



# MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

<b>Subject</b> Authorizing the issuance of Consolidated Public Improvement Bonds of 2014, Series A and Consolidated Public Improvement Refunding Bonds of 2014 Series B	<b>Executive Order No.</b>  191-14	<b>Subject Suffix</b>
<b>Department</b> Department of Finance	<b>Department No.</b> B336-14	<b>Effective Date</b> 10/21/2014

ORDER PROVIDING FOR THE AUTHORIZATION, ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS OF MONTGOMERY COUNTY, MARYLAND IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$859,630,000, SUBJECT TO ADJUSTMENT AS PROVIDED HEREIN; PRESCRIBING THE FORM AND TENOR OF SUCH BONDS, THE MANNER, TERMS AND CONDITIONS OF SALE AND ISSUANCE THEREOF; PRESCRIBING THE TERMS OF SUCH BONDS AND ALL OTHER DETAILS INCIDENT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF ALL DOCUMENTS IN CONNECTION WITH THE ISSUANCE THEREOF; PROVIDING FOR THE PAYMENT WHEN DUE, OF THE PRINCIPAL OR REDEMPTION PRICE OF AND INTEREST ON THE BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF TAXES IN RATE AND AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; PRESCRIBING THE TERMS AND OTHER DETAILS INCIDENT TO REFUNDING CERTAIN GENERAL OBLIGATION BONDS OF THE COUNTY; AND TO PROVIDE GENERALLY FOR THE SALE, ISSUANCE, AND DELIVERY OF SUCH BONDS.

### RECITALS

BE IT ORDERED by the County Executive of Montgomery County, Maryland, that:

Section 1. The County is hereby authorized upon its full faith and credit to issue its general obligation bonds in the total aggregate principal amount not to exceed \$859,630,000 consisting of: Consolidated Public Improvement Bonds of 2014, Series A (the "Series A Bonds") in the aggregate principal amount not to exceed \$500,000,000 and its Consolidated Public Improvement Refunding Bonds of 2014, Series B (the "Series B Bonds") in the aggregate principal amount not to exceed \$359,630,000. The final aggregate principal amount for each series of Bonds (as defined herein) shall be determined in an order of the County Executive (or the Chief Administrative Officer, acting in the capacity of the County Executive) as provided herein. The Series A Bonds and the Series B Bonds are sometimes referred to herein collectively as the "Bonds".

Section 2. The proceeds of the Series A Bonds will be used to (i) refinance all or a portion of the County's outstanding Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, Series 2009 and/or Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, Series 2010 (collectively, the "Notes"), which such notes were used to finance and refinance the acquisition, construction and equipping of certain public facilities (the "Public Facilities"), as described in Section 20-14 of the Montgomery County Code, as amended (the "Code"), as more particularly described in Exhibit A attached hereto; (ii) to finance the costs of certain Public Facilities described in the County's FY15-20 Capital Improvements Program and (iii) pay the costs of issuing the Series A Bonds. The Series A Bonds are consolidated and issued pursuant to Section 10-203 of the Local Government Article or the Annotated Code of Maryland (2013 Replacement Volume and 2014 Supplement) ("Section 10-203");



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Section 19-101 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2014 Supplement) (“Section 19-101”); Chapter 43 of the Laws of Montgomery County of 2006, Chapter 12 of the Laws of Montgomery County of 2007, Chapter 36 at the Laws of Montgomery County of 2008, Chapter 22 of the Laws of Montgomery County of 2009, and 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, and Chapter 26 of the Laws of Montgomery County of 2013; Resolution No. 16-1104 of the County Council for Montgomery County, Maryland (the “County Council”), adopted on September 15, 2009, as amended (the “Resolution”); the Code, certain provisions of the Montgomery County Charter (the “Charter”); and this Order.

Section 3. The proceeds of the Series B Bonds will be used to refund all or a portion of the County’s outstanding (i) Consolidated Public Improvement Refunding Bonds of 2004, Series A and Consolidated Public Improvement Bonds of 2007, Series A, Consolidated Public Improvement Bonds of 2008, Series A, and Consolidated Public Improvement Bonds of 2011, Series A (collectively, the “Refunded Bonds”), as more particularly described on Exhibit B attached hereto, and (ii) to pay a portion of the costs of issuing the Series B Bonds. The maturities of the Refunded Bonds to be redeemed by the Series B Bonds and shall be finally determined in a subsequent order of the County Executive (or the Chief Administrative Officer, acting in the capacity of the County Executive).

The issuance of the Series B Bonds meets a public purpose of restructuring the debt of such Refunded Bonds in order to realize savings to the County in the aggregate cost of debt service. Such refunding shall be effected by purchasing United States Government obligations and/or obligations guaranteed by the United States of America (“Government Obligations”), in such amounts and maturing at stated fixed prices as to principal and interest at such times as will be sufficient to (a) pay all the principal of and interest on the Refunded Bonds becoming due and payable before the earliest practicable dates of redemption as hereinafter provided and (b) to redeem at the earliest practicable dates and pay the respective redemption prices and accrued interest to the respective redemption dates of the Refunded Bonds, all as provided in the Escrow Deposit Agreement (as hereinafter defined). The Series B Bonds are issued pursuant to Section 10-203; Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume) (the “Refunding Act”); Resolution No. 16-1152 adopted by the County Council on October 20, 2011, as amended by Resolution No. 17-183, adopted by the County Council on June 28, 2011, and Resolution No. 17-557 adopted by the County Council on September 25, 2012 (collectively, the “Refunding Resolutions”); provisions of the Charter; the Code, and this Order. Section 10-203, Section 19-101, the Refunding Act, the Resolution, and the Refunding Resolutions are collectively referred to herein as the “Enabling Acts”.

Section 4. The Bonds shall be dated the date of their initial delivery and shall be issuable in registered form in the denomination of Five Thousand Dollars (\$5,000) each or any integral multiple thereof. The Bonds will initially be issued in book-entry only form without physical distribution of certificates to the public. The Depository Trust Company, New York, New York (“DTC”) will act as the securities depository for the Bonds and the Bonds will be registered in the name of Cede & Co. as



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nominee for DTC. The Bonds of each issue, when first issued, may be numbered from No. R-1 upward in the order of their maturities or in some other manner which conforms to standard bond registration practices and is acceptable to DTC and the Director of Finance of the County (the "Director of Finance"). Registration books (the "Bond Register") for the Bonds shall be maintained by the County, which shall also act as paying agent for the Bonds (the "Bond Registrar and Paying Agent"). The Director of Finance from time to time may designate a bank or other financial institution to serve as Bond Registrar and Paying Agent upon 30 days' prior written notice to the registered owners of the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, the County will send all payments of principal of and premium, if any, and interest on and notices to Cede & Co., and consider Cede & Co. as registered owner for all other purposes under the Ordinance. Principal payments shall be made to Cede & Co. by check, draft or wire transfer at its address as it appears on the Bond Register on the respective payment or redemption dates. Interest shall be paid to Cede & Co. by check, draft or wire transfer at its address as it appears on the Bond Register, such interest being payable semi-annually on May 1 and November 1 in each year (commencing May 1, 2015), accounting from the most recent date to which interest has been paid or, if no interest has been paid, from the date of initial delivery of the Bonds.

The Bonds shall contain similar provisions to and be in substantially the form set forth in Exhibit C attached hereto, with such variations as are necessary or appropriate to reflect the provisions with respect to book-entry bonds set forth herein as long as the Bonds are in book-entry form. So long as the Bonds are in book-entry form, the manual or facsimile signature of the Director of Finance shall be sufficient to authenticate the Bonds. Bonds issued substantially in accordance with such form, with appropriate insertions as indicated, when properly executed and authenticated as required by this Section, shall be deemed to constitute unconditional general obligations of the County, the payment of which, in accordance to the terms thereof, the County's full faith and credit are pledged, and all the covenants and conditions contained in such Bonds shall be deemed to be binding on the County.

Section 5. The Bonds shall be executed in the name of the County and on its behalf by the County Executive, whose signature may be by facsimile, an original or facsimile of the official seal of the County shall be imprinted or otherwise reproduced thereon, attested by the manual or facsimile signature of the Director of Finance, and authenticated by the manual or facsimile signature of the Bond Registrar and Paying Agent.

Section 6. The Series A Bonds shall mature on November 1, 2034 in serial installments commencing on November 1, 2015 and shall bear interest at the rates set forth in the bids selected by the Director of Finance and approved pursuant to a subsequent order. The final maturity for the Series A Bonds shall not be later than November 1, 2034.

Section 7. The Series B Bonds shall mature on November 1, 2029 in serial installments commencing on November 1, 2015 and shall bear interest at the rates set forth in the bids selected by the Director of Finance and approved pursuant to a subsequent order. The final maturity of the Series B Bonds shall not be later than November 1, 2029.



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Section 8. The Bonds are and shall be issued upon the full faith and credit and unlimited taxing power of the County which is hereby pledged to the punctual payment of the principal and redemption price, if any, thereof and interest thereon, and the Bonds shall be payable from unlimited ad valorem taxes levied upon all legally assessable property within the corporate limits of the County. The County does hereby and shall in the Bonds covenant and agree to pay punctually the principal of each of the Bonds and the interest thereon, on the dates and in the manner mentioned therein, according to the true intent and meaning thereof. In and for each and every fiscal year that any of the Bonds are outstanding, there shall be and there is hereby levied an ad valorem tax or taxes upon all the legally assessable property within the corporate limits of the County in rate and amount sufficient, together with other revenues pledged and available therefor, to provide for the payment, when due, of the principal of and interest on all such Bonds becoming due in such fiscal year, and in the event the proceeds from such tax or taxes levied in any fiscal year shall prove inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up any such deficiency.

Section 9. (a) Bonds which mature on or before November 1, 2024, are not subject to redemption prior to their respective maturities. Bonds which mature on or after November 1, 2025, are subject to redemption beginning November 1, 2024 as a whole or in part at any time thereafter, in any order of their maturities, at the option of the County, at a redemption price for each bond equal to the principal amount of the Bond to be redeemed, together with interest accrued to the date fixed for redemption, without premium. The redemption provisions provided in this section may be modified by subsequent order or orders of the County Executive (or the Chief Administration Officer, acting in the capacity of the County Executive).

Section 10. (a) The Bonds shall be issued, delivered and sold at public sale upon electronic proposals via the BiDCOMP/Parity Competitive Bidding System ("PARITY") or via such other electronic bidding system as may be determined by subsequent order or orders of the County Executive (or the Chief Administration Officer, acting in the capacity of the County Executive), in such manner and for such price or prices, not less than the principal amount thereof and accrued interest thereon, as may be determined by the Director of Finance. The Bonds shall be sold in accordance with the Official Notices of Sale (as defined below).

(b) The official Notice of Sale (the "Notice of Sale") pertaining to the Bonds shall be substantially in the form set forth in Appendix D to the Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"), a copy of which is attached hereto as Exhibit D, subject to such additions, deletions and amendments as shall be approved by the Director of Finance, publication of such Preliminary Official Statement to constitute conclusive evidence of approval by the Director of Finance and the terms, provisions and conditions set forth in such form of Notice of Sale are hereby adopted and approved as the terms, provisions and conditions under which and in the manner in which the Bonds shall be sold, issued and delivered at public sale.

The Director of Finance is hereby authorized to cause to be prepared an Official Statement, and any necessary supplements or addenda thereto. The Preliminary Official Statement and the Official Statement shall contain such financial and other data as are customarily found in such publications and as



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may be deemed appropriate by the Director of Finance. The Director of Finance is further authorized to take such actions on behalf of the County as they deem appropriate or necessary to comply with Rule 15c2-12 (hereinafter defined) in connection with the offering and sale of the Bonds.

(c) The Director of Finance is hereby authorized and directed to publish a summary of the Notices of Sale for the Bonds at least twice in one or more daily or weekly newspapers having a general circulation in Montgomery County, Maryland, the first such publication to be at least ten (10) days prior to the date of sale. The summary notice of sale shall be published in substantially the form as approved by the Director of Finance, the publication of such notice to constitute conclusive evidence of the approval of the Director of Finance.

Section 11. Immediately after the sale of the Bonds, the aggregate principal amount of the Bonds to be issued, the interest rate or rates payable on the Bonds, the maturity schedule for the Bonds, the dated date and interest payment dates for the Bonds, the redemption provisions relating to the Bonds, and the issues and maturities of the Refunded Bonds to be refunded, shall be fixed by an executive order of the County Executive (or the Chief Administrative Officer, acting in the capacity of the County Executive and in accordance with the terms of this Order), subject to the provisions hereof and in accordance with the terms and conditions of the sale of the Bonds.

Section 12. (a) The proceeds from the sale of the Series A Bonds, including any premium and accrued interest received therefor, shall be paid directly to the Director of Finance who shall deposit the same in the proper accounts of the County to finance the acquisition, construction and equipping of certain Public Facilities of the County, to repay the Notes, and to pay the costs of issuing the Series A Bonds.

(b) The proceeds from the sale of the Series B Bonds shall be (i) paid to the Director of Finance of the County to pay the costs of issuing the Series B Bonds; (ii) deposited by the Director of Finance of the County with U.S. Bank National Association (the "Escrow Agent") in a trust fund (the "Escrow Deposit Account"), to be established under an Escrow Deposit Agreement to be entered into by and between the County and the Escrow Agent with respect to the Refunded Bonds (the "Escrow Deposit Agreement") and applied to the payment of the redemption price of the Refunded Bonds, which execution shall be conclusive evidence of the approval by the County of the due execution of such instrument on behalf of the County. The Escrow Deposit Agreement shall be substantially in the form set forth on Exhibit E hereto, with such modifications, amendments and changes as the Director of Finance shall deem necessary and appropriate. The amount paid to the Escrow Deposit Agent pursuant to this paragraph shall be paid to the Escrow Deposit Agent in federal funds or other immediately available funds and shall be used and applied solely in accordance with the terms of the Escrow Deposit Agreement.

Section 13. Prior to the delivery of the Series B Bonds, the County shall have received a report from a firm of independent certified public accountants, nationally recognized in the field of refunding of tax exempt obligations, verifying that the amounts on deposit in the Escrow Deposit Account, and such amounts to be provided to the Trustee, together with any other amounts provided by the County, will be



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sufficient to pay all interest accruing on the Refunded Bonds prior to their respective dates of redemption and all principal and redemption prices of the Refunded Bonds.

Section 14. Conditioned only upon the delivery of payment for the Series B Bonds, the County hereby specifically and irrevocably elects to redeem the Refunded Bonds on the earliest practicable dates and at the respective redemption prices, plus interest accrued and unpaid to the respective dates of redemption, shown on Exhibit B attached hereto. Notwithstanding the foregoing, the irrevocable election contained in this Section shall only be effective with respect to the issues and maturities of the Refunded Bonds identified in a supplemental order referred to in this Order.

Section 15. It is hereby determined that it is necessary and appropriate for the County to execute and deliver a Continuing Disclosure Agreement ("Continuing Disclosure Agreement") in accordance with the provisions of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), for the benefit of the registered owners from time to time of the Bonds, in order to enable the successful bidder for the Bonds (including any of such bidder's associates constituting "principal underwriters" within the meaning of Rule 15c2-12) to comply with the requirements of Rule 15c2-12. The Director of Finance of the County shall execute and deliver the Continuing Disclosure Agreement substantially in the form attached as Appendix B to the Preliminary Official Statement, with such changes therein as bond counsel to the County may advise.

Section 16. There may be deducted from the gross proceeds received from the sale of the Bonds the cost of advertising, underwriting fees, printing and legal fees, fees of the verification agent and other professionals, and expenses relating to such sale as may be determined by the Director of Finance. There may also be deducted from the gross proceeds of the sale of the Bonds any other incidental expenses relating thereto and the reimbursement of the general tax receipts of the County for any monies previously expended therefrom for the projects more specifically described in this Order.

Section 17. The County hereby covenants that it will take, or refrain from taking, any and all actions necessary to comply with the provisions of Section 103 and Sections 141 through 150, inclusive, of the Internal Revenue Code of 1986, as amended (the "Code"), applicable to the bonds in order to preserve the status of the interest on the Bonds as excluded from gross income for Federal income tax purposes. Without limiting the generality of the covenant set forth in the preceding sentence, (a) the County will not use or permit the use of any of the proceeds of the Bonds or any of the funds of the County in such manner as would cause the interest on the Bonds to be included in gross income for Federal income tax purposes, (b) the County will regulate the investment of the proceeds of the Bonds so as not to cause any of the Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code and the Income Tax Regulations thereunder, (c) the County will, if and to the extent necessary make periodic determinations of the rebate amount and timely pay any rebate amount, or installment thereof, to the United States of America, (d) the County will prepare and timely file Internal Revenue Service Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, and (e) the Director of Finance is hereby authorized and directed to prepare or cause to be prepared and to execute and certificate or other document which may be required in order to assure compliance with the applicable provisions of



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Section 103 and Sections 141 through 150, inclusive, of the Code, and the Income Tax Regulations thereunder.

Section 18. In the event that the proceeds from the sale of the Series A Bonds exceeds the amount needed to finance the projects referred to in Exhibit A, the excess funds shall be either (i) applied to the payment of debt service on the Series A Bonds, (ii) used to finance other public facilities that have received appropriations for expenditure in the capital budget of the County or (iii) applied to the payment of outstanding commercial paper of the County.

Section 19. The Chief Administrative Officer shall by subsequent order, award the Bonds to the winning bidder for the Bonds in accordance with the Notices of Sale and this Order, and take such other action as deemed necessary in connection with the issuance and sale of the Bonds.

Section 20. The Chief Administrative Officer and Director of Finance, and such other officers, employees, and agents of the County are hereby authorized and directed to take such actions, and to provide such certifications of facts and estimates regarding the amount and use of the proceeds of the Bonds, as may be necessary or appropriate from time to time to comply with, or to evidence the County's compliance with the covenants set forth in this Order.

Section 21. This Order shall take effect immediately.



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Dated as of this 21 day of October, 2014.



