York 10004
Telephone: (212) 908-0689
Facsimile: (212) 480-4421

Section 11.14 Payment Due on Holidays; Next Succeeding Business Day. If a payment date or any day on which any act or function is to be performed or done is not a Business Day then payment may be made, or such act or function will be performed or done, on the next succeeding Business Day and, except as otherwise provided herein, no interest shall accrue for the intervening period.

Section 11.15 Notices to Rating Agencies. The Registrar and Paying Agent shall give immediate notice to Moody's, S&P and Fitch, as applicable, in the event:

- (a) The Registrar and Paying Agent or Remarketing Agent resigns or is replaced.
- (b) This Bond Order or the Liquidity Facility is amended or supplemented.
- (c) The Liquidity Facility expires, is terminated, is extended or is substituted for.
- (d) The Bonds are changed from one Mode to another Mode.
- (e) There has been a redemption or defeasance of the Bonds.

Section 11.16. Contractual Obligation. Upon execution and delivery hereof by the County Executive of the County and execution and delivery of the Acceptance of Duties by Registrar and Paying Agent attached hereto on the Closing Date, this Bond Order shall constitute a contractual obligation between the County and the Registrar and Paying Agent for the benefit of the Owners of the Bonds and the Bank.

ORDERED as of this [●] day of _____, 2017.

MONTGOMERY COUNTY, MARYLAND

By: _____

(b) The County has caused to be delivered to the Registrar and Paying Agent a Standby Bond Purchase Agreement (the "Liquidity Facility") issued by U.S. Bank National Association, (together with its successors and assigns or any issuer of any Alternate Liquidity Facility, the "Bank"). The initial Liquidity Facility will expire on December 18, 2020, unless earlier terminated in accordance with its terms. The Registrar and Paying Agent, as provided in the Bond Order, will draw on the Liquidity Facility in order to receive amounts sufficient to pay the Purchase Price of the Bonds then secured by the Liquidity Facility to the extent that the proceeds of remarketing of Bonds and other available funds are insufficient to pay such Purchase Price. Bonds in the Term Rate Mode, Fixed Rate Mode or Commercial Paper Mode are not secured by the initial Liquidity Facility as provided in the Bond Order. The County, upon the conditions specified in the Bond Order, may provide for the delivery to the Registrar and Paying Agent of an Alternate Liquidity Facility.

3. Interest Rate. Interest in this bond will be paid at a Commercial Paper Rate when the Bond is in the Commercial Paper Mode, at a Daily Rate when the Bond is in the Daily Mode, at a Weekly Rate when the Bond is in the Weekly Mode, at a Term Rate when the Bond is in the Term Rate Mode, and at a Fixed Rate when the Bond is in the Fixed Rate Mode, all as determined in accordance with the Bond Order; *provided, however*, that no Bond shall bear interest at a rate higher than the Maximum Rate. The County may change any Bond in a Mode, other than a Fixed Rate Mode, to any other Mode.

When a Commercial Paper Mode, a Daily Mode or Weekly Mode is in effect, interest will be calculated on the basis of a 365/366 day year for the actual number of days elapsed, and when a Term Rate Mode or Fixed Rate Mode is in effect, on the basis of a 360 day year comprised of twelve 30-day months.

4. Interest Payment Dates and Record Dates. Payment will be made on the applicable Interest Payment Date to the Registered Owner on the applicable Record Date for unpaid interest accrued during the such period, all as set forth in the Bond Order.

5. Method of Payment. The method of payment shall be as set forth in the Bond Order.

6. Tenders and Purchases.

(a) The Bonds are subject to optional and mandatory tender and purchase prior to maturity as set forth in the Bond Order.

