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**TAX-EXEMPT COMMERCIAL PAPER MEMORANDUM**

**MONTGOMERY COUNTY, MARYLAND**

**\$200,000,000**

**CONSOLIDATED PUBLIC IMPROVEMENT  
COMMERCIAL PAPER BOND ANTICIPATION NOTES, 2002 SERIES**

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*In the opinion of Bond Counsel, assuming continuous compliance with certain covenants in the Tax Certificate and compliance Agreement to be executed and delivered by the County on the date of delivery of the Notes, and subject to the conditions stated herein under "Tax Exemptions," under existing law, (a) the interest on the Notes is excludable from gross income for Federal income tax purposes, and (b) the interest on the Notes is not an enumerated preference or adjustment for purposes of the Federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations, and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States. As described herein under "Tax Exemptions," other Federal income tax consequences may arise from ownership of the Notes. It is also the opinion of Bond Counsel that, under existing law of the State of Maryland, the interest on the Notes and profit realized from the sale or exchange of the Notes is exempt from income taxation by the State of Maryland or by any of its political subdivisions; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes or any other taxes not levied directly on the Notes or the interest thereon.*

Montgomery County, Maryland (the "County") is issuing its Consolidated Public Improvement Commercial Paper Bond Anticipation Notes Series 2002 ("the Notes") to provide interim funding for the County's Capital Improvements Program. The Notes are general obligations of the County to the payment of which the County's full faith and credit is pledged. The County anticipates that it will pay the principal of the Notes with proceeds of the issuance from time to time of its general obligation Consolidated Public Improvement Bonds.

The County has entered into a Credit Agreement with The Toronto-Dominion Bank, acting through its Houston agency, to provide liquidity with respect to the Notes.

The County has retained U. S. Bank Trust National Association to serve as Issuing and Paying Agent with respect to the Notes. U. S. Bank Trust National Association's offices are located at 100 Wall Street, Suite 1600, New York, NY 10005 (telephone: 212-361-2893; telecopy: 212-514-6808).

The executive offices of the County are located at 101 Monroe Street, Rockville, Maryland 20850. The Department of Finance's telephone number is (240) 777-8860, and its Internet home page is <http://www.mcmbonds.emontgomery.org/>.

This Offering Circular has been prepared by the County to provide information on the Notes. Prospective purchasers of the Notes should read this Offering Circular (including, without limitation, the County's Annual Information Statement dated December 28, 2001, published under separate cover and incorporated herein by reference) in its entirety before making an investment decision. The County's Annual Information Statement may be downloaded from <http://www.mcmbonds.emontgomery.org/>, located at the tab for Annual Information Statement.

**Goldman, Sachs & Co.**

*Dealer*

**JPMorgan**

*Dealer*

June 18, 2002

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## INTRODUCTION

This Offering Circular (including the cover page and the appendices hereto) has been prepared by Montgomery County, Maryland (the "County") in connection with the issuance of its Consolidated Public Improvement Commercial Paper Bond Anticipation Notes (the "Notes") in the initial aggregate principal amount of \$200,000,000.

The Notes are being issued to provide funds (i) to pay for the planning, design, construction, improvement and equipping of certain capital projects, (ii) to refinance on or before June 26, 2002 the County's Consolidated Commercial Paper Bond Anticipation Notes, 1995 Series, outstanding as of the date hereof in the aggregate principal amount of \$125,000,000, and (iii) to pay expenses of issuing the Notes.

Certain financial, economic and management information concerning the County is incorporated by reference in this Offering Circular and shall be deemed to be a part hereof. See Appendix A – "ANNUAL INFORMATION STATEMENT DATED DECEMBER 28, 2001."

Any descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is hereby made to each document for the complete details in their entirety by reference to such documents.

## AUTHORITY

The issuance of the Notes is authorized pursuant to Section 12 of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2001 Cumulative Supplement), as amended, Resolution No. 14-1307 of the County Council for the County adopted on June 11, 2002, as amended from time to time, and Order No. B241-02 executed by the County Executive of the County as of June 15, 2002, as supplemented from time to time (the "Note Order").

The County has covenanted in the Note Order to pay the Notes and any interest thereon, to the extent not paid from the proceeds of the sale of the Notes or the proceeds of any Liquidity Facility (as defined in the Note Order), from proceeds of the County's Consolidated Public Improvement Bonds (the "Bonds").

*The full faith and credit and unlimited taxing power of the County are irrevocably pledged to the payment of the principal of and interest on the Notes.*

## DESCRIPTION OF COMMERCIAL PAPER NOTES

The Notes are issuable in denominations of \$100,000 and integral multiples of \$1,000 in excess of \$100,000. The Notes shall be dated their respective dates of issue and bear interest from such dates until their respective maturity dates. The Notes shall be issued in registered book entry form, without coupons. Interest on the Notes shall be payable at maturity and shall be calculated based on a 365-day year (366 days in leap years), for the actual number of days elapsed. The Notes shall not be subject to redemption prior to maturity. Each Note shall mature on a Business Day not later than the earlier of (i) the latest date that is not more than 270 days after the date of issuance of such Note, (ii) three days prior to the Termination Date (as defined in the Credit Agreement), and (iii) the Final Maturity Date as defined in the Note Order as 20 years after the Closing Date or such later date as may be specified by a Supplemental Order. No Note shall bear interest at a rate greater than 10% per annum.