Isiah Leggett  
 County Executive  
 Montgomery County, Maryland

List of Exhibits

- Exhibit A – Public Facilities
- Exhibit B – Refunded Bonds
- Exhibit C – Forms of Bond
- Exhibit D – Preliminary Official Statement
- Exhibit E - Escrow Deposit Agreement

[Signature page to Executive Order No. B336-14]



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EXHIBIT A

## PUBLIC FACILITIES

<u>PROJECT</u>	<u>AMOUNT</u>
Public Schools and Colleges	\$248,000,000
Roads and Storm Drainage	71,000,000
Mass Transit	45,000,000
General Government	135,000,000
Housing	<u>1,000,000</u>
<b>Total</b>	<b><u>\$500,000,000</u></b>



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EXHIBIT B

REFUNDED BONDS

[See attached]



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Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
<b>Series 2004A, 2004A:</b>					
BOND	09/01/2015	5.000%	18,130,000.00	12/19/2014	100.000
	09/01/2016	4.250%	18,090,000.00	12/19/2014	100.000
	09/01/2017	4.250%	14,390,000.00	12/19/2014	100.000
			<u>50,610,000.00</u>		
<b>Series 2007A, 2007A:</b>					
BOND	05/01/2023	5.000%	12,500,000.00	05/01/2017	100.000
	05/01/2024	5.000%	12,500,000.00	05/01/2017	100.000
	05/01/2025	5.000%	12,500,000.00	05/01/2017	100.000
	05/01/2026	5.000%	12,500,000.00	05/01/2017	100.000
	05/01/2027	5.000%	12,500,000.00	05/01/2017	100.000
			<u>62,500,000.00</u>		
<b>Series 2008A, 2008A:</b>					
BOND	08/01/2020	4.000%	12,500,000.00	08/01/2018	100.000
	08/01/2021	4.000%	12,500,000.00	08/01/2018	100.000
	08/01/2022	4.000%	12,500,000.00	08/01/2018	100.000
	08/01/2023	4.250%	12,500,000.00	08/01/2018	100.000
	08/01/2024	4.600%	12,500,000.00	08/01/2018	100.000
	08/01/2025	4.700%	12,500,000.00	08/01/2018	100.000
	08/01/2026	4.700%	12,500,000.00	08/01/2018	100.000
	08/01/2027	4.750%	12,500,000.00	08/01/2018	100.000
	08/01/2028	4.750%	12,500,000.00	08/01/2018	100.000
			<u>112,500,000.00</u>		
<b>Series 2011A, 2011A:</b>					
BOND	07/01/2021	5.000%	16,000,000.00	07/01/2019	100.000
	07/01/2022	5.000%	16,000,000.00	07/01/2019	100.000
	07/01/2023	5.000%	16,000,000.00	07/01/2019	100.000
	07/01/2024	5.000%	16,000,000.00	07/01/2019	100.000
	07/01/2025	5.000%	16,000,000.00	07/01/2019	100.000
	07/01/2026	5.000%	16,000,000.00	07/01/2019	100.000
	07/01/2029	4.500%	16,000,000.00	07/01/2019	100.000
			<u>112,000,000.00</u>		
			<u>337,610,000.00</u>		



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EXHIBIT C

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF MARYLAND

REGISTERED

REGISTERED

NUMBER R-1

\$

MONTGOMERY COUNTY, MARYLAND

GENERAL OBLIGATION BONDS

CONSOLIDATED PUBLIC IMPROVEMENT [REFUNDING] BONDS OF 2014, SERIES [A/B]

Dated Date

Maturity Date

Interest Rate

CUSIP

%

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT:

MONTGOMERY COUNTY, MARYLAND, a body politic and corporate organized and existing under the Constitution and laws of the State of Maryland (the "County"), hereby acknowledges itself indebted for value received and promises to pay to the registered owner identified above or registered assigns, as hereinafter provided, on the maturity date set forth above, the principal amount set forth above and interest on such principal amount from the dated date set forth above, payable on \_\_\_\_\_ 1, \_\_\_ and on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each succeeding year, at the interest rate set forth above until maturity or earlier redemption. Principal of and interest on this Bond is payable in any lawful money of the United



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<b>Department</b> Department of Finance	<b>Department No.</b> B336-14	<b>Effective Date</b> 10/21/2014

Finance, 101 Monroe Street, 15<sup>th</sup> Floor, Rockville, Maryland 20850, by the Director of Finance of the County (the "Director of Finance"), acting as the bond registrar and paying agent for the Bonds (the "Bond Registrar/Paying Agent"). Payment of each installment of interest hereon shall be made to the registered owner hereof whose name is registered on the registration books (the "Bond Register") maintained by the Bond Registrar, as of the close of business on the fifteenth day of the calendar month immediately preceding each interest payment date, by check mailed to such registered owner at the address last appearing on the Bond Register.

This Bond is one of a duly authorized issue of general obligation bonds of the County, designated "Montgomery County, Maryland General Obligation Bonds, Consolidated Public Improvement [Refunding] Bonds of 2013, Series B" in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds"), all bearing a dated date of \_\_\_\_\_, and which are of like tenor except as to numbers, maturities, interest rates and principal amounts.

[The Series A Bonds are consolidated and issued pursuant to Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume); Section 19-101 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume); Chapter 43 of the Laws of Montgomery County of 2006, Chapter 12 of the Laws of Montgomery County of 2007, Chapter 36 at the Laws of Montgomery County of 2008, Chapter 22 of the Laws of Montgomery County of 2009, and Chapter 54 of the Laws of Montgomery County of 2010, Chapter 24 of the Laws of Montgomery County of 2011, Chapter of the Laws of Montgomery County of 2012 and Chapter 26 of the Laws of Montgomery County of 2013; Resolution No. 16-1104 of the County Council for Montgomery County, Maryland (the "County Council"), adopted on September 15, 2009, as amended; Chapter 20 of the Code of Montgomery County, provisions of the Montgomery County Charter, and Executive Orders of the County Executive of the County, as supplemented.]

OR

[The Series B Bonds are issued pursuant to Sections 10-203 and Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume), Resolution No. 16-1152 adopted by the County Council ("County Council") on October 20, 2009, as amended, provisions of the Montgomery County Charter, and Executive Orders of the County Executive of the County, as supplemented.]

The Bonds are issuable only in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount maturing in any year.

The Bonds mature, subject to prior redemption, on \_\_\_\_\_ 1 in each of the years \_\_\_\_ to \_\_\_\_\_, inclusive, and in the following principal amounts, and bear interest at the following rates per annum:



# MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

<b>Subject</b> Authorizing the issuance of Consolidated Public Improvement Bonds of 2014, Series A and Consolidated Public Improvement Refunding Bonds of 2014 Series B	<b>Executive Order No.</b>  191-14	<b>Subject Suffix</b>
<b>Department</b> Department of Finance	<b>Department No.</b> B336-14	<b>Effective Date</b> 10/21/2014

	Principal	Interest		Principal	Interest
<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>

[The Bonds which mature on or before \_\_\_\_\_ 1, 20\_\_\_\_, are not subject to redemption prior to their respective maturities. The Bonds which mature on or after \_\_\_\_\_ 1, 20\_\_\_\_, are subject to redemption beginning \_\_\_\_\_ 1, 20\_\_\_\_, as a whole or in part at any time thereafter, in any order of their maturities, at the option of the County, at a redemption price for each Bond equal to the principal amount of the Bond to be redeemed, together with interest accrued to the date fixed for redemption, without premium. OR

The Bonds are not subject to redemption prior to their stated maturities.]

If the County elects to redeem all or a portion of the Bonds outstanding, it shall give a redemption notice to the registered owners of the Bonds to be redeemed by publication at least once, at least thirty (30) days prior to the date of redemption, in a newspaper of general circulation in the County. The County shall also give a redemption notice by letter mailed first class, postage prepaid, to the registered owners of the Bonds to be redeemed at their last addresses appearing on the registration books maintained by the Bond Registrar/Paying Agent; provided, however, that so long as DTC or its nominee is the sole registered owner of the Bonds, any redemption notice will be given only to DTC. The failure to mail such notice with respect to a particular bond or any defect in such notice, or in the mailing thereof, shall not affect the sufficiency of proceedings for the redemption of any other bond. The redemption of the Bonds is conditioned upon the deposit of sufficient money for the payment of the redemption price and accrued interest on the Bonds to be redeemed on the date designated for such redemption.

If less than all of the Bonds of any one maturity are called for redemption, the particular bonds, or portions of such bonds, to be redeemed from such maturity shall be selected by the Bond Registrar/Paying Agent, or his successor as bond registrar and paying agent, by lot or other random means in such manner as the Bond Registrar/Paying Agent in its sole discretion may determine, except that so long as the Bonds are held in Book-Entry Form and the Depository Trust Company, New York, New York ("DTC") or its



# MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

<b>Subject</b> Authorizing the issuance of Consolidated Public Improvement Bonds of 2014, Series A and Consolidated Public Improvement Refunding Bonds of 2014 Series B	<b>Executive Order No.</b> 191-14	<b>Subject Suffix</b>
<b>Department</b> Department of Finance	<b>Department No.</b> B336-14	<b>Effective Date</b> 10/21/2014

nominee is the sole registered owner of the Bonds, the particular bonds or the portion to be redeemed shall be selected by DTC, in such manner as DTC shall determine. Each \$5,000 portion of a bond shall be treated as a separate bond in the selection of Bonds to be redeemed.

In the event that part, but not all of any Bond is called for redemption, DTC, in its discretion, may (i) request the Bond Registrar/Paying Agent to authenticate and deliver a new Bond in accordance with an Order of the County Executive of the County or surrender such Bond to the Bond Registrar/Paying Agent, or (ii) shall make appropriate notation on the Bond indicating the principal amount of such redemption and the date thereof on the Payment Grid attached hereto. The principal amount of this Bond outstanding at any time shall be equal to the lesser of the principal sum shown on the face hereof and such principal sum reduced by the principal amount of any partial redemption of this Bond. Failure of the holder of this Bond to note the principal amount of any partial redemption on the Payment Grid attached hereto, or any inaccuracy therein, shall not affect the payment obligation of the County hereunder. **THEREFORE, IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER A PORTION OF THE PRINCIPAL OF THIS BOND HAS BEEN PAID.**

This Bond is transferable only upon the Bond Register by the registered owner hereof in person or by the registered owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer in the form of the Assignment shown hereon or such other form as shall be satisfactory to the Bond Registrar/Paying Agent, duly executed by the registered owner or the registered owner's duly authorized attorney. Within a reasonable time after such surrender, the County shall issue in the name of the transferee or transferees a new bond or bonds of any authorized denomination, in an aggregate principal amount equal to the principal amount of this Bond, and maturing on the same date and bearing interest at the same rate as this Bond. The new bond or bonds shall be delivered to the transferee or transferees only after payment of any required tax or other governmental charge relating to such transfer and only after due authentication thereof by an authorized officer of the Bond Register.

No Bonds will be transferred unless DTC determines to discontinue providing its services as securities depository or directs that the Bonds be reregistered in a different name, or unless DTC is removed by the County as provided herein. Transfers of beneficial ownership of the Bonds will be effected on the records of DTC and its Participants pursuant to rules and procedures established by DTC.

The County may, in its discretion, at any time, replace any Depository as the depository for the Bonds with another qualified Depository or discontinue the maintenance of the Bonds under a book-entry system upon at least 30 days prior notice to the Depository (or such fewer number of days as shall be acceptable to such Depository). A copy of such notice shall be delivered promptly to the Paying Agent/Registrar.

If the County discontinues the maintenance of the Bonds under the Book-Entry System, the County will issue or cause to be issued replacement certificated bonds directly to direct or indirect participants of DTC or its nominee ("Participants") as shown on the records of DTC or, to the extent requested in writing by any Participant in a form satisfactory to the County, to the beneficial owners of the Bonds. The County shall make provisions to notify Participants and the beneficial owners of the



# MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

<b>Subject</b> Authorizing the issuance of Consolidated Public Improvement Bonds of 2014, Series A and Consolidated Public Improvement Refunding Bonds of 2014 Series B	<b>Executive Order No.</b> 191-14	<b>Subject Suffix</b>
<b>Department</b> Department of Finance	<b>Department No.</b> B336-14	<b>Effective Date</b> 10/21/2014

Bonds, by mailing an appropriate notice to DTC, or by other means deemed appropriate by the County in its discretion, that it will issue replacement bonds directly to the Participants as shown on the records of DTC or, to the extent requested in writing by any Participant, to the beneficial owners of the Bonds shown on the records of such Participant, as of a date set forth in such notice, which shall be a date at least 10 days after the date of mailing of such notice (or such fewer number of days as shall be acceptable to the DTC).

In the event that replacement bonds are to be issued to Participants or to beneficial owners of the Bonds, the County shall promptly have prepared replacement bonds in certificated form registered in the names of such Participants as shown on the records of DTC or, if requested in writing by such Participants, in the names of the beneficial owners of the Bonds, as shown on the records of such Participants as of the date set forth in the notice delivered in accordance with the immediately preceding paragraph. Replacement bonds issued to Participants or to beneficial owners shall be in authorized denominations and be in fully registered form in substantially the form set forth in an order of the County Executive.

Replacement bonds issued to DTC shall have the same terms, form and content as the Bonds initially registered in the name of DTC or its nominee to be replaced except for the name of the record owner.

DTC or its nominee and its Participants and the beneficial owners of the Bonds, by their acceptance of the Bonds, agree that neither the County nor the Bond Registrar /Paying Agent shall have any liability for the failure of any Depository to perform its obligations to the Participants and the beneficial owners of the Bonds, nor shall the County or the Bond Registrar /Paying Agent be liable for the failure of any Participant or other nominee of the beneficial owners to perform any obligation the Participant may incur to a beneficial owner of the Bonds

The County and the Bond Registrar /Paying Agent may treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and premium, if any, and interest hereon and for all other purposes and neither the County nor the Bond Registrar /Paying Agent shall be affected by notice to the contrary.

The full faith and credit and unlimited taxing power of the County are hereby irrevocably pledged to the payment of the principal of and interest on this Bond according to its terms.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Maryland and by the Charter or the laws of the County to exist, to have happened or to have been performed precedent to or in the issuance of this Bond, exist, have happened and have been performed, and that the issue of bonds of which this is one, together with all other indebtedness of the County, is within every debt and other limit prescribed by such Constitution, statutes, Charter or laws.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon has been manually signed by an authorized signer of the Bond Registrar/Paying Agent.



# MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

<b>Subject</b> Authorizing the issuance of Consolidated Public Improvement Bonds of 2014, Series A and Consolidated Public Improvement Refunding Bonds of 2014 Series B	<b>Executive Order No.</b>  191-14	<b>Subject Suffix</b>
<b>Department</b> Department of Finance	<b>Department No.</b> B336-14	<b>Effective Date</b> 10/21/2014

IN WITNESS WHEREOF, MONTGOMERY COUNTY, MARYLAND has caused this Bond to be executed in its name by the manual or facsimile signature of its County Executive and a facsimile of its Seal to be imprinted or otherwise reproduced hereon, attested by the manual or facsimile signature of its Director of Finance, all as of the \_\_\_\_ day of November, 2014.

MONTGOMERY COUNTY, MARYLAND

By: *Isiah Leggett*  
Isiah Leggett  
County Executive

(COUNTY SEAL)

ATTEST:

By: \_\_\_\_\_  
Joseph F. Beach  
Director of Finance



# MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Authorizing the issuance of Consolidated Public Improvement Bonds of 2014, Series A and Consolidated Public Improvement Refunding Bonds of 2014 Series B	Executive Order No.  191-14	Subject Suffix
Department Department of Finance	Department No. B336-14	Effective Date 10/21/2014

## CERTIFICATE OF AUTHENTICATION

The undersigned hereby certifies that this is one of the registered bonds of the Montgomery County, Maryland Consolidated Public Improvement [Refunding] Bonds of 2014, Series A.

DIRECTOR OF FINANCE,

MONTGOMERY COUNTY, MARYLAND

Bond Registrar/Paying Agent

By: \_\_\_\_\_  
Authorized Signer

Date of Authentication: \_\_\_\_\_



# MONTGOMERY COUNTY EXECUTIVE ORDER

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<b>Subject</b> Authorizing the issuance of Consolidated Public Improvement Bonds of 2014, Series A and Consolidated Public Improvement Refunding Bonds of 2014 Series B	<b>Executive Order No.</b>  191-14	<b>Subject Suffix</b>
<b>Department</b> Department of Finance	<b>Department No.</b> B336-14	<b>Effective Date</b> 10/21/2014

### ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_ (Please Print or Type Name and Address of Assignee) the within bond and all rights thereunder and hereby irrevocably does constitute and appoint \_\_\_\_\_ attorney to transfer the bond on books kept for the registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
 \_\_\_\_\_  
 (Please Insert Social Security or Other Identifying Number or Assignee)

\_\_\_\_\_  
 (Name of Registered Owner)  
 Notice: The signature above must correspond with the name of the registered owner as it appears on the front of this bond in every particular, without alteration or enlargement or any change whatsoever.



# MONTGOMERY COUNTY EXECUTIVE ORDER

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<b>Subject</b> Authorizing the issuance of Consolidated Public Improvement Bonds of 2014, Series A and Consolidated Public Improvement Refunding Bonds of 2014 Series B	<b>Executive Order No.</b>  191-14	<b>Subject Suffix</b>
<b>Department</b> Department of Finance	<b>Department No.</b> B336-14	<b>Effective Date</b> 10/21/2014

EXHIBIT D

PRELIMINARY OFFICIAL STATEMENT

SAVINGS BY MATURITY

Montgomery County, Maryland  
 Series 2014 General Obligation Bonds  
 MMD and SLGS Escrow as of 10/14/2014  
 Up-Front Savings  
 Preliminary Numbers; Subject to Change

Bond	Maturity Date	Interest Rate	Par Amount	Adjusted Savings	Adjusted Savings Percent
REF, Series 2004A, 2004A:					
BOND	09/01/2015	5.000%	18,130,000.00	893,090.55	4.926%
	09/01/2016	4.250%	18,090,000.00	1,176,329.01	6.503%
	09/01/2017	4.250%	14,390,000.00	1,327,178.88	9.223%
			50,610,000.00	3,396,598.43	
REF, Series 2007A, 2007A:					
BOND	05/01/2023	5.000%	12,500,000.00	1,688,629.31	13.509%
	05/01/2024	5.000%	12,500,000.00	1,943,796.06	15.550%
	05/01/2025	5.000%	12,500,000.00	2,148,436.19	17.187%
	05/01/2026	5.000%	12,500,000.00	1,915,182.00	15.321%
	05/01/2027	5.000%	12,500,000.00	1,901,581.43	15.213%
			62,500,000.00	9,597,625.00	
REF, Series 2008A, 2008A:					
BOND	08/01/2020	4.000%	12,500,000.00	422,289.13	3.378%
	08/01/2021	4.000%	12,500,000.00	506,767.22	4.054%
	08/01/2022	4.000%	12,500,000.00	578,386.55	4.627%
	08/01/2023	4.250%	12,500,000.00	873,521.77	6.988%
	08/01/2024	4.600%	12,500,000.00	1,236,979.86	9.896%
	08/01/2025	4.700%	12,500,000.00	1,056,641.07	8.453%
	08/01/2026	4.700%	12,500,000.00	1,026,874.41	8.215%
	08/01/2027	4.750%	12,500,000.00	1,051,798.52	8.414%
	08/01/2028	4.750%	12,500,000.00	1,467,714.47	11.742%
			112,500,000.00	8,220,973.02	
REF, Series 2011A, 2011A:					
BOND	07/01/2021	5.000%	16,000,000.00	722,442.21	4.515%
	07/01/2022	5.000%	16,000,000.00	950,457.54	5.940%
	07/01/2023	5.000%	16,000,000.00	1,285,002.18	8.031%
	07/01/2024	5.000%	16,000,000.00	1,556,084.06	9.726%
	07/01/2025	5.000%	16,000,000.00	1,279,363.38	7.996%
	07/01/2026	5.000%	16,000,000.00	1,276,158.75	7.976%
	07/01/2029	4.500%	16,000,000.00	1,360,232.66	8.501%
			112,000,000.00	8,429,740.79	
			337,610,000.00	29,644,937.25	

REFUNDING NUMBERS UPDATED AFTER  
 DRAFT POS PREPARATION

Note: Calculated Using Remaining Maturities

## Municipal Advisor Disclaimer

The enclosed information relates to an existing or potential municipal advisor engagement.

The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons,

This material was prepared by public finance, or other non-research personnel of Davenport. This material was not produced by a research analyst, although it may refer to a Davenport research analyst or research report. Unless otherwise indicated, these views (if any) are the author's and may differ from those of the Davenport fixed income or research department or others in the firm. Davenport may perform or seek to perform financial advisory services for the issuers of the securities and instruments mentioned herein.

This material has been prepared for information purposes only and is not a solicitation of any offer to buy or sell any security/instrument or to participate in any trading strategy. Any such offer would be made only after a prospective participant had completed its own independent investigation of the securities, instruments or transactions and received all information it required to make its own investment decision, including, where applicable, a review of any offering circular or memorandum describing such security or instrument. That information would contain material information not contained herein and to which prospective participants are referred. This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. We make no representation or warranty with respect to the completeness of this material. Davenport has no obligation to continue to publish information on the securities/instruments mentioned herein. Recipients are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of obligations under any securities/instruments transaction.

The securities/instruments discussed in this material may not be suitable for all investors or issuers. Recipients should seek independent financial advice prior to making any investment decision based on this material. This material does not provide individually tailored investment advice or offer tax, regulatory, accounting or legal advice. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences, of the transaction. You should consider this material as only a single factor in making an investment decision.

The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport.