(b) The owner of this bond, by acceptance of this bond, agrees to sell this bond to the Remarketing Agent, if any, or any other party obtained by the Remarketing Agent or otherwise on each Purchase Date and Mandatory Tender Date at the price provided in the Bond Order and agrees to surrender this bond to the Registrar and Paying Agent on such Purchase Date or Mandatory Tender Date, and acknowledges that interest will cease to accrue on the Bonds on such Purchase Date or Mandatory Tender Date, provided that funds for such purchase are on deposit with the Registrar and Paying Agent on such purchase date.

(c) SO LONG AS THE BONDS ARE REGISTERED IN THE NAME OF DTC OR ANY NOMINEE THEREOF, TO EXERCISE AN OPTIONAL TENDER, A BENEFICIAL OWNER MUST NOTIFY THE REMARKETING AGENT (AND ITS DTC PARTICIPANT, IF THE REMARKETING AGENT IS NOT SUCH OWNER'S DTC PARTICIPANT) OF ITS DECISION TO DEMAND THE PURCHASE OF ITS BONDS AS PROVIDED IN THE BOND ORDER. NOTICES IN RESPECT OF TENDERS AND BONDS TENDERED MUST BE DELIVERED AS FOLLOWS AS PROVIDED IN THE BOND ORDER.

7. Redemptions.

(a) Optional Redemptions. The Bonds may be redeemed and purchased prior to their respective maturities on the dates and at the prices provided in the Bond Order.

(b) Mandatory Redemption. (i) Bank-Owned Bonds shall be subject to redemption at the times and in the amounts set forth in the Liquidity Facility.

(ii) The Bonds shall be subject to mandatory sinking fund redemption at the following times and amounts:

<u>Date of Redemption</u>	<u>Redemption Amount</u>
November 1, 2028	\$17,000,000
November 1, 2029	17,000,000
November 1, 2030	17,000,000
November 1, 2031	17,000,000
November 1, 2032	17,000,000
November 1, 2033	17,000,000
November 1, 2034	17,000,000
November 1, 2035	17,000,000
November 1, 2036	17,000,000
November 1, 2037	17,000,000

(c) Notice of Redemption. Notice of redemption shall be given by mail by the Registrar and Paying Agent to the Registered Owner of any Bond designated for redemption in whole or in part no less than fifteen (15) nor more than forty-five (45) days prior to the Redemption Date. The failure to mail such notice with respect to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond with respect to which notice was so mailed.

(d) Effect of Notice of Redemption. If notice of redemption is given as required and money for the payment of the Redemption Price is held by the Registrar and Paying Agent, then interest on the Bonds or portions thereof called for redemption shall cease to accrue on the Redemption Date.

8. Denominations, Transfer and Exchange. The Bonds are in registered form without coupons in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. A Registered Owner may transfer or exchange Bonds in accordance with the Bond Order. The Registrar and Paying Agent may require the payment by any Registered Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange.

9. Persons Deemed Owners. The Registered Owner of this Bond may be treated as its owner for all purposes.

10. Unclaimed Money. If any moneys held by the Registrar and Paying Agent in trust for the payment of interest, principal, premium, if any, or Purchase Price of any Bonds remain unclaimed for a period of five years after the date on which such moneys were payable, the Registrar and Paying Agent will, upon written notice from the County, pay such amounts to the County or the Bank, as provided in the Bond Order, but in no event before sixty (60) days written notice thereof has been given by the Registrar and Paying Agent to the Registered Owners to which such moneys were originally payable. Thereafter, such Registered Owners must look to the County for payment of such moneys.