The County will enter into an Issuing and Paying Agency Agreement, dated as of June 15, 2002, with U. S. Bank National Association (the "Issuing and Paying Agent"). The Note Order provides that the Issuing and Paying Agent will not issue Notes (i) in a principal amount that, together with the principal amount of all Notes then outstanding, would exceed the amounts available to be drawn under the Liquidity Facility for the payment of such principal or (ii) maturing after the Termination Date or (iii) after any Non-Issuance Notice (as defined in the Note Order) shall have been received by the Issuing and Paying Agent.

The County has appointed Goldman, Sachs & Co. and J. P. Morgan Securities Inc. as Dealers with respect to the Notes.

**LIQUIDITY FACILITY**

The County entered into a Credit Agreement with The Toronto-Dominion Bank, acting through its Houston agency (the "Bank"), dated as of June 15, 2002 to provide liquidity with respect to the Notes. Under the terms of the Credit Agreement, the County may borrow up to \$214,794,521 (comprised of \$200,000,000 principal amount plus 270 days interest accrued at the rate of 10% based on a 365/366 day year) on a revolving basis to pay principal of and interest on the Notes. The conditions precedent to the Bank making an advance under the Credit Agreement are (a) a written notice for advance ("Advance Notice") shall have been made by the County to the Bank, (b) no Events of Termination (defined below) shall have occurred and be continuing, and (c) the Termination Date (as defined in the Credit Agreement) shall not have occurred. The Credit Agreement expires on July 1, 2005, but can be extended pursuant to terms in the Credit Agreement. No fewer than thirty days prior to acceptance of any "Substitute Liquidity Facility" pursuant to the terms of the Note Order, the Issuing and Paying Agent shall notify the Holders of such substitution. The Credit Agreement may be terminated prior to such an expiry date if there shall have been Events of Termination.

As used in the Credit Agreement, "Event of Termination" means the occurrence of any of the following:

(a) The County shall become insolvent or admit in writing its inability to pay its debts as they mature or shall declare a moratorium on the payment of its debts or apply for, consent to or acquiesce in the appointment of a trustee, custodian, liquidator or receiver for itself or any part of its property, or shall take any action to authorize or effect any of the foregoing; or in the absence of any such application, consent or acquiescence, a trustee, custodian, liquidator or receiver shall be appointed for it or for a substantial part of its property or revenues and shall not be discharged within a period of 60 days; or the State of Maryland or any other governmental authority having jurisdiction over the County imposes a debt moratorium, debt restructuring, or comparable restriction on repayment when due and payable of the principal of or interest on any Debt (as defined in the Credit Agreement) by the County; or all, or any substantial part, of the property of the County shall be condemned, seized, or otherwise appropriated, or any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding shall be instituted by or against the County (or any action shall be taken to authorize or effect the institution by it of any of the foregoing) and if instituted against it, shall be consented to or acquiesced in by it, or shall not be dismissed within a period of 60 days; or

(b) The County shall fail to pay any amount of principal of or interest on any advance under the Credit Agreement when the same shall become due and payable pursuant to the Credit Agreement or the Promissory Note, or the County shall fail to pay any principal of or interest on any Note when the same shall become due and payable; or

(c) The Credit Agreement or the Note Order or any Material Provision (as defined in the Credit Agreement) thereof at any time after its execution and delivery, or the Promissory Note (as defined in the Credit Agreement) or any Note shall, for any reason, cease to be valid and binding on the County or in full force and effect, in each case as a result of federal or state legislative or administrative action, or shall be declared in a final non-appealable judgment by any court having jurisdiction over the County to be null and void, or the validity or enforceability of the Credit Agreement, the Promissory Note, the Note Order or any Note shall be contested (i) by the County or (ii) by any governmental agency or authority having jurisdiction over the County, unless with respect to clause (ii) above, the same is being contested by the County in good faith and by appropriate proceedings; or the County shall deny in a public proceeding that it has any or further liability or obligation under the Credit Agreement, the Promissory Note, the Note Order or any Note; or

(d) The obligation of the County to levy ad valorem taxes to provide for the payment of all of the Obligations (as defined in the Credit Agreement) and the principal of and interest on the Notes, and the Obligations under the Credit Agreement shall at any time cease to exist or be adjudged unenforceable, in each case pursuant to a final administrative determination or judicial decision from which there shall not exist any further right of appeal or against which a timely appeal shall not have been filed by the County, or the County shall assert that such obligation ceases to exist or is unenforceable; or

(e) The County shall fail to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) any Bonded Debt (as defined in the Credit Agreement) of the County,

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or any interest or premium thereon, and such failure shall continue beyond any applicable period of grace specified in any underlying indenture, contract or instrument providing for the creation of or concerning such Bonded Debt; or

(f) Each rating agency shall have downgraded any Bonded Debt of the County to below Investment Grade (as defined in the Credit Agreement) or suspended or withdrawn its rating on any Bonded Debt of the County due to credit considerations; or

(g) One or more final and non-appealable judgments or court orders for the payment of money exceeding any applicable insurance coverage by more than \$25 million shall be rendered against the County, and such judgments or court orders shall continue unsatisfied and in effect for a period of 60 consecutive days without being vacated, discharged, satisfied or stayed.

### OVERVIEW OF THE TORONTO-DOMINION BANK

The Toronto-Dominion Bank, collectively with its subsidiaries referred to as TD Bank Financial Group (the “**Bank**”), is a Canadian chartered bank subject to the provisions of the Bank Act (Canada). The Bank was formed through the amalgamation on February 1, 1955 of The Bank of Toronto (established 1855) and The Dominion Bank (established 1869). As of January 31, 2002 the Bank was the second largest chartered bank in Canada in terms of assets.