01.13.14 PW/JM

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2014

**NEW ISSUE -- BOOK-ENTRY ONLY**

**Fitch Ratings:**  
**Moody's Investors Service:**  
**Standard and Poor's:**  
(See "Ratings")

**\$759,540,000\***  
**MONTGOMERY COUNTY, MARYLAND**  
**General Obligation Bonds**  
consisting of

**\$500,000,000\* Consolidated Public Improvement Bonds of 2014, Series A**

**\$259,540,000\* Consolidated Public Improvement Refunding Bonds of 2014, Series B**

**Dated: Date of Initial Delivery**

**Due: As shown on inside front cover**

The Consolidated Public Improvement Bonds of 2014, Series A (the "Series A Bonds") and the Consolidated Public Improvement Refunding Bonds of 2014, Series B (the "Series B Bonds" and together with the Series A Bonds, collectively, the "Bonds") are issuable by Montgomery County, Maryland (the "County") in fully registered form in the denomination of \$5,000 or any integral multiple thereof. Interest on the Bonds will be payable semi-annually on May 1 and November 1, commencing May 1, 2015 until maturity or earlier redemption. The County will perform the paying agency and registrar services described in this Official Statement; provided that if the book-entry only system is discontinued, the County will appoint a financial institution to perform such services on its behalf (the County and any paying agent/registrar subsequently appointed are hereinafter collectively referred to as the "Paying Agent/Registrar"). Except as otherwise governed by the procedures of The Depository Trust Company, New York, New York ("DTC"), principal of and premium, if any, on the Bonds will be payable to the registered holder when due upon presentation to the Paying Agent/Registrar.

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., 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.

*In the opinion of Bond Counsel, under existing law, (i) the Series A 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 or by any of its political subdivisions, or any other public entity (ii) interest on the Series B Bonds and profit realized from their sale or exchange will be exempt from State of Maryland income taxation. 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."*

**FOR AMOUNTS, MATURITIES, INTEREST RATES,  
PRICE OR YIELDS AND CUSIPS, SEE INSIDE COVER**

**DELIVERY:** The Bonds are offered for delivery when, as and if issued, subject to the approving legal opinion of McKennon Shelton & Henn LLP, Bond Counsel, and other conditions specified in the official Notices of Sale for the Bonds as set forth in Appendix D. It is expected that the Bonds in definitive form will be available for delivery through DTC in New York, New York, on or about November 19, 2014.

The date of this Official Statement is \_\_\_\_\_.

**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.**

\*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion and amendment without notice. The Bonds may not be sold nor may an offer be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**AMOUNTS, MATURITIES, INTEREST RATES AND PRICES OR YIELDS**

**\$500,000,000\* Consolidated Public Improvement Bonds of 2014, Series A**

<u>Maturing Nov 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP</u>	<u>Maturing Nov 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP</u>
2015	\$25,000,000	%	%		2025	\$25,000,000	%	%*	
2016	25,000,000				2026	25,000,000			
2017	25,000,000				2027	25,000,000			
2018	25,000,000				2028	25,000,000			
2019	25,000,000				2029	25,000,000			
2020	25,000,000				2030	25,000,000			
2021	25,000,000				2031	25,000,000			
2022	25,000,000				2032	25,000,000			
2023	25,000,000				2033	25,000,000			
2024	25,000,000				2034	25,000,000			

**\$259,540,000\* Consolidated Public Improvement Refunding Bonds of 2014, Series B**

<u>Maturing Nov 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP</u>
	\$	%	%	

\* Preliminary, subject to change.

\*\*Priced to the first optional redemption date of November 1, 2024.

The rates shown above are the interest rates payable by the County resulting from the successful bid for Bonds by a group of banks and investment banking firms at public sale on November 6, 2014. The yields or prices shown above were furnished by the successful bidders. Any additional information concerning the reoffering of the Bonds should be obtained from the successful bidders and not from the County.

The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. that is not affiliated with the County, and the County is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products. The County has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the assigned CUSIP numbers set forth above.

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

OFFICIAL STATEMENT DATED \_\_\_\_\_, 2014

**\$759,540,000\***  
**MONTGOMERY COUNTY, MARYLAND**  
**General Obligation Bonds**  
**consisting of**

**\$500,000,000\* Consolidated Public Improvement Bonds of 2014, Series A**

**\$259,540,000\* Consolidated Public Improvement Refunding Bonds of 2014, Series B**



No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. 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 Bonds by any person in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and other sources which are deemed to be reliable but is not guaranteed as to accuracy or completeness.

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\*Preliminary, subject to change

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

**COUNTY EXECUTIVE**

Isiah Leggett

**COUNTY COUNCIL**

Craig Rice	<i>President</i>
George L. Leventhal	<i>Vice President</i>
Phil Andrews	
Marc Elrich	
Cherri Branson	
Nancy Floreen	
Nancy Navarro	
Roger Berliner	
Hans Riemer	

The terms of the County Executive and all County Council members expire in December 2014.

**APPOINTED OFFICIALS**

Timothy L. Firestine	<i>Chief Administrative Officer</i>
Joseph F. Beach	<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**

Davenport & Company LLC  
Towson, Maryland

**VERIFICATION AGENT**

[ ]

**INDEPENDENT PUBLIC ACCOUNTANTS**

CliftonLarsonAllen LLP  
Timonium, Maryland

**ESCROW DEPOSIT AGENT**

U.S. Bank National Association  
Richmond, Virginia

**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>

## 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").
- Issues:** \$500,000,000\* Consolidated Public Improvement Bonds of 2014, Series A (the "Series A Bonds") and \$259,540,000\* Consolidated Public Improvement Refunding Bonds of 2014, Series B (the "Series B Bonds" and together with the Series A Bonds, collectively, the "Bonds").
- Dated Date:** Date of Initial Delivery.
- Security:** The Bonds will be general obligation bonds to which the full faith and credit and unlimited taxing power of the County will be pledged.
- Purpose:** The proceeds of the Series A Bonds will be used to finance the costs of certain capital projects in the County and refinance all or a portion of certain bond anticipation notes, the proceeds of which financed certain capital projects in the County. The proceeds of the Series B Bonds will be used to refund certain of the County's general obligation bonds. See "DESCRIPTION OF THE BONDS – Purpose of the Bonds".
- Authority of Issuance:** The Bonds are issued under the provisions of the laws of the State of Maryland, the Montgomery County Charter, certain actions by the county, certain laws of the County, as amended, and an Executive Order of the County Executive of the County (the "County Executive"). See "DESCRIPTION OF THE BONDS – Authority for the Bonds."
- Redemption:** The Bonds are subject to redemption prior to their stated maturities as described herein. See "DESCRIPTION OF THE BONDS – Redemption Provisions".
- Denominations:** \$5,000 or integral multiples thereof.
- Paying Agent/Registrar:** The County will perform the paying agency and registrar services described in this Official Statement; provided that, if the book-entry only system is discontinued, the County may appoint a financial institution to perform such services on its behalf (the County and any paying agent/registrar subsequently appointed are hereinafter collectively referred to as the "Paying Agent/Registrar").
- Principal Payments:** Payable annually on the dates and in the principal amounts shown on the inside cover to this Official Statement.
- Interest Payments:** Interest on the Bonds will be payable semi-annually on May 1 and November 1, commencing May 1, 2015 until maturity or earlier redemption.
- Book-Entry Only:** The Bonds will be issued as book-entry only securities through The Depository Trust Company, New York, New York ("DTC").
- Delivery:** Delivery of the Bonds is expected on or about November 19, 2014 through the facilities of DTC, on behalf of the purchaser of the Bonds.

\*Preliminary, subject to change

**Limitations on Offering and Reoffering Securities:**

No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations other than those contained in the Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or 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 offer, solicitation or sale.

**Litigation:**

There is no litigation now pending or, to the knowledge of County Attorney, threatened which questions the validity of the Bonds or of any proceedings of the County taken with respect to the issuance or sale thereof.

**Continuing Disclosure:**

The County will covenant to provide continuing disclosure.

*In order to enable participating underwriters, as defined in Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12" or "Rule"), to comply with the requirements of paragraph (b)(5) of Rule 15c2-12, the County will execute and deliver a 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 B. See "CONTINUING DISCLOSURE UNDERTAKING."*

*This Official Statement is in a form deemed final as of its date for purposes of Rule 15c2-12, but is subject to minor revision or amendment in accordance with the Rule. Not later than seven business days following the award of the Bonds, the County shall provide copies of this Official Statement to the initial purchaser of the Bonds.*

*The initial purchaser of the Bonds will be supplied with Official Statements in a quantity sufficient to meet its request. Up to [100] copies of the Official Statement will be furnished to such purchaser without cost.*

*The information set forth herein has been obtained from the County and other sources which are believed to be reliable. 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 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.*

*Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and are not representations of fact, and no representation is made that any of the estimates will be realized. The county disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained, herein to reflect any changes in the County's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.*

NO REGISTRATION STATEMENT RELATING TO THE BONDS HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR WITH ANY STATE SECURITIES AGENCY. 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.

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 ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO AND THE INFORMATION INCORPORATED HEREIN BY REFERENCE, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES AND THE INFORMATION INCORPORATED HEREIN BY REFERENCE, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

## DESCRIPTION OF THE BONDS

### *Purpose of the Bonds*

The proceeds of the Series A Bonds will be used to (i) pay the costs of issuing the Series A Bonds, (ii) finance and refinance the acquisition, construction and equipping of certain public facilities in the County (the "Consolidated Public Improvement Projects") described in the County's Approved FY15-20 Capital Improvements Program, and (iii) refinance all or 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, as amended, as follows: General County (\$135,000,000), Roads and Storm Drainage (\$71,000,000), Public Schools and Community College (\$248,000,000), Mass Transit (\$45,000,000), and Housing (\$1,000,000).

The proceeds of the Series B Bonds will be used to refund a portion of the County's outstanding (i) Consolidated Public Improvement Refunding Bonds of 2004, Series A; Consolidated Public Improvement Bonds of 2007, Series A; Consolidated Public Improvement Bonds of 2008, Series A, and Consolidated Public Improvement Bonds of 2011, Series A (together, the "Refunded Bonds"); and (ii) to pay a portion of the costs of issuing the Series B Bonds. See Appendix C for a list of the Refunded Bonds and their respective dates of redemption.

A portion of the proceeds of the Series B Bonds will be deposited by the Director of Finance of the County with U.S. Bank National Association (the "Escrow Agent") in a trust fund for each series of the Refunded Bonds (the "Escrow Deposit Fund"), such fund or funds to be established under an Escrow Agreement to be entered into by and between the County and the Escrow Agent with respect to the Refunded Bonds (the "Escrow Agreement"). The Escrow Agent will apply all of the funds so deposited in the Escrow Deposit Fund to pay the redemption price of the Refunded Bonds on their respective dates of redemption as described on Appendix C. Amounts on deposit in the Escrow Deposit Fund will be pledged only to the payment of the principal of and interest on the Refunded Bonds and are not available for the payment of principal, redemption premium, if any, or interest on the Bonds.

### *Authority for the Bonds*

The Series A Bonds are consolidated and issued pursuant to Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2014 Supplement) ("Section 10-203"); Section 19-101 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2014 Supplement); Chapter 36 of the Laws of Montgomery County of 2008, Chapter 22 of the Laws of Maryland 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 of 2012, and Chapter 26 of the Laws of Montgomery County of 2013; Resolution No. 16-1104 of the County Council for Montgomery County, Maryland (the "County Council"), adopted on September 15, 2009, as amended and supplemented; Chapter 20 of the Code of Montgomery County, provisions of the Montgomery County Charter, and an Executive Order of the County Executive of the County, as supplemented (the "Executive Order").

The Series B Bonds are issued pursuant to Section 10-203, Section 19-207 of the Annotated Code of Maryland (2013 Replacement Volume and 2014 Supplement), a Resolution adopted by the County Council on October 20, 2009, as amended, provisions of the Montgomery County Charter, and the Executive Order.

### *Security for the Bonds*

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 of Montgomery County, Maryland 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."

### ***Redemption Provisions***

Bonds which mature on or before November 1, 2024, are not subject to redemption prior to their respective maturities. Bonds which mature on or after November 1, 2025, are subject to redemption beginning November 1, 2024 as a whole or in part at any time thereafter, in any order of their maturities, at the option of the County, at a redemption price for each bond equal to the principal amount of the Bond to be redeemed, together with interest accrued to the date fixed for redemption, without premium.

If less than all of the Bonds of any one maturity are called for redemption, the particular bonds, or portions of such bonds, to be redeemed from such maturity shall be selected by the Director of Finance of the County, acting as bond registrar and paying agent for the Bonds, or its successor as bond registrar and paying agent (the "Bond Registrar/Paying Agent") by lot or other random means in such manner as the Bond Registrar/Paying Agent in its sole discretion may determine, except that so long as DTC or its nominee is the sole registered owner of the Bonds, the particular bonds or portion to be redeemed shall be selected by DTC, in such manner as DTC shall determine. Each \$5,000 portion of a bond shall be treated as a separate bond in the selection of the Bonds to be redeemed.

If the County elects to redeem all or a portion of a series of the Bonds outstanding, it shall give a redemption notice to the registered owners of such Bonds to be redeemed by publication at least once, at least thirty (30) days prior to the date of redemption, in a newspaper of general circulation in the County. The County shall also give a redemption notice by letter mailed first class, postage prepaid, to the registered owners of the Bonds to be redeemed at their last addresses appearing on the registration books maintained by the Bond Registrar/Paying Agent; provided, however, that so long as DTC or its nominee is the sole registered owner of such Bonds, any redemption notice will be given only to DTC. The failure to mail such notice with respect to a particular bond or any defect in such notice, or in the mailing thereof, shall not affect the sufficiency of proceedings for the redemption of any other bond. The redemption of the Bonds is conditioned upon the deposit of sufficient money for the payment of the redemption price and accrued interest on the Bonds to be redeemed on the date designated for such redemption.

Notwithstanding the foregoing, so long as the Bonds are maintained under a book-entry system, selection of the Bonds to be redeemed shall be made in the manner described below under "Book-Entry Only System" and notice of redemption shall be mailed only to DTC.

### ***Book-Entry Only 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](http://www.dtcc.com) and [www.dtc.org](http://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 Issuer 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 or redemption price 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 obligations 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.

THE COUNTY AND PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE BONDS (A) PAYMENTS OF THE PRINCIPAL OF, OR INTEREST ON, THE BONDS, OR (B) CONFIRMATION OF OWNERSHIP INTERESTS IN THE BONDS, OR (C) NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWING IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

#### **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/AIS2014.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/FY2013\\_CAFR.pdf](http://www.montgomerycountymd.gov/mcerp/Resources/Files/FY2013_CAFR.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 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, 2013, please see the AIS.

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**Table 1**  
**Statement of Direct and Overlapping Debt**  
**As of June 30, 2014**  
**And Including Proposed General Obligation Bonds**

Direct Debt as of June 30, 2014		
General Obligation Bonds Outstanding*	\$2,002,390,000	
General Obligation Variable Rate Demand Obligations	100,000,000	
Short-Term BANS/Commercial Paper Outstanding**	0	
Proposed General Obligation Bonds	500,000,000	
Proposed General Obligation Refunding Bonds***	259,540,000	
Revenue Bonds Outstanding	<u>196,875,000</u>	
<b>Total Direct Debt</b>		<b>\$3,058,805,000</b>
Overlapping Debt as of June 30, 2013		
Gross Debt:		
Washington Suburban Sanitary Commission		
Applicable to Montgomery County	1,406,111,000	
Housing Opportunities Commission	669,408,769	
Montgomery County Revenue Authority	90,501,519	
Maryland-National Capital Park and Planning Commission		
Applicable to Montgomery County	33,904,922	
Kingsview Village Center Development District as of June 30, 2014	1,570,000	
West Germantown Development District as of June 30, 2014	13,505,000	
Towns, Cities and Villages within Montgomery County	<u>52,027,910</u>	
<b>Total Overlapping Debt</b>		<b><u>\$2,267,029,120</u></b>
<b>Total Direct and Overlapping Debt</b>		<b>\$5,325,834,120</b>
Less Self-Supporting Debt:		
County Government Revenue Bonds as of June 30, 2014	196,875,000	
Washington Suburban Sanitary Commission		
Applicable to Montgomery County	1,406,111,000	
Montgomery County Revenue Authority	669,408,769	
Montgomery County Revenue Authority	90,501,519	
Maryland-National Capital Park and Planning Commission		
Applicable to Montgomery County	<u>222,228</u>	
<b>Total Self-Supporting Debt</b>		<b>(2,363,118,516)</b>
<b>Net Direct and Overlapping Debt</b>		<b><u>\$2,962,715,604</u></b>
Ratio of Debt to June 30, 2014 Assessed Valuation of (100% Assessment):		
Direct Debt		\$163,601,192,842
		1.87%
Net Direct Debt ****		1.75%
Direct and Overlapping Debt		3.26%
Net Direct and Overlapping Debt		1.81%
Ratio of Debt to June 30, 2014 Market Value of:		
Direct Debt		\$178,263,765,645
		1.72%
Net Direct Debt ****		1.61%
Direct and Overlapping Debt		2.99%
Net Direct and Overlapping Debt		1.66%

\* This amount has been reduced by \$268,110,000 the amount of the Refunded Bonds (see Appendix C).

\*\* Preliminary, subject to change.

\*\*\* Net of amount retired with proceeds Series A Bonds.

\*\*\*\* Net Direct Debt of \$2,861,930,000 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, 2014**  
**And Including Proposed General Obligation Bonds**

June 30, 2014 Assessed Valuation - Real Property		\$159,891,865,334
Debt Limit (% of Assessed Valuation)		<u>6.00%</u>
Subtotal Limitation - Real Property		<u>9,593,511,920</u>
June 30, 2014 Assessed Valuation - Personal Property		3,709,327,508
Debt Limit (% of Assessed Valuation)		<u>15.00%</u>
Subtotal Limitation - Personal Property		<u>556,399,126</u>
Total Assessed Valuation - Real and Personal Property		163,601,192,842
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds		10,149,911,046
Less Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds Outstanding (see Table 1)	\$2,002,390,000	
General Obligation Variable Rate Demand Obligations	100,000,000	
Proposed General Obligation Bonds	500,000,000	
Proposed General Obligation Refunding Bonds*	259,540,000	
Short-Term BANs/Commercial Paper Outstanding	<u>0</u>	
Net Direct Debt		<u>2,861,930,000</u>
Legal Debt Margin		<u>\$7,287,981,046</u>
Net Direct Debt as a Percentage of Assessed Valuation		1.75%

\* Preliminary, subject to change.