11. Amendment and Supplement, Waiver. Subject to certain exceptions, the Bond Order may be amended or supplemented with the written consent of the Bank (as long as a Liquidity Facility is in effect and there is no default by the Bank thereunder) and of the Registered Owners of a majority in aggregate principal amount of outstanding Bonds, upon receipt of a Favorable Opinion of Bond Counsel. In addition, the Bond Order may be amended or supplemented, as provided in the Bond Order, with the written consent of the Bank (so long as a Liquidity Facility is in effect and there is no default by the Bank thereunder) and, if applicable, the written consent of the Registrar and Paying Agent or Remarketing Agent, upon receipt of a Favorable Opinion of Bond Counsel, to make certain changes in the rights and obligations of the County thereunder; to cure any ambiguity or correcting, curing or supplementing any defective, inconsistent or conflicting provisions contained therein; to comply with the

requirements of the rating agencies as a condition of receiving or maintaining a rating on the Bonds, to the extent such change is not materially adverse to the interests of the Owners of the Bonds: to provide for (or modify) an additional Mode; to provide for the delivery of the Bonds in book-entry form; or to provide for the issuance of Additional Bonds.

12. Defaults and Remedies. The Bond Order provides that the occurrences of certain events constitute Events of Default. If certain Events of Default occur, the Registrar and Paying Agent, or the Registered Owners of at least 25% in aggregate principal amount of Outstanding Bonds, may declare the principal of and accrued interest on the Outstanding Bonds to be due and payable immediately. As provided in the Bond Order, the Registrar and Paying Agent may, upon the request of the Bank, rescind an acceleration under certain circumstances. In addition, on any Event of Default, the Registrar and Paying Agent may pursue any available remedy, provided that so long as the Liquidity Facility is in effect and there has been no default by the Bank thereunder, the Registrar and Paying Agent will pursue any remedy only at the direction of the Bank. An Event of Default and its consequences may be waived as provided in the Bond Order. Subject to certain limitations, the Bank (if a Liquidity Facility is in effect and there is no default by the Bank thereunder) or the Registered Owners of a majority in principal amount of the Outstanding Bonds (if no Liquidity Facility is in effect) may direct the Registrar and Paying Agent in its exercise of any trust or power. Registered Owners may not enforce the Bond Order or the Bonds except as provided in the Bond Order.

13. Waiver of Personal Liability. No official, officer or employee of the County will be individually or personally liable for the payment of interest, principal or premium on the Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State and the Bond Order to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, MONTGOMERY COUNTY, MARYLAND, has caused this Bond to be signed by its County Executive by his facsimile signature and by its Director of Finance by his signature and has also caused its corporate seal to be hereunto affixed and attested by the signature of the Clerk of the Council.

MONTGOMERY COUNTY, MARYLAND

[SEAL]

By: _____
Isiah Leggett
County Executive

ATTEST:

By: _____
Alexandre A. Espinosa
Director of Finance

Linda M. Lauer
Clerk of the Council

CERTIFICATE OF AUTHENTICATION

Date of Authentication: December 19, 2017

This Bond is one of the Bonds described in the within-mentioned Bond Order.

U.S. BANK, NATIONAL ASSOCIATION
Registrar and Paying Agent

By: _____
Authorized Signatory

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned, _____, hereby sells assigns and transfers unto (Tax Identification or Social Security No. _____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature _____

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration, enlargement or any change whatever.

Signature Guaranteed _____

NOTICE: Signatures must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company

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APPENDIX B

PROPOSED FORM OF BOND

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(b) The County has caused to be delivered to the Registrar and Paying Agent a Standby Bond Purchase Agreement (the "Liquidity Facility") issued by U.S. Bank National Association, (together with its successors and assigns or any issuer of any Alternate Liquidity Facility, the "Bank"). The initial Liquidity Facility will expire on December 18, 2020, unless earlier terminated in accordance with its terms. The Registrar and Paying Agent, as provided in the Bond Order, will draw on the Liquidity Facility in order to receive amounts sufficient to pay the Purchase Price of the Bonds then secured by the Liquidity Facility to the extent that the proceeds of remarketing of Bonds and other available funds are insufficient to pay such Purchase Price. Bonds in the Term Rate Mode, Fixed Rate Mode or Commercial Paper Mode are not secured by the initial Liquidity Facility as provided in the Bond Order. The County, upon the conditions specified in the Bond Order, may provide for the delivery to the Registrar and Paying Agent of an Alternate Liquidity Facility.