The Bank offers a wide range of financial products and services to customers throughout Canada and around the world. The Bank is organized into four main businesses: TD Canada Trust, providing personal and commercial banking services in Canada; TD Securities, providing investment banking services in Canada, the United States and abroad; TD Waterhouse, providing brokerage services to self-directed investors in Canada, the United States and abroad; and TD Wealth Management, providing investment management services in Canada

Net income on a cash basis and excluding special items for the year ended October 31, 2001 was C\$2,158 million, compared to C\$2,018 million for the year ended October 31, 2000. Net Income on a cash basis and excluding special items for the three months ended January 31, 2002 was C\$526 million, compared to C\$569 million for the three months ended January 31, 2001.

At January 31, 2002, total assets of the Bank were C\$310.4 billion and total shareholders equity and minority interest was C\$14.8 billion.

#### Recent Developments

On November 15, 2001, the Bank announced the successful completion of its tender offer, through its wholly owned subsidiary, TD Waterhouse Holdings, Inc., for all of the approximately 12% of the outstanding shares of TD Waterhouse Group, Inc.'s common stock that the Bank and TD Waterhouse Holdings, Inc. do not already own. Total consideration was approximately C\$610 million.

On March 1, 2002 the Bank acquired the securities trading technology platform and listed equity options market-making businesses of the Stafford group of firms and LETCO, one of North America's leading equity options market-making firms for an initial purchase of approximately US\$280 million with an additional consideration of up to US\$150 million contingent upon the businesses exceeding certain net income thresholds.

#### Incorporation by Reference

Copies of the Bank's 2001 Annual Report and first quarter 2002 financial information are available, without charge, upon request by telephone or mail from The Toronto-Dominion Bank, U.S.A. Division, 31 West 52nd Street, New York, N.Y. 10019-6101, Attention: Comptroller, Telephone (212) 827-7300. The 2001 Annual Statement and additional financial information are available under “Investor Relations” on the Bank's website at [www.tdbank.ca](http://www.tdbank.ca).

### BOOK ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully registered securities registered in the name of Cede & Co., DTC's partnership nominee. One fully

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registered Note certificate will be issued for each issue of the Notes, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC 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 securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“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, but Beneficial Owners are 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 Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The 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.

Redemption notices shall be sent to Cede & Co. If less than all of the Notes within a series are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such series to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Notes. 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 the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to DTC. DTC’s practice is to credit Direct Participants’ accounts on payable debt in accordance with their respective holdings shown on DTC’s records unless DTC has reason to believe that it will not receive payment on payable date. Payments by 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 Participants and not of DTC, the Issuing and 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 to DTC is the responsibility of The County or the Issuing and Paying Agent, disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the County or the Issuing and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Notes in certificate form are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Notes in certificate form are required to be printed and delivered.

The information provided immediately above under this caption concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy or completeness thereof.

### THE COUNTY

#### General

Montgomery County, Maryland is a body politic and corporate and a political subdivision of the State of Maryland. For more information respecting the County, see the County's Annual Information Statement dated December 28, 2001, incorporated herein by reference as Appendix A and published under separate cover.

#### Selected Debt and Financial Schedules

Tables 1 through 7 presented on the following pages have been updated to provide current information on Montgomery County's financial position. For more information on the County, and a complete overview of the County's debt, please see the County's Annual Information Statement dated December 28, 2001, incorporated herein by reference as Appendix A and published under separate cover.

*[table appears on next page]*

**Montgomery County, Maryland**

**Table 1**  
**Statement of Direct and Overlapping Debt**  
**As of March 31, 2002**

Direct Debt:		
General Obligation Bonds Outstanding	\$1,280,053,054	
Short-Term BANs/Commercial Paper Outstanding	40,000,000	
Long-Term Notes Payable	1,425,643	
Revenue Bonds Outstanding	<u>65,505,000</u>	
Total Direct Debt		\$1,386,983,697
Overlapping Debt (as of June 30, 2001):		
Gross Debt:		
Washington Suburban Sanitary Commission		
Applicable to Montgomery County	1,051,206,700	
Housing Opportunities Commission	667,405,604	
Montgomery County Revenue Authority	43,458,735	
Maryland-National Capital Park and Planning Commission		
Applicable to Montgomery County	53,298,084	
Kingsview Village Center Development District	2,410,000	
Towns, Cities and Villages within Montgomery County	<u>30,267,817</u>	
Total Overlapping Debt		<u>1,848,046,940</u>
Total Direct and Overlapping Debt		3,235,030,637
Less Self-Supporting Debt:		
County Government Revenue Bonds	65,505,000	
Washington Suburban Sanitary Commission		
Applicable to Montgomery County (as of June 30, 2001)	1,051,206,700	
Housing Opportunities Commission (as of June 30, 2001)	667,405,604	
Montgomery County Revenue Authority (as of June 30, 2001)	43,458,735	
Maryland-National Capital Park and Planning Commission		
Applicable to Montgomery County (as of June 30, 2001)	<u>17,453,084</u>	
Total Self-Supporting Debt		<u>(1,845,029,123)</u>
Net Direct and Overlapping Debt		<u>\$1,390,001,514</u>
Ratio of Debt to June 30, 2001 Assessed Valuation of (100% Assessment):		\$78,200,380,285
Direct Debt		1.77%
Net Direct Debt *		1.69%
Direct and Overlapping Debt		4.14%
Net Direct and Overlapping Debt		1.78%
Ratio of Debt to June 30, 2001 Market Value of:		\$83,099,737,424
Direct Debt		1.67%
Net Direct Debt *		1.59%
Direct and Overlapping Debt		3.89%
Net Direct and Overlapping Debt		1.67%

\* Net Direct Debt of \$1,321,478,697 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 March 31, 2002**