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**Table 3**  
**General Obligation Debt of the County**  
**As of June 30, 2013 and June 30, 2014**

<u>Issue</u>	<u>Dated</u> <u>Date</u>	<u>Original</u> <u>Issue</u> <u>Size</u>	<u>Original</u> <u>Coupon</u> <u>Rates</u>	<u>TIC (1)</u>	<u>Maturity</u>	<u>Principal</u> <u>Outstanding</u> <u>June 30, 2013</u>	<u>Principal</u> <u>Outstanding</u> <u>June 30, 2014</u>
GO Bonds	03/15/04	\$154,600,000	3.00-5.00%	3.8290%	2005-24	\$ 7,730,000	-
GO Refunding Bonds	08/15/04	97,690,000	3.00-5.25	3.7208	2008-17	74,895,000	\$ 62,780,000
GO Bonds	05/15/05	200,000,000	4.00-5.00	3.8806	2006-25	20,000,000	10,000,000
GO Refunding Bonds	06/01/05	120,355,000	5.00	3.7817	2011-21	114,175,000	107,515,000
GO Bonds	05/01/06	100,000,000	4.25-5.00	3.8711	2007-16	30,000,000	20,000,000
GO VRDO (2)	06/07/06	100,000,000	variable	variable	2017-26	100,000,000	100,000,000
GO Bonds	05/01/07	250,000,000	5.00	4.0821	2008-27	112,500,000	100,000,000
GO Refunding Bonds	03/12/08	70,295,000	2.75-5.00	2.8965	2009-15	10,150,000	5,050,000
GO Bonds	07/15/08	250,000,000	3.00-5.00	4.1809	2009-28	200,000,000	187,500,000
GO Bonds (3)	11/03/09	232,000,000	3.75-5.00	3.1774	2015-29	232,000,000	232,000,000
GO Refunding Bonds	11/03/09	161,755,000	2.00-5.00	2.6487	2011-20	147,915,000	132,150,000
GO Bonds	11/17/09	78,000,000	2.00-5.00	1.1823	2010-14	31,200,000	15,600,000
GO Bonds	07/08/10	195,000,000	2.00-5.00	2.2596	2011-22	162,500,000	146,250,000
GO Bonds (4)	07/08/10	130,000,000	4.75-5.40	5.0708	2023-30	130,000,000	130,000,000
GO Bonds	08/11/11	320,000,000	2.00-5.00	3.2268	2012-31	304,000,000	288,000,000
GO Refunding Bonds	08/11/11	237,655,000	2.00-5.00	1.9896	2012-22	226,670,000	217,920,000
GO Bonds	10/24/12	295,000,000	2.50-5.00	2.2599	2013-32	295,000,000	280,250,000
GO Refunding Bonds	10/24/12	23,360,000	2.50-5.00	0.3812	2013-16	23,360,000	15,570,000
GO Bonds	11/26/13	295,000,000	3.00-5.00	3.1270	2014-33	295,000,000	295,000,000
GO Refunding Bonds	11/26/13	24,915,000	5.00	2.7745	2023-24	<u>24,915,000</u>	<u>24,915,000</u>
<b>Total</b>						<u><b>\$2,542,010,000</b></u>	<u><b>\$2,370,500,000</b></u>

(1) True Interest Cost

(2) Variable Rate Demand Obligations

(3) Federally Taxable – Build America Bonds – Direct Pay

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

Note: The County expects to refund certain General Obligation Bonds with a portion of the proceeds of the Series B Bonds.  
No assurance can be given that such refunding will occur due to changing market conditions.

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**Table 4**  
**General Obligation Bonds Authorized – Unissued**  
**As of June 30, 2014**

<u>Purpose</u>	<u>Chapter</u>	<u>Act</u>	<u>Amount</u>	<u>Amount Unissued</u>
General County, Parks, and Consolidated Fire Tax District	54	2010	\$341,600,000	\$317,390,000
	24	2011	65,400,000	65,400,000
	19	2012	13,900,000	13,900,000
	26	2013	<u>331,600,000</u>	<u>331,600,000</u>
			<u>752,500,000</u>	<u>728,290,000</u>
Road & Storm Drainage	54	2010	192,000,000	112,340,000
	19	2012	38,700,000	38,700,000
	26	2013	<u>86,800,000</u>	<u>86,800,000</u>
			<u>317,500,000</u>	<u>237,840,000</u>
Public Schools and Community College	54	2010	108,700,000	73,068,000
	24	2011	214,300,000	214,300,000
	19	2012	187,400,000	187,400,000
	26	2013	<u>15,100,000</u>	<u>15,100,000</u>
		<u>525,500,000</u>	<u>489,868,000</u>	
Mass Transit	24	2011	<u>103,200,000</u>	<u>75,405,000</u>
			<u>103,200,000</u>	<u>75,405,000</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>	
Agricultural Easements	24	2011	2,000,000	2,000,000
Facade Easements	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 Districts: 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>
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>\$1,790,460,000</u>	<u>\$1,598,296,000</u>

In addition to the above noted authority, the County has authority under the provisions of section 56-13 of the Montgomery County Code, 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, 2014**  
**And After Issuance of 2014 General Obligation Bonds**

<u>Issue</u>	<u>Balance June 30, 2013</u>	<u>BANs Retired</u>	<u>BANs Issued</u>	<u>Total BANs Outstanding as of June 30, 2014</u>	<u>Proposed BANs to be Retired</u>	<u>Proposed Balance</u>
BAN 2009-A	\$100,000,000	\$ 60,895,000	\$ 60,895,000	\$100,000,000	\$100,000,000	-
BAN 2009-B	100,000,000	60,895,000	60,895,000	100,000,000	100,000,000	-
BAN 2010-A	150,000,000	86,605,000	86,605,000	150,000,000	150,000,000	-
BAN 2010-B	<u>150,000,000</u>	<u>86,605,000</u>	<u>86,605,000</u>	<u>150,000,000</u>	<u>150,000,000</u>	-
Total	<u>\$500,000,000</u>	<u>\$295,000,000</u>	<u>\$295,000,000</u>	<u>\$500,000,000</u>	<u>\$500,000,000</u>	<u>\$ 0</u>

Note: The County intends to reissue \$500,000,000 in Bond Anticipation Notes within the next six months.

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

Revenues:	Fiscal Year Actual (1)			Projected Fiscal Year
	2011	2012	2013	2014 (Unaudited)
<b>Taxes:</b>				
Property, including interest & penalty	\$1,061,582,080	\$1,042,924,958	\$1,036,227,629	\$1,093,529,472
Transfer tax and recordation tax	129,534,809	127,296,778	142,027,055	151,440,816
County income tax	1,039,234,850	1,255,089,822	1,317,533,090	1,365,884,524
Other taxes	<u>304,004,588</u>	<u>293,532,105</u>	<u>292,007,596</u>	<u>288,406,300</u>
<b>Total Taxes</b>	<b>2,534,356,327</b>	<b>2,718,843,663</b>	<b>2,787,795,370</b>	<b>2,899,261,112</b>
Licenses and permits	10,372,597	9,877,007	9,703,745	10,467,350
Intergovernmental revenue	51,645,247	41,873,345	51,799,202	56,349,079
Charges for services	9,483,647	8,387,285	10,552,028	8,545,765
Fines and forfeitures	19,249,187	18,742,899	23,160,668	21,627,131
Investment income	12,206	12,224	66,215	136,970
Miscellaneous	<u>16,823,983</u>	<u>16,061,866</u>	<u>14,449,088</u>	<u>9,043,310</u>
<b>Total Revenues</b>	<b><u>2,641,943,194</u></b>	<b><u>2,813,798,289</u></b>	<b><u>2,897,526,316</u></b>	<b><u>3,005,430,717</u></b>
<b>Expenditures (including encumbrances):</b>				
<b>General County:</b>				
General government	224,132,215	276,824,927	348,045,020	442,662,310
Public safety	334,915,498	342,225,124	367,638,180	391,328,471
Public works and transportation	63,657,144	51,076,683	68,700,317	74,520,342
Health and human services	183,462,232	184,255,411	196,376,879	199,988,656
Culture and recreation	34,021,901	33,615,205	35,568,206	35,431,368
Housing and community development	3,860,221	3,374,938	4,439,750	4,839,918
Environment	<u>2,666,513</u>	<u>2,414,241</u>	<u>2,371,515</u>	<u>1,090,996</u>
<b>Total Expenditures</b>	<b><u>846,715,724</u></b>	<b><u>893,786,529</u></b>	<b><u>1,023,139,867</u></b>	<b><u>1,149,862,061</u></b>
<b>Transfers In (Out) :</b>				
<b>Transfers In:</b>				
Special Revenue Funds	24,649,524	25,557,670	24,504,717	28,254,819
Enterprise Funds	37,771,540	30,993,350	28,400,910	28,253,518
Internal Service Funds	2,500,000	--	19,034,302	8,682,636
Component Units	<u>247,613</u>	<u>240,075</u>	<u>232,538</u>	<u>247,610</u>
<b>Total Operating Transfers In</b>	<b><u>65,168,677</u></b>	<b><u>6,791,095</u></b>	<b><u>72,172,467</u></b>	<b><u>65,438,583</u></b>
<b>Transfers Out:</b>				
Special Revenue Funds	(33,625,392)	(78,066,365)	(57,842,563)	(48,832,066)
Debt Service Fund	(220,150,085)	(235,553,941)	(252,311,377)	(261,481,977)
Capital Projects Fund	(21,567,200)	(40,384,588)	(45,695,781)	(9,498,088)
Enterprise Funds	(3,420,070)	(3,389,630)	(2,873,089)	(2,608,209)
Internal Service Funds	--	(884,147)	(1,597,958)	--
Component Units	<u>(1,532,153,074)</u>	<u>(1,484,536,407)</u>	<u>(1,547,788,358)</u>	<u>(1,571,565,545)</u>
<b>Total Transfers Out</b>	<b><u>(1,810,915,821)</u></b>	<b><u>(1,842,815,078)</u></b>	<b><u>(1,908,109,126)</u></b>	<b><u>(1,893,985,885)</u></b>
<b>Net Transfers In (Out)</b>	<b><u>(1,745,747,144)</u></b>	<b><u>(1,786,023,983)</u></b>	<b><u>(1,835,936,659)</u></b>	<b><u>(1,828,547,302)</u></b>
<b>Excess of revenues and operating transfers</b>				
<b>in over/ (under) expenditures, encumbrances</b>				
<b>and operating transfers out</b>	<u>49,480,326</u>	<u>133,987,777</u>	<u>38,449,790</u>	<u>27,021,354</u>
<b>Fund Balances, July 1 as previously stated</b>	<u>39,657,640</u>	<u>93,078,794</u>	<u>235,497,305</u>	<u>289,598,811</u>
<b>Net adjustment for previous year encumbrances</b>	<u>3,940,828</u>	<u>8,430,734</u>	<u>15,651,716</u>	<u>26,190,132</u>
<b>Fund Balances, July 1 restated</b>	<u>43,598,468</u>	<u>101,509,528</u>	<u>251,149,021</u>	<u>315,788,943</u>
<b>Budgetary Fund Balance, June 30</b>	<b><u>\$ 93,078,794</u></b>	<b><u>\$ 235,497,305</u></b>	<b><u>\$ 289,598,811</u></b>	<b><u>\$ 342,810,297</u></b>

**Note:**

(1) Amounts for FY11-13 are audited.

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 Actual			Projected Fiscal
	2011	2012	2013	Year 2014 (Unaudited)
<b>Budgetary to GAAP Reconciliation:</b>				
Budgetary Fund Balance	\$93,078,794	\$235,497,305	\$289,598,811	\$342,810,297
Plus encumbrances outstanding	11,022,956	20,382,922	29,344,177	29,500,000
Unrealized cumulative investment gain (loss)	(272,792)	(277,552)	(301,087)	(301,087)
Cumulative Marriott Conference Center earnings	3,416,052	4,332,672	4,719,357	4,700,000
Net differences between beginning Fund Balances	<u>266,911</u>	<u>263,911</u>	<u>274,877</u>	<u>294,233</u>
GAAP Fund Balance as Reported	<u>\$107,511,921</u>	<u>\$260,199,258</u>	<u>\$323,636,135</u>	<u>\$377,003,443</u>
<b>Elements of GAAP Fund Balance: (1)</b>				
Nonspendable	\$4,181,482	\$5,635,580	\$5,649,319	\$5,720,000
Committed	23,275,746	41,243,696	49,695,245	102,582,479
Assigned	11,022,956	20,382,922	29,344,177	29,500,000
Unassigned	<u>69,031,737</u>	<u>192,937,060</u>	<u>238,947,394</u>	<u>239,200,964</u>
	<u>\$107,511,921</u>	<u>\$260,199,258</u>	<u>\$323,636,135</u>	<u>\$377,003,443</u>

Notes: (1) Amounts for FY11-13 are audited.

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## 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.

### *Maryland Income Taxation*

In the opinion of Bond Counsel, under existing law, (i) the Series A 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 or by any of its political subdivisions, or any public entity and (ii) interest on the Series B Bonds and profit realized from their sale or exchange will be exempt from State of Maryland income taxation. 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, the interest on the Bonds will be excludable from gross income for federal income tax purposes.

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 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, interest on the Bonds is not included 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 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 net tax operating loss deduction). For such purposes, "adjusted current earnings" may 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.

### *Certain Other Federal Tax Consequences*

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 received or accrued 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, including 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 the other disposition of the Bonds must be taken into account when computing the 3.8% Medicare tax with respect to the investment income imposed on certain higher income individuals and specified trusts and estates.

#### ***Purchase, Sale and Retirement of Bonds***

Except as noted below in the case of market discount, the sale or other disposition of a Bond will normally result in capital gain or loss to its holder. A holder's initial tax basis in a Bond will be its cost. Upon the sale or retirement of a Bond, for federal income tax purposes, a holder will recognize capital gain or loss upon the disposition of such security (including sale, early redemption or payment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition and (b) the tax basis in such Bond, determined by adding to the original cost basis in such Bond the amount of original issue discount that is treated as having accrued as described below under "THE BONDS -- Tax Accounting Treatment of Discount Bonds." Such gain or loss will be a long-term capital gain or loss if at the time of the sale or retirement the Bond has been held for more than one year. Present law taxes both long and short-term capital gains of corporations at the rates applicable to ordinary income. For noncorporate taxpayers, however, short-term capital gains are taxed at the rates applicable to ordinary income, while net capital gains are taxed at lower rates. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses.

#### ***Market Discount***

If a holder acquires a Bond after its original issuance at a discount below its principal amount (or in the case of a Bond issued at an original issue discount, at a price that produces a yield to maturity higher than the yield to maturity at which such bond was first issued), the holder will be deemed to have acquired the Bond at "market discount," unless the amount of market discount is *de minimis*, as described in the following paragraph. If a holder that acquires a Bond with market discount subsequently realizes a gain upon the disposition of the Bond, such gain shall be treated as taxable interest income to the extent such gain does not exceed the accrued market discount attributable to the period during which the holder held such Bond, and any gain realized in excess of such market discount will be treated as capital gain. Potential purchasers should consult their tax advisors as to the proper method of accruing market discount.

In the case of a Bond not issued at an original issue discount, market discount will be *de minimis* if the excess of the Bond's stated redemption price at maturity over the holder's cost of acquiring the Bond is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years between the date the holder acquires the Bond and its stated maturity date. In the case of a Bond issued with original issue discount, market discount will be *de minimis* if the excess of the Bond's revised issue price over the holder's cost of acquiring the Bond is less than 0.25% of the revised issue price multiplied by the number of complete years between the date the holder acquires the Bond and its stated maturity date. For this purpose, a Bond's "revised issue price" is the sum of (i) its original issue price and (ii) the aggregate amount of original issue discount that is treated as having accrued with respect to the Bond during the period between its original issue date and the date of acquisition by the holder.

#### ***Amortizable Bond Premium***

A Bond will be considered to have been purchased at a premium if, and to the extent that, the holder's tax basis in the Bond exceeds the amount payable at maturity (or, in the case of a Bond callable prior to maturity, the amount payable on the earlier call date). Under tax regulations applicable to the Bonds, the amount of the premium would be determined with reference to the amount payable on that call date (including for this purpose the maturity date) which produces the lowest yield to maturity on the Bonds. The holder will be required to reduce his tax basis in the Bond for purposes of determining gain or loss upon disposition of the Bond by the amount of amortizable bond

premium that accrues, determined in the manner prescribed in the regulations. Generally, no deduction (or other tax benefit) is allocable in respect of any amount of amortizable bond premium on the Bonds.

#### *Tax Accounting Treatment of Discount Bonds*

Certain maturities of the Bonds may be issued at an initial public offering price which is less than the amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial offering price, at which a substantial amount of the Discount Bonds of each maturity was first sold, and the principal amount of such Discount Bonds payable at maturity constitutes original issue discount. The amount of such original issue discount which is treated as having accrued with respect to such Discount Bonds is added to the original cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, early redemption or repayment at maturity). For federal income tax purposes (a) any holder of a Discount Bond will recognize gain or loss upon the disposition of such Discount Bond (including sale, early redemption or payment at maturity) in an amount equal to the difference between (i) the amount received upon such disposition and (ii) the sum of (1) the holder's original cost basis in such Discount Bond, and (2) the amount of original issue discount attributable to the period during which the holder held such Discount Bond, and (b) the amount of the basis adjustment described in clause (a)(ii)(2) will not be included in the gross income of the holder.

Original issue discount on Discount Bonds will be attributed to permissible compounding periods during the life of any Discount Bonds in accordance with a constant rate of interest accrual method. The yield to maturity of the Discount Bonds of each maturity is determined using permissible compounding periods. In general, the length of a permissible compounding period cannot exceed the length of the interval between debt service payments on the Discount Bonds and must begin or end on the date of such payments. Such yield then is used to determine an amount of accrued interest for each permissible compounding period. For this purpose, interest is treated as compounding periodically at the end of each applicable compounding period. The amount of original issue discount which is treated as having accrued in respect of a Discount Bond for any particular compounding period is equal to the excess of (a) the product of (i) the yield for such Discount Bond (adjusted as necessary for an initial short period) divided by the number of compounding periods in a year multiplied by (ii) the amount that would be the tax basis of such Discount Bond at the beginning of such period if held by an original purchaser who purchased at the initial public offering price, over (b) the amount actually payable as interest on such Discount Bond during such period. For purposes of the preceding sentence the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Bond the original issue discount that is treated as having accrued during all prior compounding periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then interest which would have accrued for that compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Holders of Discount Bonds should note that, under the tax regulations, the yield and maturity of Discount Bonds are determined without regard to commercially reasonable sinking fund payments, and any original issue discount remaining unaccrued at the time that a Discount Bond is redeemed in advance of stated maturity will be treated as taxable gain. Moreover, tax regulations prescribe special conventions for determining the yield and maturity of certain debt instruments that provide for alternative payment schedules applicable upon the occurrence of certain contingencies.

The yields (and related prices) furnished by the successful bidder for the Bonds as shown on the inside cover of this Official Statement may not reflect the initial issue prices for the purpose of determining the original issues discount for federal income tax purposes.

The foregoing summarizes certain federal income tax consequences of original issue discount with respect to the Discount Bonds but does not purport to deal with all aspects of federal income taxation that may be relevant to particular investors or circumstances, including those set out above. Prospective purchasers of Discount Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on the Discount Bonds. In addition, prospective corporate purchasers should consider possible federal tax consequences arising from original issue discount on such Discount Bonds under the alternative minimum tax or the branch profits tax. The amount of original issue discount considered to have accrued may be reportable in the year of accrual for state and local tax purposes or for purposes of the alternative minimum tax or the branch profits tax.

without a corresponding receipt of cash with which to pay any tax liability attributable to such discount. Purchasers with questions concerning the detailed tax consequences of transactions in the Discount Bonds should consult their tax advisors.

The foregoing is only a general summary of certain provisions of 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.

### *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 UNDERTAKING**

In order to enable participating underwriters, as defined in Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12") to comply with the requirements of paragraph (b)(5) of 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 B. Potential purchasers of the Bonds should note that the definition of Reportable Events in Appendix B 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.

In March 2014, the Securities and Exchange Commission (the "SEC") announced a Municipal Securities Continuing Disclosure Cooperation Initiative ("MCDC") to address representations made by issuers in official statements regarding past compliance with continuing disclosure undertakings made pursuant to Rule 15c2-12. Under MCDC underwriters, issuers and obligated persons, respectively, may review continuing disclosures of prior issues and, if necessary, self-report to the SEC possible violations of federal securities laws involving materially inaccurate statements relating to compliance with continuing disclosure obligations pursuant to Rule 15c2-12. In connection with MCDC, the County reviewed its prior continuing disclosure undertakings and has made the following findings:

The County's timely-filed disclosure under its Solid Waste Disposal System Refunding Revenue Bonds (the "2003 Series A Bonds") issued on behalf of the County by Northeast Maryland Waste Disposal Authority (the "Authority") for FY2010 was filed on EMMA under the County's CUSIP only and for FY2012 under the Authority's CUSIP only. The 2003 Series A Bonds are no longer outstanding.

In connection with its continuing disclosure obligations with respect to bonds issued by the County on behalf of the Department of Liquor Control, the County failed to file a portion of its operating data for fiscal years 2009, 2010 and 2011. The County reported such operating data on EMMA prior to the issuance of this Official Statement. The County has established procedures to ensure that the County will fulfill the requirements of its continuing disclosure obligations for such bonds in the future.

## **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, and a copy of their unqualified approving legal opinions with respect to the Bonds will be delivered upon request, without charge, to the successful bidders for the Bonds. The opinion is expected to be substantially in the form of the draft opinion attached to this Official Statement as Appendix A.