3. Interest Rate. Interest in this bond will be paid at a Commercial Paper Rate when the Bond is in the Commercial Paper Mode, at a Daily Rate when the Bond is in the Daily Mode, at a Weekly Rate when the Bond is in the Weekly Mode, at a Term Rate when the Bond is in the Term Rate Mode, and at a Fixed Rate when the Bond is in the Fixed Rate Mode, all as determined in accordance with the Bond Order; *provided, however*, that no Bond shall bear interest at a rate higher than the Maximum Rate. The County may change any Bond in a Mode, other than a Fixed Rate Mode, to any other Mode.

When a Commercial Paper Mode, a Daily Mode or Weekly Mode is in effect, interest will be calculated on the basis of a 365/366 day year for the actual number of days elapsed, and when a Term Rate Mode or Fixed Rate Mode is in effect, on the basis of a 360 day year comprised of twelve 30-day months.

4. Interest Payment Dates and Record Dates. Payment will be made on the applicable Interest Payment Date to the Registered Owner on the applicable Record Date for unpaid interest accrued during the such period, all as set forth in the Bond Order.

5. Method of Payment. The method of payment shall be as set forth in the Bond Order.

6. Tenders and Purchases.

(a) The Bonds are subject to optional and mandatory tender and purchase prior to maturity as set forth in the Bond Order.

(b) The owner of this bond, by acceptance of this bond, agrees to sell this bond to the Remarketing Agent, if any, or any other party obtained by the Remarketing Agent or otherwise on each Purchase Date and Mandatory Tender Date at the price provided in the Bond Order and agrees to surrender this bond to the Registrar and Paying Agent on such Purchase Date or Mandatory Tender Date, and acknowledges that interest will cease to accrue on the Bonds on such Purchase Date or Mandatory Tender Date, provided that funds for such purchase are on deposit with the Registrar and Paying Agent on such purchase date.

(c) SO LONG AS THE BONDS ARE REGISTERED IN THE NAME OF DTC OR ANY NOMINEE THEREOF, TO EXERCISE AN OPTIONAL TENDER, A BENEFICIAL OWNER MUST NOTIFY THE REMARKETING AGENT (AND ITS DTC PARTICIPANT, IF THE REMARKETING AGENT IS NOT SUCH OWNER'S DTC PARTICIPANT) OF ITS DECISION TO DEMAND THE PURCHASE OF ITS BONDS AS PROVIDED IN THE BOND ORDER. NOTICES IN RESPECT OF TENDERS AND BONDS TENDERED MUST BE DELIVERED AS FOLLOWS AS PROVIDED IN THE BOND ORDER.

8. Redemptions.

(b) Optional Redemptions. The Bonds may be redeemed and purchased prior to their respective maturities on the dates and at the prices provided in the Bond Order.

(b) Mandatory Redemption. (i) Bank-Owned Bonds shall be subject to redemption at the times and in the amounts set forth in the Liquidity Facility.

(ii) The Bonds shall be subject to mandatory sinking fund redemption at the following times and amounts:

<u>Date of Redemption</u>	<u>Redemption Amount</u>
November 1, 2028	\$17,000,000
November 1, 2029	17,000,000
November 1, 2030	17,000,000
November 1, 2031	17,000,000
November 1, 2032	17,000,000
November 1, 2033	17,000,000
November 1, 2034	17,000,000
November 1, 2035	17,000,000
November 1, 2036	17,000,000
November 1, 2037	17,000,000

(c) Notice of Redemption. Notice of redemption shall be given by mail by the Registrar and Paying Agent to the Registered Owner of any Bond designated for redemption in whole or in part no less than fifteen (15) nor more than forty-five (45) days prior to the Redemption Date. The failure to mail such notice with respect to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond with respect to which notice was so mailed.