June 30, 2001 Assessed Valuation – Real Property		\$74,122,532,195
Debt Limit (% of Assessed Valuation)		<u>6%</u>
Subtotal Limitation – Real Property		<u>4,447,351,931</u>
June 30, 2001 Assessed Valuation – Personal Property		\$4,077,848,090
Debt Limit (% of Assessed Valuation)		<u>15%</u>
Subtotal Limitation – Personal Property		<u>611,677,214</u>
Total Assessed Valuation – Real and Personal Property		\$78,200,380,285
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds		\$5,059,029,145
Less Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds Outstanding	\$1,280,053,054	
Short-Term BANs/Commercial Paper	40,000,000	
Long Term Notes Payable	<u>1,425,643</u>	
Net Direct Debt		<u>1,321,478,697</u>
Legal Debt Margin		<u><u>\$3,737,550,448</u></u>
Net Direct Debt as a Percentage of Assessed Valuation		<u>1.69%</u>

*(The remainder of this page has been left blank intentionally.)*

Montgomery County, Maryland

**Table 3**  
**General Obligation Debt of the County**  
**As of June 30, 2001**  
**and March 31, 2002**

<u>Issue</u>	<u>Dated Date</u>	<u>Original Issue Size</u>	<u>Original Interest Rates</u>	<u>TIC*</u>	<u>Maturity</u>	<u>Principal Outstanding June 30, 2001</u>	<u>Principal Outstanding March 31, 2002</u>
GO Bonds	11/01/71	\$ 30,000,000	0.10-6.50%	4.3163%	1972-01	\$ 590,000	\$ --
GO Bonds	05/01/83	50,000,000	7.00-9.00	7.8999	1984-03	5,000,000	5,000,000
GO Bonds	06/01/84	55,000,000	9.00-9.75	9.3989	1985-04	8,250,000	8,250,000
GO Bonds	05/01/85	65,000,000	7.60-8.60	8.2205	1986-05	13,000,000	13,000,000
GO Bonds	04/01/86	50,000,000	5.80-6.30	6.0956	1987-06	12,500,000	12,500,000
GO Bonds	04/01/91	60,000,000	6.30-6.75	6.5230	1992-03	6,000,000	6,000,000
GO Bonds	10/01/91	70,000,000	5.75-6.125	5.9747	1992-02	10,500,000	3,500,000
GO Refunding Bonds	07/01/92	273,038,054	2.75-5.80	5.7431	1993-10	205,823,054	177,708,054
GO Bonds	10/01/92	115,000,000	5.00-5.75	5.4740	1993-03	34,500,000	11,500,000
GO Refunding Bonds	08/15/93	60,005,000	2.50-5.00	4.9908	1994-11	56,785,000	56,210,000
GO Bonds	10/01/93	100,000,000	4.40-4.90	4.6899	1994-13	65,000,000	60,000,000
GO Bonds	10/01/94	100,000,000	5.20-6.125	5.7958	1995-08	40,000,000	35,000,000
GO Bonds	03/15/96	120,000,000	5.10-5.50	5.2946	1997-08	90,000,000	42,000,000
GO Bonds	04/15/97	115,000,000	5.00-5.375	5.3226	1998-17	92,000,000	63,250,000
GO Refunding Bonds	01/01/98	69,510,000	3.90-5.25	4.6400	2003-15	69,510,000	69,510,000
GO Bonds	04/01/98	115,000,000	4.875	4.7607	1999-18	97,750,000	97,750,000
GO Bonds	04/01/99	120,000,000	4.00-5.00	4.4764	2000-19	108,000,000	108,000,000
GO Bonds	01/01/00	130,000,000	5.00-6.00	5.4853	2001-13	123,500,000	71,500,000
GO Bonds	02/01/01	140,000,000	4.00-5.00	4.5447	2002-21	140,000,000	133,000,000
GO Refunding Bonds	11/15/01	146,375,000	3.60-5.25	4.5107	2003-19	--	146,375,000
GO Bonds	02/01/02	160,000,000	3.50-5.00	4.4619	2003-22	--	160,000,000
Total						<u>\$1,178,708,054</u>	<u>\$1,280,053,054</u>

\* True Interest Cost.

*(The remainder of this page has been left blank intentionally.)*

**Table 4**  
**General Obligation Bonds Authorized – Unissued**  
**As of March 31, 2002**

<u>Purpose</u>	<u>Chapter</u>	<u>Act</u>	<u>Amount</u>	<u>Amount Unissued</u>
General County, Parks, and Consolidated Fire Tax District	19	1998	\$113,400,000	\$ 27,890,000
	18	1999	33,500,000	33,500,000
	22	2000	78,300,000	78,300,000
	17	2001	<u>35,200,000</u>	<u>35,200,000</u>
			<u>260,400,000</u>	<u>174,890,000</u>
Road & Storm Drainage	19	1998	77,000,000	5,410,000
	18	1999	30,000,000	30,000,000
	22	2000	77,600,000	77,600,000
	17	2001	<u>10,630,000</u>	<u>10,630,000</u>
			<u>195,230,000</u>	<u>123,640,000</u>
Public Schools and Community College	22	2000	82,900,000	6,013,000
	17	2001	<u>159,755,000</u>	<u>159,755,000</u>
			<u>242,655,000</u>	<u>165,768,000</u>
Mass Transit	18	1999	400,000	105,000
	22	2000	1,400,000	1,400,000
	17	2001	<u>6,700,000</u>	<u>6,700,000</u>
			<u>8,500,000</u>	<u>8,205,000</u>
Public Housing	17	1981	2,650,000	2,590,000
	13	1982	995,000	995,000
	8	1983	230,000	230,000
	20	1985	900,000	900,000
	13	1986	<u>855,000</u>	<u>855,000</u>
			<u>5,630,000</u>	<u>5,570,000</u>
Parking Districts: Silver Spring	9	1983	2,945,000	2,045,000
	6	1984	<u>1,220,000</u>	<u>1,220,000</u>
			<u>4,165,000</u>	<u>3,265,000</u>
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>13,315,000</u>	<u>8,130,000</u>
Total General Obligation Bonds			<u>\$725,730,000</u>	<u>\$486,203,000</u>

In addition to the above noted authority, the County has authority under the provisions of section 56-13 of the Montgomery County Code 1984, as amended, to issue County bonds, within statutory debt limits, to finance approved urban renewal projects.