### **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.

### **RATINGS**

Rating reviews for this issue have been requested from Fitch Ratings, Moody's Investors Service, Inc., and Standard & Poor's Rating Group. 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.

### **FINANCIAL ADVISOR**

Davenport & Company LLC, is serving as financial advisor to the County (the "Financial Advisor") 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.

### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

With respect to the Series B Bonds, \_\_\_\_\_, has verified the mathematical accuracy of the computations performed by Davenport & Company LLC, including (a) the adequacy of the maturing principal amounts of and interest on the Government Obligations and cash held in the Escrow Deposit Fund established and maintained under the Escrow Deposit Agreement for the payment of the principal of and redemption premium and interest due on the Refunded Bonds, and (b) calculations to support of the opinion of Bond Counsel that the Series B Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code. Such verification will be based upon data and information supplied to the verification agent by Davenport & Company LLC.

## **CERTIFICATE OF COUNTY OFFICIALS**

The Chief Administrative Officer and the Director of Finance of the County will furnish a certificate to the successful bidders for the Bonds to the effect that, to the best of their knowledge and belief, this Official Statement, as of the date of sale and the date of delivery of the Bonds, is true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact, required to be stated or necessary to be stated, to make such statements, in the light of the circumstances under which they were made, not misleading.

## **INFORMATION IN OFFICIAL STATEMENT**

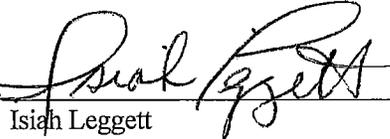
All quotations, summaries and explanations in this Official Statement of State and County laws and the Montgomery County Charter do not purport to be complete and reference is made to pertinent provisions of the same for complete statements. Any estimates or opinions herein, whether or not expressly 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:   
Isiah Leggett  
County Executive

By: \_\_\_\_\_  
Joseph F. Beach  
Director, Department of Finance

**APPENDIX A**

**FORM APPROVING OPINION OF BOND COUNSEL**

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[Form of Bond Counsel Opinion]

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 Consolidated Public Improvement Bonds of 2014, Series A (the "Series A Bonds") and its Consolidated Public Improvement Series B Bonds of 2014, Series B (the "Series B Bonds" and together with the Series A Bonds collectively, the "Bonds").

The Bonds are dated the date of their initial delivery, and are issued in fully registered in form in the denomination of \$5,000 each or any integral multiple thereof. The Bonds are issued pursuant to Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Volume) ("Section 10-203"); Section 19-101 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume) and Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume); Chapter 36 of the Laws of Montgomery County of 2008, Chapter 22 of the Laws of Maryland 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 of 2012, and Chapter 26 of the Laws of Montgomery County of 2013; Resolution No. 16-1104 of the County Council for Montgomery County, Maryland (the "County Council"), adopted on September 15, 2009, as amended, a Resolution of the County Council adopted on October 20, 2009, as amended; Chapter 20 of the Code of Montgomery County, provisions of the Montgomery County Charter, and an Executive Order of the County Executive of the County, as amended and supplemented (the "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 the Bonds similarly executed and identical thereto in form except for numbers, interest rates, denominations, and maturities, 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 Charter, the Resolutions and the Order to issue the Bonds.

(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) (i) the Series A 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 or by any of its political subdivisions, or any public entity and (ii) interest on the Series B Bonds and profit realized from their sale or exchange will be exempt from State of Maryland income taxation. 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.

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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**APPENDIX B**

**FORM OF CONTINUING  
DISCLOSURE AGREEMENT**

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## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of \_\_\_\_\_, 2014 (this "Disclosure Agreement") is executed and delivered by MONTGOMERY COUNTY, MARYLAND (the "County") in connection with the issuance of its Consolidated Public Improvement Bonds of 2014, Series A and Consolidated Public Improvement Refunding Bonds of 2014, Series B (collectively, 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:

"EMMA" shall mean Electronic Municipal Market Access System maintained by the MSRB. For more information on EMMA, see [www.emma.msrb.org](http://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, 2014:

- (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, 2014, 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, 2014), 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.

(e) The County hereby represents and warrants that it has not failed to comply with any prior disclosure undertaking made pursuant to the Rule.

#### 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.

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

**APPENDIX C**  
**REFUNDED BONDS**

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**REFUNDED BONDS**

**Montgomery County, Maryland  
Consolidated Public Improvement Refunding Bonds of 2004, Series A**

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Call Date</u>	<u>Call Price</u>	<u>CUSIP*</u>
09/01/2015	5.00%	\$18,130,000	09/01/2014	100.00	613340A40
09/01/2016	4.25	18,090,000	09/01/2014	100.00	613340A57
09/01/2017	4.25	14,390,000	09/01/2014	100.00	613340A65

**Montgomery County, Maryland  
Consolidated Public Improvement Bonds of 2007, Series A**

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Call Date</u>	<u>Call Price</u>	<u>CUSIP*</u>
05/01/2023	5.000%	\$12,500,000	05/01/2017	100.00	613340G85
05/01/2024	5.000	12,500,000	05/01/2017	100.00	613340G93
05/01/2025	5.000	12,500,000	05/01/2017	100.00	613340H27
05/01/2026	5.000	12,500,000	05/01/2017	100.00	613340H35
05/01/2027	5.000	12,500,000	05/01/2017	100.00	613340H43

**Montgomery County, Maryland  
Consolidated Public Improvement Bonds of 2008, Series A**

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Call Date</u>	<u>Call Price</u>	<u>CUSIP*</u>
08/01/2023	4.250%	\$12,500,000	08/01/2018	100.00	613340L48
08/01/2024	4.600	12,500,000	08/01/2018	100.00	613340L55
08/01/2025	4.700	12,500,000	08/01/2018	100.00	613340L63
08/01/2026	4.700	12,500,000	08/01/2018	100.00	613340L71
08/01/2027	4.750	12,500,000	08/01/2018	100.00	613340L89
08/01/2028	4.750	12,500,000	08/01/2018	100.00	613340L97

**Montgomery County, Maryland  
Consolidated Public Improvement Bonds of 2011, Series A**

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Call Date</u>	<u>Call Price</u>	<u>CUSIP*</u>
07/01/2022	5.000%	\$16,000,000	07/01/2019	100.00	613340V88
07/01/2023	5.000	16,000,000	07/01/2019	100.00	613340V96
07/01/2024	5.000	16,000,000	07/01/2019	100.00	613340W20
07/01/2025	5.000	16,000,000	07/01/2019	100.00	613340W38
07/01/2026	5.000	16,000,000	07/01/2019	100.00	613340W46

\*The CUSIP numbers are included solely for convenience. No representation is made by the County as to the correctness of the CUSIP numbers either as printed on the Refunded Bonds or as contained in this Appendix.

SUBJECT TO MARKET CONDITIONS AT THE TIME OF SALE, THE SERIES, MATURITIES AND PRINCIPAL AMOUNTS OF BONDS TO BE REFUNDED MAY CHANGE AND THE COUNTY MAY DETERMINE TO REFUND ALL, SOME OR NONE OF THE BONDS LISTED IN THIS APPENDIX. THERE CAN BE NO ASSURANCE THAT ANY OF THE BONDS LISTED IN THIS APPENDIX WILL BE REFUNDED.

**APPENDIX D**  
**OFFICIAL NOTICES OF SALE**

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**OFFICIAL NOTICE OF SALE**

**\$500,000,000\***  
**MONTGOMERY COUNTY, MARYLAND**  
**General Obligation Bonds**  
**Consolidated Public Improvement Bonds of 2014, Series A**

*NOTICE IS HEREBY GIVEN* that electronic bids will be received on the date and up to the time specified below:

**SALE DATE:** Thursday, November 6, 2014  
**SALE TIME:** 10:30 a.m. Prevailing Eastern Time  
**ELECTRONIC BIDS:** Must be submitted through *PARITY*<sup>®</sup> as described below.

**No other form of bid or provider of electronic bidding services will be accepted.**

Bids will be received for the purchase of all, but not less than all, of the Montgomery County, Maryland General Obligation Bonds, Consolidated Public Improvement Bonds of 2014, Series A (the "Series A Bonds" or the "Bonds") to be issued by Montgomery County, Maryland (the "County"). The Bonds are more particularly described in the Preliminary Official Statement dated \_\_\_\_\_, 2014 relating to the Bonds (the "Preliminary Official Statement"), available at the County's website, <http://bonds.montgomerycountymd.gov>. Prior to accepting bids, the County reserves the right to adjust the aggregate principal amount and principal amounts of each maturity of the Bonds being offered, to change the terms of the Bonds, to postpone the sale of the Bonds to a later date, or to cancel the sale of the Bonds based on market conditions.

Consideration of the bids and the award will be made by the County on the Sale Date (as set forth above and in the Bidding Parameters Table herein). The County also reserves the right to adjust the principal amount of the Bonds offered, to eliminate maturities, or to cancel the sale of the Bonds after the bids are opened as further described herein. See "Adjustment of Amounts and Maturities" and "Change or Cancellation of Sale Date and/or Date of Delivery."

<sup>\_\_\_\_\_</sup>  
\*Preliminary, subject to change.

**Contact Information**

**MONTGOMERY COUNTY, MARYLAND (ISSUER)**

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**Joseph F. Beach, Director of Finance**

Department of Finance  
101 Monroe Street, 15<sup>th</sup> Floor  
Rockville, Maryland 20850  
Phone: (240) 777-8860 / Fax: (240) 777-8857  
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**Jacqueline D. Carter, Debt Manager**

Department of Finance  
101 Monroe Street, 15<sup>th</sup> Floor  
Rockville, Maryland 20850  
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**Robert Hagedoorn, Chief, Division of Fiscal Management**

Department of Finance  
101 Monroe Street, 15<sup>th</sup> Floor  
Rockville, Maryland 20850  
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**DAVENPORT & COMPANY LLC (FINANCIAL ADVISOR)**

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8600 LaSalle Road, Ste 324  
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Towson, Maryland 21286

**Sam Ketterman, Senior Vice President**

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**MCKENNON SHELTON & HENN LLP (BOND COUNSEL)**

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**Paul Shelton, Partner**

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**Kiana Taylor**

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**I-DEAL/PARITY® (ELECTRONIC BIDDING PLATFORM)**

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**Client Services**

Phone: (212) 849-5024  
Email: [parity@i-deal.com](mailto:parity@i-deal.com)

**BIDDING PARAMETERS TABLE\***

<b>INTEREST</b>		<b>PRICING</b>	
Dated Date:	Date of Delivery	Max. Aggregate Bid Price:	Unlimited
Anticipated Date of Delivery**:	November 19, 2014	Min. Aggregate Bid Price:	100.0%
Interest Payment Dates:	May 1 and November 1		
First Interest Payment Date:	May 1, 2015	Max. Reoffering Price (each maturity):	Unlimited
Coupon Multiples:	1/8 or 1/20 of 1%	Min. Reoffering Price (each maturity):	98.5%
Maximum Coupon:	N/A		
Minimum Coupon:	N/A		
Maximum TIC:	N/A		
Maximum Difference Between Coupons:	4%		
No Zero Coupon may be specified			
<b>PRINCIPAL</b>		<b>PROCEDURAL</b>	
Optional Redemption:	Bonds maturing on or before November 1, 2024, are not subject to redemption. Bonds maturing on or after November 1, 2025, are subject to redemption beginning November 1, 2024, as a whole or in part at any time thereafter.	Sale Date:	November 6, 2014
		Sale Time:	10:30 a.m. Prevailing Eastern Time
Post-bid Principal Increases		Bid Submission:	Electronic bids through PARITY only
Each Maturity:	N/A		
Aggregate:	15%		
Post-bid Principal Reductions		All or None?	Yes
Each Maturity:	N/A		
Aggregate:	15%		
Term Bonds:	No maturities in the bonds may be designated as term bonds.	Bid Award Method:	Lowest TIC Electronically
		Awarding of Bid:	On the Sale Date by the County
		Good Faith Deposit**:	\$5,000,000; as more fully described herein. See "Good Faith Deposit."

\* If numerical or date references contained in the body of this Official Notice of Sale conflict with the Bidding Parameters Table, the Bidding Parameters Table of this Official Notice of Sale shall control. Consult the body of this Official Notice of Sale for a detailed explanation of the items contained in the Bidding Parameters Table, including interpretation of such items and methodologies used to determine such items.

\*\* Preliminary, subject to change.

**PRINCIPAL AMORTIZATION SCHEDULE**

The Bonds will be issued in serial form, as described below. The principal of the Bonds shall be payable in installments on the dates in the following years and in the following amounts:

**\$500,000,000\* Consolidated Public Improvement Bonds of 2014, Series A**

<b>Maturing</b>	<b>Principal</b>	<b>Maturing</b>	<b>Principal</b>
<b><u>Nov 1</u></b>	<b><u>Amount</u></b>	<b><u>Nov 1</u></b>	<b><u>Amount</u></b>
2015	\$25,000,000	2025	\$25,000,000
2016	25,000,000	2026	25,000,000
2017	25,000,000	2027	25,000,000
2018	25,000,000	2028	25,000,000
2019	25,000,000	2029	25,000,000
2020	25,000,000	2030	25,000,000
2021	25,000,000	2031	25,000,000
2022	25,000,000	2032	25,000,000
2023	25,000,000	2033	25,000,000
2024	25,000,000	2034	25,000,000

\*Preliminary, subject to change.

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## THE BONDS

### Security

The Bonds are general obligations of the County, and its full faith and credit and unlimited taxing power are irrevocably pledged to the punctual payment of principal of and interest on such Bonds when due and payable. See the Preliminary Official Statement – “*Security for the Bonds*”.

### Use of Proceeds

The proceeds of the Bonds will be used as described in the Preliminary Official Statement for the Bonds. See the Preliminary Official Statement – Description of the Bonds - *Purpose of the Bonds*.

### Description of the Bonds

The Bonds will be issued in fully registered form in denominations of \$5,000 or integral multiples thereof, will be dated the anticipated date of delivery (the “Dated Date”) set forth in the Bidding Parameters Table, and will bear interest from the Dated Date until paid or duly called for redemption at the annual rate or rates specified by the successful bidder, subject to the limitations specified below, payable as shown on the Bidding Parameters Table. Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board (“MSRB”).

The Bonds will mature on the month and day, in the years and principal amounts shown in the Principal Amortization Schedule, subject in each case to adjustment to the extent permitted in this Official Notice of Sale. See “Adjustments of Amounts and Maturities.”

### Authority for Issuance

See the Preliminary Official Statement – Description of the Bonds - *Authority for the Bonds*.

### Book-Entry Only

The Bonds will be issued in fully registered, book-entry only form and a bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, will be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Principal of, premium, if any, and interest on the Bonds will be payable by the paying agent by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal, premium, if any, and interest payments to the beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The County will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. The successful bidder will be required to furnish to DTC within seven days after the sale the customary underwriter’s questionnaire and information as to each DTC participant and the Bonds to be held for it. See the Preliminary Official Statement for more information regarding DTC.

### Redemption

See the Preliminary Official Statement – Description of the Bonds – *Redemption Provisions*.

### Adjustment of Amounts and Maturities

Prior to the Sale Date, the County may cancel the sale of the Bonds or adjust the aggregate principal amount and the principal amount of any maturity of the Bonds. The preliminary aggregate principal amount of the Bonds and the

preliminary principal amount of each installment payment on the Bonds as set forth in this Official Notice of Sale (the "Preliminary Aggregate Principal Amount" and the "Preliminary Principal Amount", and collectively the "Preliminary Amounts") may be revised before the receipt and opening of the bids for their purchase. **ANY SUCH REVISIONS MADE PRIOR TO THE OPENING OF THE BIDS** (the "Revised Aggregate Principal Amount" and the "Revised Principal Amount", and collectively the "Revised Amounts") **WILL BE PUBLISHED ON THOMPSON MUNICIPAL MARKET MONITOR ("TM3") ([www.tm3.com](http://www.tm3.com)) NOT LATER THAN 9:30 A.M., PREVAILING EASTERN TIME, ON THE SALE DATE FOR THE BONDS.**

In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids and select a winning bidder.

After the receipt and opening of the bids for their purchase, the County may reject the bids for the Bonds or adjust the aggregate principal amount and the principal amount of each maturity of the Bonds; provided that such adjustments are within the limitations set forth in the Bidding Parameters Table, calculated based on the applicable bid amount. The County will consult with the successful bidder before adjusting the amount of any maturity of the Bonds or canceling the sale of the Bonds; however, the County reserves the sole right to make adjustments, within the limits described above, or to cancel the sale of the Bonds. The County intends to notify the successful bidder, if any, of any adjustments made after the opening of the bids promptly and in any event not later than five (5) hours after the bid opening unless waived by the successful bidder. Adjustments within the limits described above will not relieve the successful bidder from its obligation to purchase all of the Bonds offered by the County, assuming the County has satisfied all other conditions of this Official Notice of Sale.

If the principal amount of any maturity of the Bonds is adjusted after the award, the interest rate and reoffering price (as a percentage of the adjusted principal) for each maturity and the Underwriter's Discount, per \$1,000 of par amount of the Bonds, as submitted by the successful bidder shall be held constant. The "Underwriter's Discount" shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid.

#### ***Change or Cancellation of Sale Date and/or Date of Delivery***

The County may cancel or postpone the sale of the Bonds prior to the Sale Date. Notice of a cancellation or postponement will be announced via the Thomson Municipal News wire at [www.tm3.com](http://www.tm3.com) not later than 9:30 a.m., prevailing Eastern Time, on the Sale Date. Such notice will specify the revised principal amount or other revised feature, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated on at least twenty-four (24) hours notice via the Thomson Municipal News wire at [www.tm3.com](http://www.tm3.com).

The County may change the scheduled delivery date for the Bonds by notice given in the same manner as that set forth above.

#### ***Preliminary Official Statement; Continuing Disclosure***

The County has deemed the Preliminary Official Statement to be final as of its date for purposes of Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), except for the omission of certain information permitted to be omitted by the Rule. The County agrees to deliver to the successful bidder for its receipt no later than seven business days after the date of sale of the Bonds an electronic copy of the final official statement.

The County has made certain covenants for the benefit of the holders from time to time of the Bonds to provide certain continuing disclosure, in order to assist bidders for the Bonds in complying with Rule 15c2-12(b)(5) of the SEC. Such covenants are described in the Preliminary Official Statement.

## ***Electronic Bidding***

### **Procedures**

Only electronic bids submitted via PARITY® will be accepted. No other provider of electronic bidding services will be accepted. No bid delivered in person or by facsimile directly to the County will be accepted. Bidders are permitted to submit bids for the Bonds during the bidding time period, provided they are eligible to bid as described under "ELIGIBILITY TO BID" below.

Each bid must be unconditional and received by PARITY® before the Sale Time set forth in the Bidding Parameters Table. No proposal to purchase the Bonds may be withdrawn after the deadline set for receiving bids. Prior to the deadline set for receiving bids, an eligible prospective bidder may, subject to any limitations which may be imposed by PARITY®, modify the proposed terms of its bid in which event the proposed terms last modified will constitute its bid for Bonds. At the deadline stated above for receiving bids, the bidding process will close and each bid shall then constitute an irrevocable offer to purchase the Bonds on the terms provided in the bid and this Official Notice of Sale.

### **Eligibility to Bid**

All prospective bidders shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting such bidder's bid in a timely manner and in compliance with the requirements of the County pursuant to this Official Notice of Sale. The County shall have no duty or obligation to provide or assure such access to any bidder. Without limiting the generality of the foregoing, bidders submitting an electronic proposal must fulfill any requirements of the bidding service provider, if any, over and above the requirements of the County set forth in this Official Notice of Sale. Each bidder may contact BiDCOMP at 212-849-5059 for further information regarding its services.