(d) Effect of Notice of Redemption. If notice of redemption is given as required and money for the payment of the Redemption Price is held by the Registrar and Paying Agent, then interest on the Bonds or portions thereof called for redemption shall cease to accrue on the Redemption Date.

8. Denominations, Transfer and Exchange. The Bonds are in registered form without coupons in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. A Registered Owner may transfer or exchange Bonds in accordance with the Bond Order. The Registrar and Paying Agent may require the payment by any Registered Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange.

9. Persons Deemed Owners. The Registered Owner of this Bond may be treated as its owner for all purposes.

10. Unclaimed Money. If any moneys held by the Registrar and Paying Agent in trust for the payment of interest, principal, premium, if any, or Purchase Price of any Bonds remain unclaimed for a period of five years after the date on which such moneys were payable, the Registrar and Paying Agent will, upon written notice from the County, pay such amounts to the County or the Bank, as provided in the Bond Order, but in no event before sixty (60) days written notice thereof has been given by the Registrar and Paying Agent to the Registered Owners to which such moneys were originally payable. Thereafter, such Registered Owners must look to the County for payment of such moneys.

11. Amendment and Supplement, Waiver. Subject to certain exceptions, the Bond Order may be amended or supplemented with the written consent of the Bank (as long as a Liquidity Facility is in effect and there is no default by the Bank thereunder) and of the Registered Owners of a majority in aggregate principal amount of outstanding Bonds, upon receipt of a Favorable Opinion of Bond Counsel. In addition, the Bond Order may be amended or supplemented, as provided in the Bond Order, with the written consent of the Bank (so long as a Liquidity Facility is in effect and there is no default by the Bank thereunder) and, if applicable, the written consent of the Registrar and Paying Agent or Remarketing Agent, upon receipt of a Favorable Opinion of Bond Counsel, to make certain changes in the rights and obligations of the County thereunder; to cure any ambiguity or correcting, curing or supplementing any defective, inconsistent or conflicting provisions contained therein; to comply with the

requirements of the rating agencies as a condition of receiving or maintaining a rating on the Bonds, to the extent such change is not materially adverse to the interests of the Owners of the Bonds: to provide for (or modify) an additional Mode; to provide for the delivery of the Bonds in book-entry form; or to provide for the issuance of Additional Bonds.

12. Defaults and Remedies. The Bond Order provides that the occurrences of certain events constitute Events of Default. If certain Events of Default occur, the Registrar and Paying Agent, or the Registered Owners of at least 25% in aggregate principal amount of Outstanding Bonds, may declare the principal of and accrued interest on the Outstanding Bonds to be due and payable immediately. As provided in the Bond Order, the Registrar and Paying Agent may, upon the request of the Bank, rescind an acceleration under certain circumstances. In addition, on any Event of Default, the Registrar and Paying Agent may pursue any available remedy, provided that so long as the Liquidity Facility is in effect and there has been no default by the Bank thereunder, the Registrar and Paying Agent will pursue any remedy only at the direction of the Bank. An Event of Default and its consequences may be waived as provided in the Bond Order. Subject to certain limitations, the Bank (if a Liquidity Facility is in effect and there is no default by the Bank thereunder) or the Registered Owners of a majority in principal amount of the Outstanding Bonds (if no Liquidity Facility is in effect) may direct the Registrar and Paying Agent in its exercise of any trust or power. Registered Owners may not enforce the Bond Order or the Bonds except as provided in the Bond Order.

13. Waiver of Personal Liability. No official, officer or employee of the County will be individually or personally liable for the payment of interest, principal or premium on the Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State and the Bond Order to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, MONTGOMERY COUNTY, MARYLAND, has caused this Bond to be signed by its County Executive by his facsimile signature and by its Director of Finance by his signature and has also caused its corporate seal to be hereunto affixed and attested by the signature of the Clerk of the Council.