**Table 5**  
**Bond Anticipation Notes Outstanding**  
**As of March 31, 2002**

<u>Issue</u>	<u>Balance</u> <u>July 1, 2001</u>	<u>BANs Issued</u>	<u>BANs Retired</u>	<u>Balance</u> <u>March 31, 2002</u>
BAN Series 1995-H	\$ 20,000,000	\$ --	\$ 20,000,000	\$ --
BAN Series 1995-I	105,000,000	--	105,000,000	--
BAN Series 1995-J	<u>--</u>	<u>75,000,000</u>	<u>35,000,000</u>	<u>40,000,000</u>
Total	<u>\$125,000,000</u>	<u>\$ 75,000,000</u>	<u>\$160,000,000</u>	<u>\$ 40,000,000</u>

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# Montgomery County, Maryland

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

	Fiscal Year Actual <sup>(2)</sup>			Fiscal Year	Actual July 1, 2001
	1999	2000	2001	Budget 2002 <sup>(3)</sup>	to December 31, 2001 (Unaudited)
<b>Revenues:</b>					
Taxes:					
Property, including interest & penalty	\$ 593,103,639	\$ 610,403,414	\$ 623,819,661	\$ 643,515,740	\$ 427,745,957
Transfer tax and recordation tax	93,009,575	99,771,486	102,381,412	94,680,000	65,759,276
County income tax	689,203,638	761,148,755	812,352,208	823,950,000	308,104,521
Other taxes	<u>45,183,618</u>	<u>43,312,655</u>	<u>46,768,742</u>	<u>46,020,000</u>	<u>13,750,875</u>
Total Taxes	1,420,500,470	1,514,636,310	1,585,322,023	1,608,165,740	815,360,629
Licenses and permits	4,338,599	4,508,738	4,631,314	4,964,600	1,131,123
Intergovernmental revenue	93,255,279	98,051,154	102,932,299	111,046,360	43,604,368
Charges for services	7,337,927	7,904,754	8,961,699	8,807,095	2,981,328
Fines and forfeitures	3,188,275	4,550,638	6,195,417	8,914,180	3,002,150
Investment income	18,155,871	21,831,424	16,998,296	23,581,000	5,028,458
Miscellaneous	<u>8,061,519</u>	<u>8,300,775</u>	<u>9,596,381</u>	<u>8,247,110</u>	<u>2,448,675</u>
Total Revenues	<u>1,554,837,940</u>	<u>1,659,783,793</u>	<u>1,734,637,429</u>	<u>1,773,726,085</u>	<u>873,556,731</u>
<b>Expenditures (including encumbrances):</b>					
General County:					
General government	139,868,204	152,711,792	153,528,937	164,165,155	97,848,645
Public safety	149,815,388	163,575,547	172,137,027	187,605,789	102,778,367
Transportation and public works	36,671,572	35,155,518	36,326,517	33,627,407	20,585,834
Health and human services	115,372,553	130,598,688	145,121,009	153,141,930	95,937,529
Culture and recreation	34,407,208	37,032,110	37,985,645	45,552,736	29,119,955
Housing and community development	2,883,758	4,104,510	4,256,355	3,803,875	2,350,135
Environment	<u>3,197,837</u>	<u>3,549,047</u>	<u>4,502,897</u>	<u>4,465,333</u>	<u>2,317,998</u>
Total Expenditures	<u>482,216,520</u>	<u>526,727,212</u>	<u>553,858,387</u>	<u>592,362,225</u>	<u>350,938,463</u>
<b>Operating Transfers In (Out):</b>					
Operating Transfers In:					
Special Revenue Funds	9,091,019	10,117,342	10,283,760	12,850,550	6,425,275
Enterprise Funds	17,042,960	17,248,580	19,679,903	30,453,480	15,226,740
Trust Funds	--	--	--	--	--
Internal Service Funds	--	--	--	500,000	250,000
Component Units	<u>110,000</u>	<u>192,696</u>	<u>644,650</u>	<u>103,750</u>	<u>560,879</u>
Total Operating Transfers In	<u>26,243,979</u>	<u>27,558,618</u>	<u>30,608,313</u>	<u>43,907,780</u>	<u>22,462,894</u>
Operating Transfers Out:					
Special Revenue Funds	(11,590,135)	(15,719,842)	(25,516,861)	(18,315,572)	(9,436,192)
Debt Service Fund	(136,484,729)	(134,767,348)	(143,528,192)	(164,804,300)	(75,666,390)
Capital Projects Fund	(14,189,353)	(38,907,827)	(52,079,521)	(116,271,439)	(15,005,674)
Enterprise Funds	(3,903,074)	(5,988,835)	(4,326,035)	(3,755,716)	(1,571,560)
Internal Service Funds	(1,410,500)	(615,290)	(1,581,897)	(455,018)	--
Component Units <sup>(1)</sup>	<u>(883,972,417)</u>	<u>(938,162,658)</u>	<u>(1,035,534,480)</u>	<u>(1,131,128,652)</u>	<u>(575,547,327)</u>
Total Transfers Out	<u>(1,051,550,208)</u>	<u>(1,134,161,800)</u>	<u>(1,262,566,986)</u>	<u>(1,434,730,697)</u>	<u>(677,227,143)</u>
Net Operating Transfers In (Out)	<u>(1,025,306,229)</u>	<u>(1,106,603,182)</u>	<u>(1,231,958,673)</u>	<u>(1,390,822,917)</u>	<u>(654,764,249)</u>
Excess of revenues and operating transfers in over (under) expenditures, encumbrances and operating transfers out	<u>47,315,191</u>	<u>26,453,399</u>	<u>(51,179,631)</u>	<u>(209,459,057)</u>	<u>(132,145,981)</u>
Fund Balances, July 1 as previously stated	148,530,451	211,266,962	255,964,974	234,640,751	234,640,751
Net Adjustment for previous year encumbrances	<u>15,211,912</u>	<u>18,244,613</u>	<u>29,855,408</u>	<u>29,312,780</u>	<u>29,312,780</u>
Fund Balances, July 1 restated	163,742,363	229,511,575	285,820,382	263,953,531	263,953,531
Equity transfers in (out)	<u>209,408</u>	--	--	--	--
Budgetary Fund Balance – Subtotal	<u>\$ 211,266,962</u>	<u>\$ 255,964,974</u>	<u>\$ 234,640,751</u>	\$ 54,494,474	\$ 131,807,550
Projections through year end:					
Revenue/Transfers In Remaining				--	903,252,984
Expenditures/Transfers Out Remaining				--	(911,808,798)
Budgetary Fund Balance Projected to June 30				<u>\$ 54,494,474</u>	<u>\$ 123,251,736</u>