### **Form of Bid, Interest Rates and Bid Prices**

All bids must conform to the requirements of this Official Notice of Sale. Bidders must bid to purchase all maturities of the Bonds. No bid will be considered which does not offer to purchase all of the Bonds. Each bid must specify (i) an annual rate of interest for each maturity, (ii) a reoffering price or yield for each maturity, and (iii) a dollar purchase price for the entire issue of the Bonds.

A bidder must specify the rate of interest per annum per maturity, which the Bonds are to bear, to be expressed in the coupon rate multiples set forth in the Bidding Parameters Table. Any number of interest rates may be named, but the Bonds of each maturity must bear interest at the same single rate for all bonds of that maturity.

Each bid for the Bonds must meet the minimum and maximum coupon and pricing criteria shown in the Bidding Parameters Table on a maturity and aggregate basis.

Each bidder must specify, as part of its bid, the prices or yields at which a substantial amount (i.e., at least 10%) of the Bonds of each maturity will be offered and sold to the public. Reoffering prices presented as a part of the bids will not be used in computing the bidders' true interest cost. As promptly as reasonably possible after bids are received, the County will notify the successful bidder that it is an apparent winner.

### **Disclaimer**

The use of PARITY® electronic bidding shall be at the bidder's risk and expense, and the County shall have no liability with respect thereto. The County is using electronic bidding as a communications medium and solely as a courtesy to prospective bidders. PARITY® is not acting as the County's agent. The County shall assume no responsibility or liability for bids submitted through such electronic bidding service provider. The County shall not be responsible for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, the approved provider's service. Without limiting the generality of the foregoing disclaimers, the County does not assume responsibility for any communications or negotiations between bidders and any electronic

bidding service provider, or for any failure of such a provider to accurately or timely submit any electronic proposal.

*Each electronic bid submitted via PARITY® shall be deemed an offer, in response to this Official Notice of Sale, and shall be binding on the bidder as if made by a signed, sealed bid delivered to the County.*

Any electronic proposals shall be deemed to incorporate all of the provisions of this Official Notice of Sale. If any provision of this Official Notice of Sale conflicts with information provided by PARITY®, this Official Notice of Sale shall control. The County is not bound by any advice or determination of PARITY® as to whether any bid complies with the terms of this Official Notice of Sale. The time as maintained by PARITY® shall constitute the official time with respect to all bids submitted.

#### ***Award of Bid***

The County expects to award the Bonds to the winning bidder on the Sale Date. It is anticipated that all bids will be reviewed by the Director of Finance of the County at the time stated above and will be acted on following the opening, tabulation and verification of the bids received. The decision as to the award of the Bonds will be final. Bids may not be withdrawn prior to the award.

The Bonds will be awarded by the County on the Sale Date to the bidder whose bid complies with this Official Notice of Sale and results in the lowest true interest cost to the County. The lowest true interest cost will be determined in accordance with the True Interest Cost ("TIC") method by doubling the semi-annual interest rate, compounded semi-annually, necessary to discount the debt service payments from the payment dates to the Dated Date of the Bonds and to the aggregate purchase price of the Bonds. If two or more bidders offer to purchase the Bonds at the same lowest TIC, such Bonds may be apportioned between such bidders if it is agreeable to each of the bidders who have offered the price producing the same lowest TIC; provided, that if apportionment is not acceptable to such bidders, the County will have the right to award such Bonds to one of such bidders.

#### ***Right of Rejection***

The County expressly reserves the right (i) to waive any informalities, (ii) to reject all bids, any incomplete bid or any bid not fully complying with all of the requirements set forth herein, and (iii) to solicit new bids or proposals for the sale of the Bonds or otherwise provide for the public sale of the Bonds if all bids are rejected or the winning bidder defaults, including, without limitation, sale of the Bonds to one or more of the losing or rejected bidders without regard to their original bid or its relationship to any other bid.

#### ***Delivery and Payment***

Delivery of the Bonds will be made by the County to DTC in book-entry only form, in New York, New York on or about the Dated Date, or on or about such other date as may be agreed on by the County and the successful bidder.

At the time of delivery of the Bonds, payment of the amount due for the Bonds must be made by the successful bidder to the order of the County immediately available in federal funds or other funds immediately available to the County, or by such other means as may be acceptable to the Director of Finance of the County. Any expense incurred in providing immediately available funds, whether by transfer of federal funds or otherwise, shall be borne by the purchaser.

#### ***Good Faith Deposit***

A Good Faith Deposit in the amount of \$5,000,000 is required only of the winning bidder for the Bonds. The winning bidder for the Bonds is required to submit such Good Faith Deposit payable to the order of the County in the form of a wire transfer in federal funds as instructed by the County's Financial Advisor, Davenport & Company LLC. The winning bidder shall submit the Good Faith Deposit not more than two hours after verbal award is made. The winning bidder should provide as quickly as it is available, evidence of wire transfer by providing the County the federal funds reference number. If the Good Faith Deposit is not received in the time allotted, the bid of the winning bidder may be rejected and the County may direct the next lowest bidder to submit a Good Faith Deposit

and thereafter may award the sale of the Bonds to the same. If the winning bidder fails to comply with the Good Faith Deposit requirement as described herein, that bidder is nonetheless obligated to pay to the County the sum of \$5,000,000 as liquidated damages due to the failure of the winning bidder to timely deposit the Good Faith Deposit.

***Submission of a bid to purchase the Bonds serves as acknowledgement and acceptance of the terms of the Good Faith Deposit requirement.***

The Good Faith Deposit so wired will be retained by the County until the delivery of the Bonds, at which time the Good Faith Deposit will be applied against the purchase price of the Bonds or the Good Faith Deposit will be retained by the County as partial liquidated damages in the event of the failure of the successful bidder to take up and pay for such Bonds in compliance with the terms of this Official Notice of Sale and of its bid. No interest on the Good Faith Deposit will be paid by the County. The balance of the purchase price must be wired in federal funds to the account detailed in the closing memorandum, simultaneously with delivery of the Bonds.

***CUSIP Numbers; Expenses of the Bidder***

It is anticipated that CUSIP numbers will be assigned to each of the Bonds, but neither the failure to type or print such numbers on any of the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. The policies of the CUSIP Service Bureau will govern the assignment of specific numbers to the Bonds. The successful bidder will be responsible for applying for and obtaining, subject to the CUSIP Service Bureau policy and procedures, CUSIP numbers for the Bonds promptly upon award of the bid. The CUSIP Service Bureau charges for the assignment of the numbers shall be the responsibility of and shall be paid for by the successful bidder.

All charges of DTC and all other expenses of the successful bidder will be the responsibility of the successful bidder for the Bonds.

***Reoffering Prices and Certificate***

The successful bidder shall make a bona fide public offering of all of the Bonds and shall represent to the County that such reoffering is in compliance with all applicable securities laws of the jurisdictions in which such Bonds are offered. **Within 30 minutes after being notified of the tentative award of the bonds, the successful bidder shall advise the county in writing (via facsimile or e-mail transmission) to Sam Ketterman at [sketterman@investdavenport.com](mailto:sketterman@investdavenport.com), Joe Mason at [jmason@investdavenport.com](mailto:jmason@investdavenport.com), Phil Weisshaar at [pweisshaar@investdavenport.com](mailto:pweisshaar@investdavenport.com), respectively, of the initial public offering prices of the Bonds. The County will review the initial public offering prices for compliance with applicable securities laws prior to final confirmation of the award.**

SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE COUNTY A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF EACH MATURITY OF THE BONDS AT THE INITIAL REOFFERING PRICES, (II) AS OF THE DATE OF THE SALE OF THE BONDS, THE SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A SUBSTANTIAL AMOUNT OF EACH MATURITY OF THE BONDS TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE REOFFERING PRICES, AND (III) A SUBSTANTIAL AMOUNT OF EACH MATURITY OF THE BONDS WAS SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES OR SUCH OTHER FACTS REGARDING THE ACTUAL SALE OF THE BONDS AS BOND COUNSEL SHALL REQUEST, AS DESCRIBED BELOW. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of each maturity of the Bonds at the initial reoffering prices would be sufficient to certify as of the sale of a substantial amount of the Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

***Tax Status, Legal Opinions, Closing Documents and No Litigation***

The approving legal opinion of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel, will be furnished without cost to purchasers of the Bonds. A summary description of the tax treatment of the Bonds is contained in the Preliminary Official Statement under the heading "Tax Matters." The proposed form of legal opinion of bond counsel is attached as Appendix C to the Preliminary Official Statement.

***Additional Information***

This Official Notice of Sale is not a summary of the terms of the Bonds. Reference is made to the Preliminary Official Statement for a further description of the Bonds and the County. Prospective investors or bidders for the Bonds must read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision. The Preliminary Official Statement is deemed final by the County as of its date for purposes of the Rule but is subject to revision, amendment and completion in a final Official Statement. Additional information concerning the matters discussed in this Official Notice of Sale, and copies of the Official Bid Form and Preliminary Official Statement may be obtained online at <http://bonds.montgomerycountymd.gov> or by request from any of the following: Joseph F. Beach, the County's Director of Finance, at (240) 777-8860 or [joseph.beach@montgomerycountymd.gov](mailto:joseph.beach@montgomerycountymd.gov); Jacqueline Carter, the County's Debt Manager, at (240) 777-8979 or [jacqueline.carter@montgomerycountymd.gov](mailto:jacqueline.carter@montgomerycountymd.gov); Sam Ketterman at (410) 296-9426 or [sketterman@investdavenport.com](mailto:sketterman@investdavenport.com); Joe Mason at (571) 223-5893 or [jmason@investdavenport.com](mailto:jmason@investdavenport.com); or Phil Weisshaar at (804) 697-2911 or [pweisshaar@investdavenport.com](mailto:pweisshaar@investdavenport.com).

**MONTGOMERY COUNTY, MARYLAND**

By \_\_\_\_\_  
Joseph F. Beach  
Director of Finance

Dated:

**OFFICIAL NOTICE OF SALE**

**\$259,540,000\***  
**MONTGOMERY COUNTY, MARYLAND**  
**General Obligation Bonds**  
**Consolidated Public Improvement Refunding Bonds of 2014, Series B**

*NOTICE IS HEREBY GIVEN* that electronic bids will be received on the date and up to the time specified below:

**SALE DATE:** Thursday, November 6, 2013

**SALE TIME:** 11:00 a.m. Prevailing Eastern Time

**ELECTRONIC BIDS:** Must be submitted through *PARITY*<sup>®</sup> as described below.

**No other form of bid or provider of electronic bidding services will be accepted.**

Bids will be received for the purchase of all, but not less than all, of the Montgomery County, Maryland General Obligation Bonds, Consolidated Public Improvement Refunding Bonds of 2014, Series B (the "Series B Bonds" or the "Bonds") to be issued by Montgomery County, Maryland (the "County"). The Bonds are more particularly described in the Preliminary Official Statement dated \_\_\_\_\_, 2014 relating to the Bonds (the "Preliminary Official Statement"), available at the County's website, <http://bonds.montgomerycountymd.gov>. Prior to accepting bids, the County reserves the right to adjust the aggregate principal amount and principal amounts of each maturity of the Bonds being offered, to change the terms of the Bonds, to postpone the sale of the Bonds to a later date, or to cancel the sale of the Bonds based on market conditions.

Consideration of the bids and the award will be made by the County on the Sale Date (as set forth above and in the Bidding Parameters Table herein). The County also reserves the right to adjust the principal amount of the Bonds offered, to eliminate maturities, or to cancel the sale of the Bonds after the bids are opened as further described herein. See "Adjustment of Amounts and Maturities" and "Change or Cancellation of Sale Date and/or Date of Delivery."

<sup>\_\_\_\_\_</sup>  
\*Preliminary, subject to change.

**Contact Information**

**MONTGOMERY COUNTY, MARYLAND (ISSUER)**

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**DAVENPORT & COMPANY LLC (FINANCIAL ADVISOR)**

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**MCKENNON SHELTON & HENN LLP (BOND COUNSEL)**

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**I-DEAL/PARITY® (ELECTRONIC BIDDING PLATFORM)**

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**Client Services**

Phone: (212) 849-5024  
Email: [parity@i-deal.com](mailto:parity@i-deal.com)

**BIDDING PARAMETERS TABLE\***

<b>INTEREST</b>		<b>PRICING</b>	
Dated Date:	Date of Delivery	Max. Aggregate Bid Price:	Unlimited
Anticipated Date of Delivery**:	November 19, 2013	Min. Aggregate Bid Price:	100.0%
Interest Payment Dates:	May 1 and November 1		
First Interest Payment Date:	May 1, 2015	Max. Reoffering Price (each maturity):	Unlimited
Coupon Multiples:	1/8 or 1/20 of 1%	Min. Reoffering Price (each maturity):	98.5%
Maximum Coupon:	N/A		
Minimum Coupon:	N/A		
Maximum Difference Between Coupons:	4%		
No Zero Coupon may be specified			
<b>PRINCIPAL</b>		<b>PROCEDURAL</b>	
Optional Redemption:	Bonds maturing on or before November 1, 2024, are not subject to redemption. Bonds maturing on or after November 1, 2025, are subject to redemption beginning November 1, 2024, as a whole or in part at any time thereafter.	Sale Date:	November 6, 2014
		Sale Time:	11:00 a.m. Prevailing Eastern Time
Post-bid Principal Increases		Bid Submission:	Electronic bids through PARITY only
Each Maturity:	N/A		
Aggregate:	15%		
Post-bid Principal Reductions		All or None?	Yes
Each Maturity:	N/A		
Aggregate:	15%		
Term Bonds:	No maturities in the bonds may be designated as term bonds.	Bid Award Method:	Lowest TIC Electronically
		Awarding of Bid:	On the Sale Date by the County
		Good Faith Deposit**:	\$2,595,400; as more fully described herein. See "Good Faith Deposit."

\* If numerical or date references contained in the body of this Official Notice of Sale conflict with the Bidding Parameters Table, the Bidding Parameters Table of this Official Notice of Sale shall control. Consult the body of this Official Notice of Sale for a detailed explanation of the items contained in the Bidding Parameters Table, including interpretation of such items and methodologies used to determine such items.

\*\* Preliminary, subject to change.

**PRINCIPAL AMORTIZATION SCHEDULE**

The Bonds will be issued in serial form as designated by the successful bidder for the Bonds in its proposal, as described below. The principal of the Bonds shall be payable in installments on the dates in the following years and in the following amounts:

**\$259,540,000\* Consolidated Public Improvement Refunding Bonds of 2014, Series B**

<b>Maturing</b>	<b>Principal</b>
<b><u>Nov 1</u></b>	<b><u>Amount*</u></b>

\*Preliminary, subject to change.

## THE BONDS

### Security

The Bonds are general obligations of the County, and its full faith and credit and unlimited taxing power are irrevocably pledged to the punctual payment of principal of and interest on such Bonds when due and payable. See the Preliminary Official Statement – “*Security for the Bonds*”.

### Use of Proceeds

The proceeds of the Bonds will be used as described in the Preliminary Official Statement for the Bonds. See the Preliminary Official Statement – Description of the Bonds - *Purpose of the Bonds*.

### Description of the Bonds

The Bonds will be issued in fully registered form in denominations of \$5,000 or integral multiples thereof, will be dated the anticipated date of delivery (the “Dated Date”) set forth in the Bidding Parameters Table, and will bear interest from the Dated Date until paid or duly called for redemption at the annual rate or rates specified by the successful bidder, subject to the limitations specified below, payable as shown on the Bidding Parameters Table. Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board (“MSRB”).

The Bonds will mature on the month and day, in the years and principal amounts shown in the Principal Amortization Schedule, subject in each case to adjustment to the extent permitted in this Official Notice of Sale. See “Adjustments of Amounts and Maturities.”

### Authority for Issuance

See the Preliminary Official Statement – Description of the Bonds - *Authority for the Bonds*.

### Book-Entry Only

The Bonds will be issued in fully registered, book-entry only form and a bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, will be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Principal of, premium, if any, and interest on the Bonds will be payable by the paying agent by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal, premium, if any, and interest payments to the beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The County will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. The successful bidder will be required to furnish to DTC within seven days after the sale the customary underwriter’s questionnaire and information as to each DTC participant and the Bonds to be held for it. See the Preliminary Official Statement for more information regarding DTC.

### Redemption

#### *Optional Redemption*

Bonds which mature on or before November 1, 2024, are not subject to redemption prior to their respective maturities. Bonds which mature on or after November 1, 2025, are subject to redemption beginning November 1, 2024, as a whole or in part at any time thereafter, in any order of their maturities, at the option of the County, at a redemption price for

each bond equal to the principal amount of the bond to be redeemed, together with interest accrued to the date fixed for redemption, without premium.

#### *Selection of Bonds to Be Redeemed*

If less than all of the Bonds of any one maturity are called for redemption, the particular bonds, or portions of such bonds, to be redeemed from such maturity shall be selected by the Director of Finance of the County, acting as bond registrar and paying agent for the Bonds, or its successor as bond registrar and paying agent (the "Bond Registrar/Paying Agent") by lot or other random means in such manner as the Bond Registrar/Paying Agent in its sole discretion may determine, except that so long as DTC or its nominee is the sole registered owner of the Bonds, the particular bonds or portion to be redeemed shall be selected by DTC, in such manner as DTC shall determine. Each \$5,000 portion of a bond shall be treated as a separate bond in the selection of Bonds to be redeemed.

If the County elects to redeem all or a portion of the Bonds outstanding, it shall give a redemption notice to the registered owners of such Bonds to be redeemed by publication at least once, at least thirty (30) days prior to the date of redemption, in a newspaper of general circulation in the County and also in a financial newspaper or journal circulating in the City of New York, New York. The County shall also give a redemption notice by letter mailed first class, postage prepaid, to the registered owners of the Bonds to be redeemed at their last addresses appearing on the registration books maintained by the Bond Registrar/Paying Agent; provided, however, that so long as DTC or its nominee is the sole registered owner of such Bonds, any redemption notice will be given only to DTC. The failure to mail such notice with respect to a particular bond or any defect in such notice, or in the mailing thereof, shall not affect the sufficiency of proceedings for the redemption of any other bond. From and after the date fixed for redemption, if notice has been duly and properly given and if funds sufficient for the payment of the redemption price and accrued interest are available on such date, the Bonds designated for redemption shall cease to bear interest.

Notwithstanding the foregoing, so long as the Bonds are maintained under a book-entry system, selection of the Bonds to be redeemed shall be made in the manner described below under "Book-Entry Only System" and notice of redemption shall be mailed only to DTC.

#### *Adjustment of Amounts and Maturities*

Prior to the Sale Date, the County may cancel the sale of the Bonds or adjust the aggregate principal amount and the principal amount of any maturity of the Bonds. The preliminary aggregate principal amount of the Bonds and the preliminary principal amount of each installment payment on the Bonds as set forth in this Official Notice of Sale (the "Preliminary Aggregate Principal Amount" and the "Preliminary Principal Amount", and collectively the "Preliminary Amounts") may be revised before the receipt and opening of the bids for their purchase. **ANY SUCH REVISIONS MADE PRIOR TO THE OPENING OF THE BIDS** (the "Revised Aggregate Principal Amount" and the "Revised Principal Amount", and collectively the "Revised Amounts") **WILL BE PUBLISHED ON THOMPSON MUNICIPAL MARKET MONITOR ("TM3") (www.tm3.com) NOT LATER THAN 9:30 A.M., PREVAILING EASTERN TIME, ON THE SALE DATE FOR THE BONDS.**

In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids and select a winning bidder.

After the receipt and opening of the bids for their purchase, the County may reject the bids for the Bonds or adjust the aggregate principal amount and the principal amount of each maturity of the Bonds; provided that such adjustments are within the limitations set forth in the Bidding Parameters Table, calculated based on the applicable bid amount. The County will consult with the successful bidder before adjusting the amount of any maturity of the Bonds or canceling the sale of the Bonds; however, the County reserves the sole right to make adjustments, within the limits described above, or to cancel the sale of the Bonds. The County intends to notify the successful bidder, if any, of any adjustments made after the opening of the bids promptly and in any event not later than five (5) hours after the bid opening unless waived by the successful bidder. Adjustments within the limits described above will not relieve the successful bidder from its obligation to purchase all of the Bonds offered by the County, assuming the County has satisfied all other conditions of this Official Notice of Sale.