MONTGOMERY COUNTY, MARYLAND

[SEAL]

By: _____
Isiah Leggett
County Executive

ATTEST:

By: _____
Alexandre A. Espinosa
Director of Finance

Linda M. Lauer
Clerk of the Council

CERTIFICATE OF AUTHENTICATION

Date of Authentication: December 19, 2017

This Bond is one of the Bonds described in the within-mentioned Bond Order.

U.S. BANK, NATIONAL ASSOCIATION
Registrar and Paying Agent

By: _____
Authorized Signatory

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned, _____, hereby sells assigns and transfers unto (Tax Identification or Social Security No. _____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature _____

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration, enlargement or any change whatever.

Signature Guaranteed _____

NOTICE: Signatures must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company

APPENDIX C

**PROPOSED FORM OF CONTINUING
DISCLOSURE AGREEMENT**

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of _____, 2017 (this “Disclosure Agreement”) is executed and delivered by MONTGOMERY COUNTY, MARYLAND (the “County”) in connection with the issuance of its Consolidated Public Improvement Variable Rate Bonds of 2017, Series E (the “Bonds”). The County, intending to be legally bound hereby and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby covenant and agree as follows:

SECTION 1. *Purpose of the Disclosure Agreement.* This Disclosure Agreement is being executed and delivered by the County for the benefit of the owners of the Bonds, including beneficial owners, and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The County’s obligations hereunder shall be limited to those required by written undertaking pursuant to the Rule.

SECTION 2. *Definitions.* In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

“Dissemination Agent” shall mean the County, acting as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the County.

“EMMA” shall mean Electronic Municipal Market Access system maintained by the MSRB. For more information on EMMA, see www.emma.msrb.org.

“Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended or replaced from time to time.

“State” shall mean the State of Maryland.

SECTION 3. *Provision of Annual Financial Information, Operating Data and Audited Information.*

(a) The County shall provide to the MSRB, the following annual financial information and operating data, such information and data to be updated as of the end of the preceding fiscal year and made available within 275 days after the end of the fiscal year, commencing with the fiscal year ended June 30, 2017:

- (i) Statement of Direct and Overlapping Debt;
- (ii) General Bonded Debt Ratios;
- (iii) Assessed Value of All Taxable Property By Class;
- (iv) Property Tax Levies and Collections;
- (v) Property Tax Rates and Tax Levies, By Purpose; and
- (vi) Schedule of General Fund Revenues, Expenditures and Transfers In (Out).

(b) The County shall provide to the MSRB annual audited financial statements for the County, such information to be made available within 275 days after the end of the County’s fiscal year, commencing with the fiscal year

ended June 30, 2017, unless the audited financial statements are not available on or before such date, in which event said financial statements will be provided promptly when and if available. In the event that audited financial statements are not available within 275 days after the end of the County's fiscal year (commencing with the fiscal year ended June 30, 2017), the County will provide unaudited financial statements within such time period.

(c) The presentation of the financial information referred to in paragraph (a) and in paragraph (b) of this Section shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the final official statement for the Bonds.

(d) If the County is unable to provide the annual financial information and operating data within the applicable time periods specified in (a) and (b) above, the County shall send in a timely manner a notice of such failure to the MSRB.

SECTION 4. *Reporting of Significant Events.*

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) modifications to rights of Bondholders, if material;
- (8) bond calls;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds;
- (13) tender offers;
- (14) bankruptcy, insolvency, receivership or similar event of the County;
- (15) appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- (16) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(b) In a timely manner, not in excess of ten business days after the occurrence of an event listed in Section 4(a) above, the County shall file a notice of such occurrence with the MSRB.