(1) Amount for FY00 restated to comply with Governmental Accounting Standards Board Statement Number 33.

(2) Amounts for FY99-01 are audited.

(3) Updated for budget adjustments as of December 31, 2001.

Note: Actual and budget amounts are for fiscal years ended June 30.

**Table 7  
General Fund  
Schedule Of Budgetary Fund Balance to  
GAAP Fund Balance Reconciliation**

	Fiscal Year 1999	Fiscal Year 2000	Fiscal Year 2001	Projected July 1, 2001 to June 30, 2002 (Unaudited) <sup>(1)</sup>
Budgetary to GAAP Reconciliation:				
Budgetary Fund Balance as noted above	\$211,266,962	\$255,964,974	\$234,640,751	\$123,251,736
Plus encumbrances outstanding	20,625,655	33,029,310	29,312,780	27,655,915
Adjustment for prior year encumbrances	(2,492,577)	(2,381,042)	(3,173,902)	(2,600,000)
Unrealized investment gain (loss)	(1,290,016)	1,169,668	142,060	--
Net differences between beginning fund balances <sup>(2)</sup>	<u>2,147,311</u>	<u>745,760</u>	<u>3,123,811</u>	<u>2,691,969</u>
GAAP Fund Balance as Reported	<u>\$230,257,335</u>	<u>\$288,528,670</u>	<u>\$264,045,500</u>	<u>\$150,999,620</u>
Elements of GAAP Fund Balance:				
Reservations	\$ 22,947,323	\$ 36,225,684	\$ 32,711,557	\$ 30,628,188
Designated for CIP Transfers	31,294,410	36,001,151	54,234,669	82,639,738
Designated for subsequent years expenditures <sup>(3)</sup>	85,527,972	140,856,091	117,794,569	--
Unreserved / Undesignated	<u>90,487,630</u>	<u>75,445,744</u>	<u>59,304,705</u>	<u>37,731,694</u>
	<u>\$230,257,335</u>	<u>\$288,528,670</u>	<u>\$264,045,500</u>	<u>\$150,999,620</u>

(1) Estimated

(2) Amount restated to break out the impact of unrealized investment gains (losses).

(3) Fiscal Year 2002 amount not yet determinable.

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

### TAX MATTERS

In the opinion of Bond Counsel, under existing law, the interest on the Notes (a) is excludable from gross income for Federal income tax purposes, and (b) is not an enumerated preference or adjustment for purposes of the Federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations, and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States.

Under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain requirements that must be met subsequent to the issuance of the Notes in order for the interest on the Notes to remain excludable from gross income for Federal income tax purposes, including restrictions that must be complied with throughout the term of the Notes. Such restrictions include, among other things, limitations on the yield of investments acquired with gross proceeds of the Notes and the periodic payment to the United States of specified portions of arbitrage profit derived from such investments.

In order to comply with the requirements of the Code, the County will execute and deliver a Tax Certificate and Compliance Agreement ("Tax Agreement") on the date of delivery of the Notes. The covenants and agreements in the Tax Agreement are designed to satisfy the requirements of Section 103 and Sections 141 through 150, inclusive, of the Code, and the income tax regulations issued thereunder. In the opinion of Bond Counsel, the covenants and agreements in the Tax Agreement are sufficient to meet the requirements (to the extent applicable to the Notes) of Section 103 and Sections 141 through 150 of the Code. However, Bond Counsel assumes no responsibility for, and will not monitor, compliance with the covenants and agreements in the Tax Agreement. In the event of noncompliance with such covenants and agreements, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Notes from becoming includable in gross income for Federal income tax purposes.