If the principal amount of any maturity of the Bonds is adjusted after the award, the interest rate and reoffering price (as a percentage of the adjusted principal) for each maturity and the Underwriter's Discount, per \$1,000 of par amount of the Bonds, as submitted by the successful bidder shall be held constant. The "Underwriter's Discount" shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid.

#### ***Change or Cancellation of Sale Date and/or Date of Delivery***

The County may cancel or postpone the sale of the Bonds prior to the Sale Date. Notice of a cancellation or postponement will be announced via the Thomson Municipal News wire at [www.tm3.com](http://www.tm3.com) not later than 9:30 a.m., prevailing Eastern Time, on the Sale Date. Such notice will specify the revised principal amount or other revised feature, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated on at least twenty-four (24) hours notice via the Thomson Municipal News wire at [www.tm3.com](http://www.tm3.com).

The County may change the scheduled delivery date for the Bonds by notice given in the same manner as that set forth above.

#### ***Preliminary Official Statement; Continuing Disclosure***

The County has deemed the Preliminary Official Statement to be final as of its date for purposes of Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), except for the omission of certain information permitted to be omitted by said Rule. The County agrees to deliver to the successful bidder for its receipt no later than seven business days after the date of sale of the Bonds an electronic copy of the final official statement.

The County has made certain covenants for the benefit of the holders from time to time of the Bonds to provide certain continuing disclosure, in order to assist bidders for the Bonds in complying with Rule 15c2-12(b)(5) of the SEC. Such covenants are described in the Preliminary Official Statement.

#### ***Electronic Bidding***

##### **Procedures**

Only electronic bids submitted via PARITY® will be accepted. No other provider of electronic bidding services will be accepted. No bid delivered in person or by facsimile directly to the County will be accepted. Bidders are permitted to submit bids for the Bonds during the bidding time period, provided they are eligible to bid as described under "ELIGIBILITY TO BID" below.

Each bid must be unconditional and received by PARITY® before the Sale Time set forth in the Bidding Parameters Table. No proposal to purchase the Bonds may be withdrawn after the deadline set for receiving bids. Prior to the deadline set for receiving bids, an eligible prospective bidder may, subject to any limitations which may be imposed by PARITY®, modify the proposed terms of its bid in which event the proposed terms last modified will constitute its bid for Bonds. At the deadline stated above for receiving bids, the bidding process will close and each bid shall then constitute an irrevocable offer to purchase the Bonds on the terms provided in the bid and this Official Notice of Sale.

##### **Eligibility to Bid**

All prospective bidders shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting such bidder's bid in a timely manner and in compliance with the requirements of the County pursuant to this Official Notice of Sale. The County shall have no duty or obligation to provide or assure such access to any bidder. Without limiting the generality of the foregoing, bidders submitting an electronic proposal must fulfill any requirements of the bidding service provider, if any, over and above the requirements of the County set forth in this Official Notice of Sale. Each bidder may contact BiDCOMP at 212-849-5059 for further information regarding its services.

### **Form of Bid, Interest Rates and Bid Prices**

All bids must conform to the requirements of this Official Notice of Sale. Bidders must bid to purchase all maturities of the Bonds. No bid will be considered which does not offer to purchase all of the Bonds. Each bid must specify (i) an annual rate of interest for each maturity, (ii) a reoffering price or yield for each maturity, and (iii) a dollar purchase price for the entire issue of the Bonds.

A bidder must specify the rate of interest per annum per maturity, which the Bonds are to bear, to be expressed in the coupon rate multiples set forth in the Bidding Parameters Table. Any number of interest rates may be named, but the Bonds of each maturity must bear interest at the same single rate for all bonds of that maturity.

Each bid for the Bonds must meet the minimum and maximum coupon and pricing criteria shown in the Bidding Parameters Table on a maturity and aggregate basis.

Each bidder must specify, as part of its bid, the prices or yields at which a substantial amount (i.e., at least 10%) of the Bonds of each maturity will be offered and sold to the public. Reoffering prices presented as a part of the bids will not be used in computing the bidders' true interest cost. As promptly as reasonably possible after bids are received, the County will notify the successful bidder that it is an apparent winner.

### **Disclaimer**

The use of PARITY<sup>®</sup> electronic bidding shall be at the bidder's risk and expense, and the County shall have no liability with respect thereto. The County is using electronic bidding as a communications medium and solely as a courtesy to prospective bidders. PARITY<sup>®</sup> is not acting as the County's agent. The County shall assume no responsibility or liability for bids submitted through such electronic bidding service provider. The County shall not be responsible for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, the approved provider's service. Without limiting the generality of the foregoing disclaimers, the County does not assume responsibility for any communications or negotiations between bidders and any electronic bidding service provider, or for any failure of such a provider to accurately or timely submit any electronic proposal.

*Each electronic bid submitted via PARITY<sup>®</sup> shall be deemed an offer, in response to this Official Notice of Sale, and shall be binding on the bidder as if made by a signed, sealed bid delivered to the County.*

Any electronic proposals shall be deemed to incorporate all of the provisions of this Official Notice of Sale. If any provision of this Official Notice of Sale conflicts with information provided by PARITY<sup>®</sup>, this Official Notice of Sale shall control. The County is not bound by any advice or determination of PARITY<sup>®</sup> as to whether any bid complies with the terms of this Official Notice of Sale. The time as maintained by PARITY<sup>®</sup> shall constitute the official time with respect to all bids submitted.

### **Award of Bid**

The County expects to award the Bonds to the winning bidder or bidders on the Sale Date. It is anticipated that all bids will be reviewed by the Director of Finance of the County at the time stated above and will be acted on following the opening, tabulation and verification of the bids received. The decision as to the award of the Bonds will be final. Bids may not be withdrawn prior to the award.

The Bonds will be awarded by the County on the Sale Date to the bidder whose bid complies with this Official Notice of Sale and results in the lowest true interest cost to the County. The lowest true interest cost will be determined in accordance with the True Interest Cost ("TIC") method by doubling the semi-annual interest rate, compounded semi-annually, necessary to discount the debt service payments from the payment dates to the Dated Date of the Bonds and to the aggregate purchase price of the Bonds. If two or more bidders offer to purchase the Bonds at the same lowest TIC, such Bonds may be apportioned between such bidders if it is agreeable to each of the

bidders who have offered the price producing the same lowest TIC; provided, that if apportionment is not acceptable to such bidders, the County will have the right to award such Bonds to one of such bidders.

#### ***Right of Rejection***

The County expressly reserves the right (i) to waive any informalities, (ii) to reject all bids, any incomplete bid or any bid not fully complying with all of the requirements set forth herein, and (iii) to solicit new bids or proposals for the sale of the Bonds or otherwise provide for the public sale of the Bonds if all bids are rejected or the winning bidder defaults, including, without limitation, sale of the Bonds to one or more of the losing or rejected bidders without regard to their original bid or its relationship to any other bid.

#### ***Delivery and Payment***

Delivery of the Bonds will be made by the County to DTC in book-entry only form, in New York, New York on or about the Dated Date, or on or about such other date as may be agreed on by the County and the successful bidder.

At the time of delivery of the Bonds, payment of the amount due for the Bonds must be made by the successful bidder to the order of the County immediately available in federal funds or other funds immediately available to the County, or by such other means as may be acceptable to the Director of Finance of the County. Any expense incurred in providing immediately available funds, whether by transfer of federal funds or otherwise, shall be borne by the purchaser.

#### ***Good Faith Deposit***

A Good Faith Deposit in the amount of \$2,595,400 is required only of the winning bidder for the Bonds. The winning bidder for the Bonds is required to submit such Good Faith Deposit payable to the order of the County in the form of a wire transfer in federal funds as instructed by the County's Financial Advisor, Davenport & Company LLC. The winning bidder shall submit the Good Faith Deposit not more than two hours after verbal award is made. The winning bidder should provide as quickly as it is available, evidence of wire transfer by providing the County the federal funds reference number. If the Good Faith Deposit is not received in the time allotted, the bid of the winning bidder may be rejected and the County may direct the next lowest bidder to submit a Good Faith Deposit and thereafter may award the sale of the Bonds to the same. If the winning bidder fails to comply with the Good Faith Deposit requirement as described herein, that bidder is nonetheless obligated to pay to the County the sum of \$2,595,400 as liquidated damages due to the failure of the winning bidder to timely deposit the Good Faith Deposit.

#### ***Submission of a bid to purchase the Bonds serves as acknowledgement and acceptance of the terms of the Good Faith Deposit requirement.***

The Good Faith Deposit so wired will be retained by the County until the delivery of the Bonds, at which time the Good Faith Deposit will be applied against the purchase price of the Bonds or the Good Faith Deposit will be retained by the County as partial liquidated damages in the event of the failure of the successful bidder to take up and pay for such Bonds in compliance with the terms of this Official Notice of Sale and of its bid. No interest on the Good Faith Deposit will be paid by the County. The balance of the purchase price must be wired in federal funds to the account detailed in the closing memorandum, simultaneously with delivery of the Bonds.

#### ***CUSIP Numbers; Expenses of the Bidder***

It is anticipated that CUSIP numbers will be assigned to each of the Bonds, but neither the failure to type or print such numbers on any of the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. The policies of the CUSIP Service Bureau will govern the assignment of specific numbers to the Bonds. The successful bidder will be responsible for applying for and obtaining, subject to the CUSIP Service Bureau policy and procedures, CUSIP numbers for the Bonds promptly upon award of the bid. The CUSIP Service Bureau charges for the assignment of the numbers shall be the responsibility of and shall be paid for by the successful bidder.

All charges of DTC and all other expenses of the successful bidder will be the responsibility of the successful bidder for the Bonds.

***Reoffering Prices and Certificate***

The successful bidder shall make a bona fide public offering of all of the Bonds and shall represent to the County that such reoffering is in compliance with all applicable securities laws of the jurisdictions in which such Bonds are offered. **Within 30 minutes after being notified of the tentative award of the bonds, the successful bidder shall advise the county in writing (via facsimile or e-mail transmission) to Sam Ketterman, Joe Mason or Phil Weisshaar at [sketterman@investdavenport.com](mailto:sketterman@investdavenport.com), [jmason@investdavenport.com](mailto:jmason@investdavenport.com) or [pweisshaar@investdavenport.com](mailto:pweisshaar@investdavenport.com), respectively, of the initial public offering prices of the Bonds. The County will review the initial public offering prices for compliance with applicable securities laws prior to final confirmation of the award.**

SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE COUNTY A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF EACH MATURITY OF THE BONDS AT THE INITIAL REOFFERING PRICES, (II) AS OF THE DATE OF THE SALE OF THE BONDS, THE SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A SUBSTANTIAL AMOUNT OF EACH MATURITY OF THE BONDS TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE REOFFERING PRICES, AND (III) A SUBSTANTIAL AMOUNT OF EACH MATURITY OF THE BONDS WAS SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES OR SUCH OTHER FACTS REGARDING THE ACTUAL SALE OF THE BONDS AS BOND COUNSEL SHALL REQUEST, AS DESCRIBED BELOW. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of each maturity of the Bonds at the initial reoffering prices would be sufficient to certify as of the sale of a substantial amount of the Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

***Tax Status, Legal Opinions, Closing Documents and No Litigation***

The approving legal opinion of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel, will be furnished without cost to purchasers of the Bonds. A summary description of the tax treatment of the Bonds is contained in the Preliminary Official Statement under the heading "Tax Matters." The proposed form of legal opinion of bond counsel is attached as Appendix C to the Preliminary Official Statement.

***Additional Information***

This Official Notice of Sale is not a summary of the terms of the Bonds. Reference is made to the Preliminary Official Statement for a further description of the Bonds and the County. Prospective investors or bidders for the Bonds must read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision. The Preliminary Official Statement is deemed final by the County as of its date for purposes of the Rule but is subject to revision, amendment and completion in a final Official Statement. Additional information concerning the matters discussed in this Official Notice of Sale, and copies of the Official Bid Form and Preliminary Official Statement may be obtained online at <http://bonds.montgomerycountymd.gov> or by request from any of the following: Joseph F. Beach, the County's Director of Finance, at (240) 777-8860 or [joseph.beach@montgomerycountymd.gov](mailto:joseph.beach@montgomerycountymd.gov); Jacqueline Carter, the County's Debt Manager, at (240) 777-8979 or [jacqueline.carter@montgomerycountymd.gov](mailto:jacqueline.carter@montgomerycountymd.gov); Sam Ketterman at (410) 296-9426 or [sketterman@investdavenport.com](mailto:sketterman@investdavenport.com); Joe Mason at (571) 223-5893 or [jmason@investdavenport.com](mailto:jmason@investdavenport.com); or Phil Weisshaar at (804) 697-2911 or [pweisshaar@investdavenport.com](mailto:pweisshaar@investdavenport.com).

**MONTGOMERY COUNTY, MARYLAND**

By /s/Joseph F. Beach  
Joseph F. Beach  
Director of Finance

Dated:

*(This page has been left blank intentionally.)*



# MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

<b>Subject</b> Authorizing the issuance of Consolidated Public Improvement Bonds of 2014, Series A and Consolidated Public Improvement Refunding Bonds of 2014 Series B	<b>Executive Order No.</b>  191-14	<b>Subject Suffix</b>
<b>Department</b> Department of Finance	<b>Department No.</b> B336-14	<b>Effective Date</b> 10/21/2014

EXHIBIT E

ESCROW DEPOSIT AGREEMENT

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**MONTGOMERY COUNTY MARYLAND**

and

**U.S. BANK NATIONAL ASSOCIATION**

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**ESCROW DEPOSIT AGREEMENT**

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Dated as of November \_\_, 2014

**Montgomery County Maryland  
General Obligation Bonds  
Consolidated Public Improvement Refunding Bonds of 2014, Series B**

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## ESCROW DEPOSIT AGREEMENT

This ESCROW DEPOSIT AGREEMENT, dated as of November \_\_, 2014, between Montgomery County, Maryland, a body politic and corporate and a political subdivision of the State of Maryland (the "County"), and U.S. Bank National Association, as escrow deposit agent (the "Escrow Deposit Agent") under this Escrow Deposit Agreement.

### RECITALS

The County, pursuant to Section 19-207 of the Annotated Code of Maryland (2013 Replacement Volume) (the "Refunding Act"); Resolution No. 16-1152 adopted by the County Council on October 20, 2011, as amended by Resolution No. 17-183, adopted by the County Council on June 28, 2011, and Resolution No.17-557 adopted by the county council on September 25, 2012 (collectively, the "Refunding Resolutions"); provisions of the Charter of the County; and Executive Order No. \_\_\_\_\_ dated \_\_\_\_\_ and Executive Order No. B \_\_\_\_\_ dated \_\_\_\_\_, each duly executed by the County Executive of the County (collectively, the "Order"), is issuing, selling and delivering \$ \_\_\_\_\_ aggregate principal amount of general obligation bonds designated "Montgomery County, Maryland, General Obligation Bonds, Consolidated Public Improvement Refunding Bonds of 2014, Series B" (the "Bonds").

The Bonds are being issued for the purpose of providing funds to refund certain maturities of the County's general obligation bonds as more specifically set forth on Schedule A attached hereto (collectively, the "Refunded Bonds").

The County, pursuant to the Resolution and the Order, has determined to provide for the payment of the Refunded Bonds by depositing with the Escrow Deposit Agent immediately available funds sufficient to purchase noncallable, non-prepayable direct obligations of, or noncallable non-prepayable obligations the timely payment of the principal of and the interest on which are unconditionally guaranteed by, the United States of America which mature at stated fixed prices as to principal and interest at such times so that sufficient moneys will be available from such maturing principal and interest, together with any funds held uninvested as cash or reinvested as provided herein, to pay interest on the Refunded Bonds due on or after their respective redemption dates and at the redemption price as specified in Schedule A attached hereto and incorporated heron.

NOW, THEREFORE, the County and the Escrow Deposit Agent, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, do hereby agree as follows:

## ARTICLE I

### DEFINITIONS

#### Section 1.01. Definitions.

All terms defined in the Recitals to this Escrow Deposit Agreement shall have the meanings set forth therein. In addition, the following terms used in this Escrow Deposit Agreement shall have the meanings hereinafter provided for such terms, unless a different meaning clearly appears from the context:

**“Bond Counsel”** means an attorney at law or firm of attorneys at law selected by the County regularly rendering opinions of general acceptance in the municipal bond market.

**“Business Day”** means a day other than a Saturday, Sunday or day on which banking institutions under the laws of the state governing the Escrow Deposit Agent are authorized or obligated by law or required by executive order to remain closed.

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

**“Escrow Deposit Agent”** means U.S. Bank National Association, as Escrow Deposit Agent under this Escrow Deposit Agreement.

**“Escrow Deposit Agreement”** means this Escrow Deposit Agreement dated as of November 26, 2013, by and between the County and the Escrow Deposit Agent.

**“Escrow Deposit Fund”** means the fund which is created and established under this Escrow Deposit Agreement.

**“Escrowed Government Obligations”** means Government Obligations on deposit from time to time to the credit of the Escrow Deposit Fund created and established by this Escrow Deposit Agreement.

**“Government Obligations”** means noncallable, non-prepayable direct obligations of, or noncallable and non-prepayable obligations the full and timely payment of the principal of and the interest on which are unconditionally guaranteed by, the United States of America, including noncallable stripped coupons of the above investments if the underlying obligation of the strip is noncallable at the option of the issuer prior to the time it is required to pay debt service hereunder. Such obligations may not include obligations of mutual funds or unit investment trusts that invest in like instruments.

## ARTICLE II

### ESCROW FOR REFUNDED BONDS

#### Section 2.01. Receipt of Resolution.

The Escrow Deposit Agent hereby acknowledges receipt of copies of the Resolution certified by the Clerk of the County Council of the County and the Order.

#### Section 2.02. Establishment of Escrow Deposit Fund.

(a) There is hereby created and established with the Escrow Deposit Agent a special and irrevocable escrow deposit fund designated "Escrow Deposit Fund" (the "Escrow Deposit Fund") to be held in trust by the Escrow Deposit Agent separate and apart from other funds of the County and of the Escrow Deposit Agent.

(b) Simultaneously with the receipt of the proceeds of the sale of the Bonds, the County shall deliver to the Escrow Deposit Agent for deposit in the Escrow Deposit Fund immediately available funds in the amount of \$\_\_\_\_\_, constituting a portion of the proceeds of the Bonds, which amounts shall be applied solely as provided in this Escrow Deposit Agreement. The County represents that, based on the certification of \_\_\_\_\_ ("Verification Agent") dated \_\_\_\_\_ relating to the Bonds, a copy of which is attached hereto as Schedule B, such funds will be sufficient to purchase on \_\_\_\_\_, Government Obligations to be held to the credit of the Escrow Deposit Fund that will mature in principal amounts at such times and bear interest at a rate or rates so that sufficient moneys will be available from such maturing principal and interest, together with any cash balance left uninvested or reinvested as provided for herein, to pay, from amounts in the Escrow Deposit Fund, interest on the Refunded Bonds when due and to redeem the Refunded Bonds becoming due and payable on the earliest practicable dates of redemption as indicated on Schedule A attached hereto.

(c) The County further represents that such funds are derived from the net proceeds of the sale of the Bonds.

#### Section 2.03. Deposit Irrevocable.

The deposit of funds in the Escrow Deposit Fund shall constitute an irrevocable deposit of such funds for the equal and ratable benefit of the holders of the Refunded Bonds. The principal of the Escrowed Government Obligations purchased from funds deposited in the Escrow Deposit Fund, interest earned thereon and any proceeds from the sale thereof, together with any cash left uninvested in the Escrow Deposit Fund, shall be held in escrow and shall be applied, as hereinafter set forth, solely to the payment of the principal and redemption price of and interest on the Refunded Bonds or as described in Section 2.10.