SECTION 5. *Filing with EMMA.* Unless otherwise required by the MSRB, all filings with the MSRB shall be made with EMMA and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 6. *Termination of Reporting Obligations.* The County's obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Bonds either at their maturity or by early redemption. In addition, the County may terminate its obligations under this Disclosure Agreement if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

SECTION 7. *Amendments.*

(a) The County may provide further or additional assurances that will become part of the County's obligations under this Disclosure Agreement. In addition, this Disclosure Agreement may be amended by the County in its discretion, provided that:

(1) the amendment is being made in connection with a change of circumstances that arises from a change in legal requirements, change in law, change in the identity, nature or status of the County as the obligated person with respect to the Bonds, or type of business conducted by the County;

(2) this Disclosure Agreement, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) the amendment does not materially impair the interests of owners of the Bonds, including beneficial owners, as determined by bond counsel selected by the County or by an approving vote of at least 25% of the outstanding principal amount of the Bonds.

(b) The reasons for the County agreeing to provide any further or additional assurances or for any amendment and the impact of the change in the type of financial information or operating data being provided will be explained in narrative form in information provided with the annual financial information containing the additional or amended financial information or operating data.

SECTION 8. *Additional Information.* Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including disclaimers or any other information in any disclosure made pursuant to Section 3(a) or 3(b) hereof or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any disclosure made pursuant to Section 3(a) or 3(b) hereof or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure made pursuant to Section 3(a) or 3(b) hereof or notice of occurrence of a Listed Event.

SECTION 9. *Limitation on Remedies and Forum.*

(a) The County shall be given written notice at the address set forth below of any claimed failure by the County to perform its obligations under this Disclosure Agreement, and the County shall be given 15 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the County shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the County shall be given to Director of Finance, 15th Floor, Executive Office Building, 101 Monroe Street, Rockville, Maryland 20850, or at such alternate address as shall be specified by the County in disclosures made pursuant to Section 3(a) or 3(b) hereof or a notice of occurrence of a Listed Event.

(b) Any suit or proceeding seeking redress with regard to any claimed failure by the County to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court for Montgomery County, Maryland.

SECTION 10. *Beneficiaries.* This Disclosure Agreement shall inure solely to the benefit of the current owners from time to time of the Bonds, including beneficial owners, and shall create no rights in any other person or entity.

SECTION 11. *Relationship to Bonds.* This Disclosure Agreement constitutes an undertaking by the County that is independent of the County's obligations with respect to the Bonds. Any breach or default by the County under this Disclosure Agreement shall not constitute or give rise to a breach or default under the Bonds.

SECTION 12. *Severability.* In case any section or provision of this Disclosure Agreement or any covenant, stipulation, obligation, agreement, or action, or any part thereof, made, assumed, entered into or taken under this Disclosure Agreement, or any application thereof, is for any reason held to be illegal or invalid or is at any time inoperable, such illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Disclosure Agreement, or any other covenant, stipulation, obligation, agreement, act or action, or part thereof, made, assumed, entered into or taken under this Disclosure Agreement, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained therein.

SECTION 13. *Entire Agreement.* This Disclosure Agreement contains the entire agreement of the County with respect to the subject matter hereof and supersedes all prior arrangements and understandings with respect thereto; provided, however, that this Disclosure Agreement shall be interpreted and construed with reference to and in pari materia with the Rule.

SECTION 14. *Captions.* The captions or headings herein shall be solely for convenience of reference and shall in no way define, limit or describe the scope or intent of any provisions or sections hereof.

SECTION 15. *Governing Law.* This Disclosure Agreement and any claim made with respect to the performance by the County of its obligations hereunder shall be governed by, subject to and construed in accordance with the federal securities laws, where applicable, and the laws of the State, without reference to the choice of law principles thereof.

SECTION 16. *Dissemination Agent.* The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the County shall be the Dissemination Agent.

IN WITNESS WHEREOF, the County has caused this Disclosure Agreement to be duly executed as of the day and year first above written.