Under the Code, in calculating corporate alternative minimum tax, a corporation is required to increase its alternative minimum taxable income by 75 percent 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

## Montgomery County, Maryland

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operating loss deduction). For this purpose, “adjusted current earnings” would include, among other items, interest on the Notes. In addition, the Code imposes a branch-level tax on certain earnings and profits of foreign corporations operating branches in the United States, and such earnings and profits would include interest on the Notes.

Other Federal income tax consequences may arise from ownership of the Notes, and in connection therewith, attention is directed to the following provisions of the Code: (a) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Notes or, in the case of a financial institution, that portion of a holder’s interest expense allocated to interest on the Notes, (b) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Notes, (c) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on obligations such as the Notes, and (d) for S corporations having subchapter C earnings and profits, the receipt of certain amounts of passive investment income, which includes interest on the Notes, may result in the imposition of income tax on such passive investment income and, in some cases, loss of S corporation status. The foregoing is only a general summary of certain provisions of the Code and does not purport to be complete; prospective purchasers and holders of the Notes should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

Legislative proposals presently before Congress or that are introduced after issuance and delivery of the Notes, if enacted, could alter or amend one or more of the Federal tax matters referred to above and/or adversely affect the market value of the Notes. It cannot be predicted whether or in what form any such proposal may be enacted, and there can be no assurance that any such proposal would not apply to obligations issued prior to the enactment of such proposal. Accordingly, prospective purchasers of the Notes should consult with their tax advisors as to the status and potential effect of such proposals.

In the opinion of Bond Counsel, under existing law of the State of Maryland, the interest on the Notes and the profit realized from the sale or exchange of the Notes is exempt from income taxation by the State of Maryland or by any of its political subdivisions; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes or any other taxes not levied directly on the Notes 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. Prospective purchasers of the Bonds should consult their tax advisors regarding the taxable status of the Bonds in a particular state or local jurisdiction other than the State of Maryland.

### RATINGS

The following are the respective ratings of the Notes and the long-term general obligation bonds of the County:

	<b>Moody’s</b>	<b>S&amp;P</b>	<b>Fitch</b>
Commercial Paper BANS	P-1	A-1+	F-1+
General Obligation Bonds	Aaa	AAA	AAA

Any explanation of the significance of each of the above ratings may be obtained from the rating agency furnishing the same. The County furnished to the rating agencies certain materials and information concerning itself and the Notes. The Bank furnished to the rating agencies certain materials and information respecting itself. Generally, rating agencies base their ratings on such materials and information, and on their own investigations, studies and assumptions. There is no assurance that any such ratings will obtain for any given period of time or that they may not be lowered or withdrawn entirely by such rating agencies, or any of them, if in their, or its, judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Notes.

### CONTINUING DISCLOSURE

In connection with the issuance of other debt instruments, the County has previously covenanted to provide, or cause to be provided, certain annual financial information as of June 30 of each year, consistent with the financial information

## **Montgomery County, Maryland**

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included in Appendix A to this Offering Circular. Such information will be provided to each Nationally Recognized Municipal Information Repository and to the State Information Repository (if any).

### **FINANCIAL ADVISOR**

Public Financial Management, Inc. is serving as financial advisor to the County with regard to the issuance of the Notes.

### **COMMERCIAL PAPER DEALERS**

Goldman, Sachs & Co., New York, New York, and J. P. Morgan Securities Inc., New York, New York, are serving as Commercial Paper Dealers with respect to the Notes.

**APPENDIX A**

**ANNUAL INFORMATION STATEMENT  
DATED DECEMBER 28, 2001**

**(Provided under separate cover  
and incorporated herein by reference)**

The County's Annual Information Statement dated December 28, 2001 may be downloaded from <http://www.mcmbonds.emontgomery.org/>, located at the tab for Annual Information Statement.

**APPENDIX B**

**FORM OF BOND COUNSEL OPINION**

[Closing Date]

County Executive and County Council  
of Montgomery County, Maryland  
101 Monroe Street  
Rockville, Maryland 20850

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by Montgomery County, Maryland (the "County") of its Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2002 Series (the "Notes"). The Notes are being issued pursuant to the terms of Resolution No. 14-1307, adopted by the County Council of the County on June 11, 2002 (the "Resolution"), certain Laws of Montgomery County referred to in the Resolution (the "Authorizing Legislation") and Order No. B241-02 (the "Note Order"), approved by the County Executive of the County as of June 15, 2002.

We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

Unless the context clearly indicates otherwise, each capitalized term used in this opinion shall have the meaning ascribed to it in the Note Order.

As provided in the Note Order, the Notes mature at such times (not less than one day or more than 270 days from the date of issuance thereof) as may be specified by an Authorized County Representative in an Instruction to the Issuing and Paying Agent. Notes may be issued under the Note Order from time to time upon receipt by the Issuing and Paying Agent of an Instruction of an Authorized County Representative in accordance with the Note Order. The Notes are issuable as fully registered notes (without coupons) in the denomination of \$100,000 and any integral multiple of \$1,000 in excess of \$100,000. Payment of the principal of and interest on the Notes shall be made by the Issuing and Paying Agent at the maturity thereof upon presentment thereof through the facilities of the Securities Depository.

As to questions of fact material to our opinion, without undertaking to verify the same by independent investigations, we have relied upon the certified proceedings and certifications by public officials.

We have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities, and we have not independently verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing on such public records, certifications, documents and proceedings.

Further, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents.

We do not express any opinion herein concerning any law other than the law of the State of Maryland and the federal law of the United States of America.