#### **Section 2.04. Investment.**

(a) The Escrow Deposit Agent hereby acknowledges the creation and establishment of the Escrow Deposit Fund and acknowledges receipt of the sum described in Section 2.02(b) of this Escrow Deposit Agreement. The Escrow Deposit Agent shall apply \$ \_\_\_\_\_ of such funds on deposit in the Escrow Deposit Fund to the purchase of the Government Obligations described in Schedule B attached hereto, which purchased Government Obligations shall constitute Escrowed Government Obligations for purposes of this Escrow Deposit Agreement. The balance of such funds in the amount of \$ \_\_\_\_\_ shall be held by the Escrow Deposit Agent in cash.

(b) The Escrow Deposit Agent shall hold the Escrowed Government Obligations described in subparagraph (a) of this Section 2.04 and apply amounts received from the maturing principal and interest thereof in any manner prescribed by Bond Counsel, in order to comply with the requirements of Section 2.04(e) hereof, subject to the requirement that the Escrow Deposit Agent shall make payments from the Escrow Deposit Fund required to be made on account of the Refunded Bonds pursuant to Section 2.05 hereof.

(c) Notwithstanding Subsection 2.04(b), the Escrow Deposit Agent may dispose of any or all of the Government Obligations described in Schedule B attached hereto and invest the net proceeds derived from the sale thereof in Government Obligations to be deposited in the Escrow Deposit Fund, subject to the requirement that the Escrow Deposit Agent shall have received an opinion of a nationally recognized firm of certified public accountants or other experts nationally recognized in the field of verifying mathematical computations regarding the advance refunding of tax exempt obligations verifying compliance with the plan of refunding to the effect that the maturing principal of and interest on Government Obligations on deposit in the Escrow Deposit Fund after such sale and purchase of Government Obligations shall be sufficient without reinvestment to enable the Escrow Deposit Agent to make payments from the Escrow Deposit Fund required to be made on account of the respective Refunded Bonds pursuant to Section 2.05, and subject to the further requirement that the Escrow Deposit Agent shall have received an opinion of nationally recognized Bond Counsel to the effect that, subsequent to any such disposition and purchase of Government Obligations as aforesaid, the Government Obligations on deposit in the Escrow Deposit Fund comply with the requirements set forth in Section 2.04(e) hereof.

(d) Except as otherwise expressly provided in this Section 2.04 or Section 2.05, the Escrow Deposit Agent shall have no power or duty to invest any moneys held hereunder or to make substitutions of Escrowed Government Obligations held hereunder.

(e) The County and the Escrow Deposit Agent hereby covenants that no part of the moneys or funds at any time in the Escrow Deposit Fund shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause the Bonds or the Refunded Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and the applicable regulations thereunder.

(f) Except as otherwise provided in this Section, any cash on deposit in the Escrow Deposit Fund constituting proceeds of the maturing principal of or interest on Escrowed Government Obligations shall be held in cash and not invested. Interim balances of matured principal and interest in excess of \$100 derived from Escrowed Government Obligations shall be invested by the Escrow Deposit Agent in accordance with the instructions set forth in Schedule B.

(g) If the Escrow Deposit Agent is unable to reinvest any funds as specified on Schedule B attached hereto due to the suspension of sales of U.S. Treasury Securities - State and Local Government Series, the Escrow Deposit Agent will notify the County of such suspension, and the County will provide to the Escrow Deposit Agent written directions to invest applicable amounts in specified obligations with a maturity date of no longer than 90 days from the date of investment as permitted under Revenue Procedure 95-47 (the "Alternate Investment"), together with (i) a revised certificate of the Verification Agent regarding the sufficiency of escrowed funds to pay remaining amounts due on the Refunded Bonds, taking into account the Alternate Investment and assuming that any amounts in excess of the purchase price of the Alternate Investment will be rebated to the U.S. Treasury Department (the "Alternate Investment Rebate Amount"), and (ii) an opinion of Bond Counsel satisfactory to the Escrow Deposit Agent to the effect that such transaction is in compliance with applicable law and will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest paid on the Refunded Bonds or the Bonds. At least 30 days before any such payment of the Alternate Investment Rebate Amount is due, the County shall provide to the Escrow Deposit Agent a completed and executed Form 8038-T (or other applicable form) and instructions as to the required payment by the Escrow Deposit Agent to the U.S. Treasury Department of the Alternate Investment Rebate Amount, which payment shall be made within 180 days of the date of purchase of the Alternate Investment pursuant to Revenue Procedure 95-47. References in this paragraph to Revenue Procedure 95-47 and dates within which certain actions must be taken pursuant thereto shall be construed to refer to applicable procedures and time periods specified in any superseding revenue procedures or other applicable advice promulgated by the U.S. Treasury Department. The Escrow Deposit Agent shall not be liable for any payments or penalties determined by the U.S. Treasury Department or other applicable agency if reinvestment instructions are not received when uninvested funds are available, provided that the Escrow Agent has satisfied its obligations set forth in this paragraph.

#### **Section 2.05 Use of Funds and Payment of the Refunded Bonds and Fees.**

The Escrow Deposit Agent shall pay to DTC, on behalf of the County as the paying agent for the Refunded Bonds from cash on hand in the Escrow Deposit Fund, a sum sufficient (i) to pay principal of and interest on the Refunded Bonds when due and (ii) to pay the redemption price of the Refunded Bonds as set forth in Schedule A attached hereto.

#### **Section 2.06. Pledges and Liens.**

The County hereby assigns and pledges to the Escrow Deposit Agent for the benefit of the holders of the Refunded Bonds and grants to the Escrow Deposit Agent for the benefit of such holders of the Refunded Bonds a security interest in the Escrowed Government Obligations and funds on deposit in the Escrow Deposit Fund and the interest income thereon.

The Escrow Deposit Agent shall have an express first lien on, pledge of and security interest in all funds, Escrowed Government Obligations and income earned then on deposit in or credited to the Escrow Deposit Fund until such funds, Escrowed Government Obligations and income are used and applied in accordance with this Escrow Deposit Agreement, all for the benefit of the holders of the Refunded Bonds.

**Section 2.07. Redemption.**

(a) The County hereby irrevocably elects to redeem the Refunded Bonds and pay the redemption prices thereof on their respective redemption dates, as provided on Schedule A hereto.

(b) The Escrow Deposit Agent shall cause the Notices of Redemption with respect to the Refunded Bonds substantially in the forms of Exhibit A to be published 30 days prior to \_\_\_\_\_ and \_\_\_\_\_ respectively, in (A) The Bond Buyer and (B) The Gazette or The Washington Post, or such other newspaper of general circulation in the County as the County may direct. In addition, the Escrow Deposit Agent shall (i) mail such Notice[s] of Redemption by first class mail, postage prepaid, at least thirty (30) days prior to each date of redemption, to DTC, as the registered owner of the Refunded Bonds, as and (ii) provide such Notices of Redemption to the Municipal Securities Rulemaking Board (“MSRB”) through the Electronic Municipal Market Access System (“EMMA”) or such other electronic format as prescribed by the MSRB.

(c) The cost of the notices described in this Section 2.07 shall be paid by the County pursuant to Section 2.08 hereof.

(d) Promptly, but in no event more than ten (10) days after the delivery of and payment for the Bonds, the Escrow Deposit Agent shall deliver, or cause to be delivered, the Notice of Refunding, substantially in the form set forth in Exhibit B attached hereto, to (a) DTC, as the registered owner of the Refunded Bonds, and (b) the MSRB through EMMA or such other electronic format as prescribed by the MSRB.

**Section 2.08. Fees and Expenses of Escrow Deposit Agent.**

The County shall pay the Escrow Deposit Agent such fees as are agreed upon by the parties in a separate agreement established for the payment of fees. The County will provide for the payment of the reasonable out-of-pocket expenses incurred by the Escrow Deposit Agent in the performance of its duties under this Escrow Deposit Agreement, including, as provided in Section 2.12, the cost of mailing notices under Section 2.07 hereof. No fees and expenses of the Escrow Deposit Agent other than those described in this Section 2.08 are anticipated. However, if the Escrow Deposit Agent incurs any unusual or extraordinary expenses, or undertakes any unusual or extraordinary services, not anticipated at the time of the execution and delivery of this Escrow Deposit Agreement, the Escrow Deposit Agent may request payment of its reasonable fees and expenses in connection therewith from the County. The Escrow Deposit Agent shall assert no lien whatsoever upon any of the moneys in the Escrow Deposit Fund for the payment of its fees and expenses.

**Section 2.09. Liability and Duties of Escrow Deposit Agent.**

(a) The Escrow Deposit Agent and its respective successors, assigns, agents and servants, absent negligence or willful misconduct, shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Escrow Deposit Agreement, the establishment of the Escrow Deposit Fund, the acceptance of the moneys deposited therein, the purchase of Escrowed Government Obligations, the retention of the Escrowed Government Obligations or the proceeds thereof, or any payment, transfer or other application of moneys or securities by the Escrow Deposit Agent in accordance with the provisions of this Escrow Deposit Agreement.

(b) This Escrow Deposit Agreement sets forth exclusively the duties of the Escrow Deposit Agent with respect to any and all matters pertinent hereto and no implied duties or obligations shall be read into this Escrow Deposit Agreement against the Escrow Deposit Agent. The Escrow Deposit Agent may act in reliance upon any instrument or signature believed by it to be genuine and may assume that any person purporting to give any writing, notice, advice or direction in connection with the provisions hereof has been duly authorized to do so.

**Section 2.10. Term; Disposition of Surplus Funds.**

This Escrow Deposit Agreement shall become effective upon its execution and delivery and shall terminate when all the Refunded Bonds and interest due thereon have been paid and discharged.

Upon the payment of the principal and redemption price of and accrued interest on the Refunded Bonds from funds on deposit in the Escrow Deposit Fund and after payment of any unpaid expenses of the Escrow Deposit Agent relating to the redemption of the Refunded Bonds, any moneys and Escrowed Government Obligations remaining in the Escrow Deposit Fund shall be paid and delivered by the Escrow Deposit Agent to the County or to a depository designated by the County, to be applied at the County's discretion in a manner consistent with Section 2.04 hereof.

**Section 2.11. Costs of Notices.**

The Escrow Deposit Agent shall submit to the County for payment by the County all receipts and invoices for costs and expenses related to mailings described in Section 2.07 hereof.

**Section 2.12. Replacement of Escrow Deposit Agent.**

The Escrow Deposit Agent may resign by notice in writing given to the County and a notice to the MSRB through EMMA, not less than sixty (60) days before such resignation is to take effect. The cost of such notification shall be the responsibility of the Escrow Deposit Agent. Such resignation shall take effect only upon the appointment and qualification of and the acceptance of duties by a successor Escrow Deposit Agent, as described below. The Escrow Deposit Agent may be removed at any time for any breach of trust or failure to comply with the terms of this Escrow Deposit Agreement, by any court of competent jurisdiction upon the

application of the County or the registered holders of not less than ten percent (10%) in aggregate principal amount of the outstanding Refunded Bonds.

Upon resignation or removal of the Escrow Deposit Agent, a successor Escrow Deposit Agent (which shall be a commercial bank, trust company or national banking association having a combined capital and surplus of at least \$100,000,000 and which shall be subject to supervision or examination by federal or state authority) shall be appointed by the County or, if the County shall fail to make such appointment within forty-five (45) days following removal or receipt of notice of resignation of the predecessor Escrow Deposit Agent, by any court of competent jurisdiction upon the petition of any registered holder of any of the outstanding Bonds. Such successor Escrow Deposit Agent shall agree in writing to assume all of the duties and obligations of the Escrow Deposit Agent under this Escrow Deposit Agreement and, upon such agreement, without any further act, deed or conveyance, shall immediately become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of its predecessor Escrow Deposit Agent.

Upon the resignation or removal of the initial Escrow Deposit Agent hereunder, U.S. Bank National Association will refund to the County a pro rata portion of the fee paid to the Escrow Deposit Agent pursuant to Section 2.08 hereof, such pro rata portion representing the fee payable with respect to the remaining unexpired term of this Escrow Deposit Agreement.

### **Section 2.13. Amendments.**

This Escrow Deposit Agreement shall not be amended without the consent of the parties hereto and all the holders of the Refunded Bonds then outstanding; provided, however, that the County and the Escrow Deposit Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Escrow Deposit Agreement (the "Amendments" or "Amendment") as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Escrow Deposit Agreement, for any one or more of the following purposes:

(i) to cure any ambiguity or formal defect or omission in this Escrow Deposit Agreement;

(ii) to grant to, or confer upon the Escrow Deposit Agent for the benefit of such holders any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Deposit Agent; and

(iii) to make any other amendment deemed necessary by the County and the Escrow Deposit Agent to sever any clause or provision in this Agreement deemed to be illegal or unenforceable.

The Escrow Deposit Agent shall not undertake or execute any amendment unless it has received an opinion of nationally recognized Bond Counsel that (A) if such amendment had been adopted on the date of issuance of the Bonds, such Amendment would not have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations and rulings thereunder applicable to the Bonds on the date

of the amendment; (B) the amendment will not cause any of the Refunded Bonds to be "arbitrage bonds;" and (C) the amendment complies with this Section.

Prior to any amendment or revocation of this Agreement, the Escrow Deposit Agent shall give notice and provide draft legal documents to (i) Moody's Investors Service, Inc. at Moody's Investors Service, Inc., Public Finance Rating Desk/Refunded Bonds, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, (ii) Standard & Poor's, 25 Broadway, New York, New York 10004, and (iii) Fitch Ratings, One State Street Plaza, New York, New York 10004. Failure to give the notices required in this paragraph, however, shall not constitute an event of default hereunder.

#### **Section 2.14. Reports by Escrow Deposit Agent.**

Within ten (10) days of each June 30 and December 31 during the term of this Escrow Deposit Agreement, beginning December 31, 2014, the Escrow Deposit Agent shall forward to the County a statement describing the Escrowed Government Obligations and cash held at the beginning of business on each such date in the Escrow Deposit Fund, including the income earned therefrom and the maturities thereof, and any withdrawals of money from the Escrow Deposit Fund since the last statement furnished pursuant to this Section.

### **ARTICLE III**

#### **MISCELLANEOUS**

##### **Section 3.01. Entire Agreement.**

This Escrow Deposit Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

##### **Section 3.02. Section and Paragraph Headings.**

The County and the Escrow Deposit Agent agree that the Section and paragraph headings have been prepared for convenience only and are not part of this Escrow Deposit Agreement and shall not be taken as an interpretation of any provision of this Escrow Deposit Agreement.

##### **Section 3.03. Severability.**

If any clause, provision or Section of this Escrow Deposit Agreement is held illegal or invalid by any court, the invalidity of such clause, provision or Section shall not affect any of the remaining clauses, provisions or Sections hereof, and this Escrow Deposit Agreement shall be construed and enforced as if such illegal or invalid clause, provision or Section had not been contained herein. In case any agreement or obligation contained in this Escrow Deposit Agreement is held to be in violation of law, then such agreement or obligation shall be determined to be the agreement or obligation of the County or the Escrow Deposit Agent, as the

case may be, only to the full extent permitted by law. Immediately after such occurrence, the Escrow Deposit Agent shall notify Moody's Investors Service, Inc., Standard & Poor's Corporation and Fitch Ratings at their addresses provided in Section 2.14.

**Section 3.04. Maryland Law.**

This Escrow Deposit Agreement is executed and delivered with the intent that the laws of the State of Maryland shall govern.

**Section 3.05. Escrow Deposit Agreement Constitutes Security Agreement.**

The County executes this Escrow Deposit Agreement as a debtor under the Maryland Uniform Commercial Code and the Escrow Deposit Agent executes this Escrow Deposit Agreement as a secured party under the Maryland Uniform Commercial Code, it being intended by the parties hereto that this Escrow Deposit Agreement shall constitute and be a security agreement under the laws of the State of Maryland.

**Section 3.06. Representations.**

The County hereby represents that (a) the County was duly created by and is in existence under the laws of the State of Maryland, and the County possesses the authority under the Resolution and the Refunding Act to enter into the transactions contemplated by this Escrow Deposit Agreement; (b) the County is not in default under any of the provisions of the laws of the State of Maryland which would affect its existence or its power referred to in the preceding clause (a); and (c) the County has taken due and proper action to authorize the execution and delivery of this Escrow Deposit Agreement.

The Escrow Deposit Agent hereby represents that it (a) has been duly organized, is validly existing, and is in good standing under the banking laws as a national association, (b) has the corporate power and authority to act as Escrow Deposit Agent under this Escrow Deposit Agreement, (c) meets the requirements set forth in Section 2.12, and (c) may validly and legally perform the duties and obligations of the Escrow Deposit Agent under this Escrow Deposit Agreement.

**Section 3.07. Execution in Several Counterparts.**

This Escrow Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; and all such counterparts shall together constitute but one and the same instrument.

**Section 3.08. U.S. Patriot Act.**

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Escrow Deposit Agent may ask for documentation to verify its formation and existence as a legal entity.

The Escrow Deposit Agent may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

*[The remainder of this page has been left blank intentionally.]*

**IN WITNESS WHEREOF**, the parties hereto have caused this Escrow Deposit Agreement to be duly executed, sealed and delivered as of the day and year first written above.

MONTGOMERY COUNTY, MARYLAND

(SEAL)

By: \_\_\_\_\_  
Joseph F. Beach  
Director of Finance

(SEAL)

U.S. BANK NATIONAL ASSOCIATION,  
as Escrow Deposit Agent

By: \_\_\_\_\_  
Stephanie E. Haysley  
Vice President

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SCHEDULE A

REFUNDED BONDS

SCHEDULE B

REPORT OF VERIFICATION AGENT

**EXHIBIT A-1**  
**to Escrow Deposit Agreement**

NOTICE OF REDEMPTION

MONTGOMERY COUNTY, MARYLAND

---

NOTICE IS HEREBY GIVEN that Montgomery County, Maryland (the "County") has called for redemption, and will redeem, on \_\_\_\_\_, the Montgomery County, Maryland Consolidated Public Improvement Bonds of 20\_\_\_\_, Series A (the "Refunded Bonds") listed below, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date. The Refunded Bonds bear the following CUSIP numbers and maturity dates:

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Cusip</u>

The redemption price of the Refunded Bonds, together with accrued interest thereon, shall be payable at the offices of the County, as Paying Agent for the Refunded Bonds at 101 Monroe Street, 15<sup>th</sup> Floor, Rockville, Maryland 20850, upon presentation on \_\_\_\_\_. INTEREST ON THE REFUNDED BONDS WILL CEASE TO ACCRUE ON AND AFTER \_\_\_\_\_.

Date: \_\_\_\_\_

U.S. BANK NATIONAL ASSOCIATION  
as Escrow Deposit Agent

**EXHIBIT B**  
**to Escrow Deposit Agreement**

NOTICE OF REFUNDING

MONTGOMERY COUNTY, MARYLAND  
GENERAL OBLIGATION BONDS  
CONSOLIDATED PUBLIC IMPROVEMENT BONDS OF \_\_\_ SERIES A

NOTICE IS HEREBY GIVEN that there have been deposited in trust with U.S. Bank National Association (the "Escrow Deposit Agent") proceeds of certain refunding bonds issued by Montgomery County, Maryland (the "County"), which proceeds have been invested in non-callable direct obligations of the United States of America (the "Government Obligations"), for the purpose of [refunding \$ \_\_\_ aggregate principal amount of Montgomery County, Maryland Consolidated Public Improvement Bonds of 20 \_\_, Series A](the "Refunded Bonds"), as follows:

The Government Obligations will mature and pay interest in such amounts and at such times as shall be necessary to pay the interest due and to become due on the Refunded Bonds to the date of redemption and the redemption price of the Refunded Bonds on the date of their redemption.

The Refunded Bonds will be called for redemption, and will be redeemed on \_\_\_\_\_, respectively. INTEREST ON THE REFUNDED BONDS WILL CEASE TO ACCRUE ON SUCH DATES.

Date:

U.S. BANK NATIONAL ASSOCIATION,  
as Escrow Deposit Agent