MONTGOMERY COUNTY, MARYLAND

By: _____
Director of Finance

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APPENDIX D

**PROPOSED FORM OF OPINION
OF BOND COUNSEL**

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[Form of Approving Opinion of Bond Counsel]

County Executive and County Council
of Montgomery County, Maryland
Rockville, Maryland

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Montgomery County, Maryland (the "County") of its \$170,000,000 Consolidated Public Improvement Variable Rate Bonds of 2017, Series E (the "Bonds").

The Bonds are dated the date of their initial delivery, and are issued in fully registered form in the denomination of \$100,000 and any integral multiple of \$5,000 in excess thereof. The Bonds are issued pursuant to (i) Section 19-208 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2017 Supplement) (the "Enabling Laws"); (ii) Chapter 43 of the Laws of Montgomery County of 2006, Chapter 12 of the Laws of Montgomery County of 2007, Chapter 36 of the Laws of Montgomery County of 2008, Chapter 22 of the Laws of Montgomery County of 2009, Chapter 54 of the Laws of Montgomery County of 2010, Chapter 24 of the Laws of Montgomery County of 2011, Chapter 19 of the Laws of Montgomery County of 2012, Chapter 26 of the Laws of Montgomery County of 2013, Chapter 31 of the Laws of Montgomery County of 2014 and Chapter 49 of the Laws of Montgomery County of 2015 (collectively, the "Authorizing Legislation"); (iii) Chapter 20 of the Montgomery County Code (the "County Code"); (iv) provisions of the Montgomery County Charter (the "Charter"); and (v) Order No. 175-17 executed by County Executive of the County (the "Bond Order").

In rendering this opinion, we have relied without investigation on the County's Tax and Section 148 Certificate, dated this date, made on behalf of the County by officers thereof with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

With respect to the executed and authenticated bond that we have examined, and under existing statutes, regulations, and decisions, we are of the opinion that:

(a) The County is a validly created and existing body politic and corporate and political subdivision of the State of Maryland, possessing authority under the Enabling Laws, the Authorizing Legislation, the Charter, the Code and the Bond Order.

(b) The Bonds constitute an irrevocable pledge of the full faith and credit and unlimited taxing power of the County, and for the payment of which the County is empowered to levy ad valorem taxes upon all assessable property within the corporate limits of the County.

(c) To provide for the payment of the principal of and interest on the Bonds, the County has covenanted to levy or cause to be levied ad valorem taxes upon all the assessable property within the corporate limits of the County, in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.

(d) The Bonds, their transfer, the interest payable on them and any income derived from them, including any profit realized in their sale or exchange, shall be exempt from taxation of any kind by the State of Maryland, by any of its political subdivisions, or any other public entity. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(e) Assuming compliance with certain covenants referred to herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the Bonds, in order that the interest thereon be excludable from gross income. These include (i) a requirement that certain investment earnings received from the investment of the proceeds of the Bonds be rebated (or that certain payments in lieu of rebate be made) to the United States of America

under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the Bonds; and (iii) requirements applicable to the use of the proceeds of the Bonds and the use of the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes.

(f) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. However, for purposes of calculating the corporate alternative minimum tax, a corporation subject to tax may be required to increase its alternative minimum taxable income by 75% of the amount by which its “adjusted current earnings” exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, “adjusted current earnings” would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States of America.

(g) Under the terms of the Bond Order, prior to (i) certain changes in the Mode (as defined in the Bond Order), (ii) the delivery of an Alternate Liquidity Facility in substitution for the Liquidity Facility (each as defined in the Bond Order) then in effect, and (iii) certain amendments to the terms of the Bond Order, there must be delivered to the Registrar and Paying Agent an opinion of Bond Counsel to the effect that such event will not impair the exclusion of interest on the Bonds from gross income for purposes of federal income taxation or the exemption of interest on the Bonds from personal income taxation under the laws of the State of Maryland. Accordingly, we express no opinion as to the effect of any such change in the Mode, substitution or amendments on the excludability of interest on the Bonds from gross income for federal income tax purposes.

The opinions expressed above are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

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