Based upon, and subject to, the foregoing, and on the basis of existing law, it is our opinion, as of the date hereof, that:

1. The County is a validly created and existing body politic and corporate of the State of Maryland, with full power and authority under the laws of the State of Maryland to adopt the Resolution and the

Authorizing Legislation, to issue and sell the Notes, and to enter into and perform its obligations under each of the Note Order, the Dealer Agreement, the Credit Agreement and the Issuing and Paying Agency Agreement.

2. The Promissory Note and the Notes authenticated and delivered on the date hereof (and the Notes authenticated and delivered subsequent to the date hereof will, if authenticated and delivered in accordance with the terms of the Note Order) (i) have been duly authorized, executed and delivered by the County, (ii) have been issued by the County in accordance with the Note Order, the Resolution, the Authorizing Legislation and the Bond Anticipation Note Act, (iii) constitute the valid and legally binding general obligations of the County to which its full faith and credit and taxing power are pledged, and for the payment of which the County is empowered and directed to levy ad valorem taxes, unlimited as to rate or amount, upon all real and tangible personal property and certain intangible personal property subject to assessment for unlimited County taxation, (iv) are enforceable in accordance with their terms, and (v) are entitled to the benefit of the Note Order, to the extent provided therein.

3. To provide for the payment of the principal of and interest on the Notes and the Promissory Note, the County, by the adoption of the Resolution and the Authorizing Legislation, has covenanted to levy said ad valorem taxes 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.

4. The Note Order has been duly approved by the County Executive of the County.

5. Each of the Dealer Agreement, the Credit Agreement, the Promissory Note and the Issuing and Paying Agency Agreement (collectively, the "County Documents"), the Note Order and the Notes has been duly and properly authorized, executed and delivered by the County and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitutes a legal, valid and binding agreement of the County, enforceable against the County in accordance with its terms.

6. The Note Order creates the valid pledge of and lien in favor of the Holders and the Liquidity Facility Provider upon all of the County's right, title and interest in and to the Note Fund and all accounts created under the Note Fund that it purports to create.

7. The Notes are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Note Order need not be qualified under the Trust Indenture Act of 1939, as amended.

8. Under existing law, the interest on the Notes (i) is excludable from gross income for Federal income tax purposes, and (ii) is not an enumerated preference or adjustment for purposes of the Federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations, and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States.

In rendering the opinion expressed above in this paragraph (8), we have assumed continuing compliance with the covenants and agreements set forth in the Tax Certificate and Compliance Agreement of even date herewith executed and delivered by the County (the "Tax Agreement"), which covenants and agreements are designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the income tax regulations issued thereunder (the "Regulations") that must be satisfied subsequent to the issuance of the Notes in order that the interest thereon be, or continue to be, excluded from gross income for federal tax purposes. In our opinion, the covenants and agreements in the Tax Agreement are sufficient to meet such requirements (to the extent applicable to the Notes) of the Code and Regulations. However, we assume no responsibility for, and will not monitor, compliance with the covenants and agreements in the Tax Agreement. In the event of noncompliance with such covenants and agreements, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Notes from becoming includible in gross income for Federal income tax purposes, retroactive to the date of issuance of the Notes.

9. Under existing law of the State of Maryland, the interest on the Notes and profit realized from the sale or exchange of the Notes is exempt from income taxation by the State of Maryland or by any of its political subdivisions; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes or any other taxes not levied directly on the Notes or the interest thereon.

Other than as set forth in the preceding paragraphs (8) and (9), we express no opinion regarding the federal or state income tax consequences arising with respect to the Notes.

It is to be understood that the rights of any Holder and the enforceability of such Notes and the County Documents are subject to: (a) the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or a court in equity), including judicial limitations on rights to specific performance; and (b) bankruptcy, insolvency, reorganization, moratorium or other similar laws heretofore or hereafter in effect affecting creditors' rights generally, to the extent constitutionally applicable.

This opinion may be relied upon by the Holders of the \$200,000,000 principal amount of Notes issued on the date hereof and of Notes subsequently issued pursuant to the Note Order as in effect on the date hereof to effect refinancing rollovers of the \$200,000,000 principal amount of Notes, who may continue to rely on this opinion to the extent that: (i) there is no change in existing regulations, Internal Revenue Service ruling positions or procedures, or laws that may adversely affect the validity of the Notes or the exclusion of the interest thereon from the gross income for federal tax purposes of the Holders thereof, (ii) the Note Order, the Tax Certificate, the Issuing and Paying Agent Agreement and the Dealer Agreement, in the respective forms on the date hereof, remain in full force and effect and the Notes issued after the date hereof to effect refinancing rollovers of the \$200,000,000 principal amount of Notes are issued in accordance with the provisions of the Resolution and the Issuing and Paying Agent Agreement, (iii) the representations, warranties, covenants, and agreements of the parties contained in the Note Order, the Tax Certificate, the Issuing and Paying Agent Agreement, the Dealer Agreement and certain certificates dated the date hereof and delivered by authorized officers of the County remain true and accurate and are complied with in all material respects, (iv) there has not been delivered to the County an opinion of this firm of more recent date with respect to the matters referred to herein, and (v) this opinion has not been expressly withdrawn as evidenced by a letter to the County. Nothing contained in this letter shall be construed as any undertaking on our part to monitor any changes in applicable law or to monitor or confirm the accuracy of any such representations or warranties or compliance with any such agreements or covenants. In addition, we undertake no duty expressly to advise any Holder of any change or development of which we become aware that may adversely affect the opinions expressed in this letter.

This opinion is solely for the benefit of the addressees and may not be relied upon by any other person except (a) the Holders from time to time of the Notes, and (b) Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Fitch, Inc.

Very truly yours,

[to be signed "Venable, Baetjer and Howard, LLP"]