**<u>NEW ISSUE</u> -- BOOK-ENTRY ONLY**

**Fitch Ratings: AAA**
**Moody's Investors Service: Aaa**
**S&P Global Ratings: AAA**
**(See "Ratings")**

# $686,725,000
# MONTGOMERY COUNTY, MARYLAND
# General Obligation Bonds
# consisting of

## $170,000,000 Consolidated Public Improvement Bonds of 2017, Series A
## $78,270,000 Consolidated Public Improvement Refunding Bonds of 2017, Series B
## $294,625,000 Consolidated Public Improvement Refunding Bonds of 2017, Series C
## $143,830,000 Consolidated Public Improvement Refunding Bonds of 2017, Series D (2019 Crossover)

**Dated: Date of Initial Delivery** **Due: As shown on inside front cover**

The Consolidated Public Improvement Bonds of 2017, Series A (the "Series 2017A Bonds"), the Consolidated Public Improvement Refunding Bonds of 2017, Series B (the "Series 2017B Bonds"), the Consolidated Public Improvement Refunding Bonds of 2017, Series C (the "Series 2017C Bonds"), and the Consolidated Public Improvement Refunding Bonds of 2017, Series D (2019 Crossover) (the "Series 2017D Bonds" and together with the Series 2017A Bonds, the Series 2017B Bonds, and the Series 2017C Bonds, the "Bonds") are being issued by Montgomery County, Maryland (the "County") in fully registered form in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2017A and the Series 2017D Bonds will be payable semi-annually on each May 1 and November 1, commencing May 1, 2018 until maturity or earlier redemption. Interest on the Series 2017B Bonds will be payable semi-annually on each June 1 and December 1, commencing June 1, 2018 until maturity or earlier redemption. Interest on the Series 2017C Bonds will be payable semi-annually on each April 1 and October 1, commencing April 1, 2018 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 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"). Except as otherwise governed by the procedures of The Depository Trust Company, New York, New York ("DTC"), payments of principal of and premium, if any, and interest 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., the payment of the principal of, premium, if any, and interest on the Bonds will be made by the County to DTC. DTC is required to remit such payments to DTC participants, who are required in turn to remit such payments to beneficial owners, as described in this Official Statement. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds.

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

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

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**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. It is expected that the Bonds in definitive form will be available for delivery through DTC on or about November 15, 2017.

The date of this Official Statement is October 31, 2017.

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*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.*

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

**$686,725,000**
**MONTGOMERY COUNTY, MARYLAND**
**General Obligation Bonds**
**consisting of**

**$170,000,000 Consolidated Public Improvement Bonds of 2017, Series A**

| Maturing November 1 | Principal Amount | Interest Rate | Yield | CUSIP | Maturing November 1 | Principal Amount | Interest Rate | Yield | CUSIP |
|---|---|---|---|---|---|---|---|---|---|
| 2018 | $17,000,000 | 5.000% | 1.020% | 6133407T9 | 2023 | $17,000,000 | 5.000% | 1.600% | 6133407Y8 |
| 2019 | 17,000,000 | 5.000 | 1.100 | 6133407U6 | 2024 | 17,000,000 | 5.000 | 1.720 | 6133407Z5 |
| 2020 | 17,000,000 | 5.000 | 1.200 | 6133407V4 | 2025 | 17,000,000 | 5.000 | 1.840 | 6133408A9 |
| 2021 | 17,000,000 | 5.000 | 1.320 | 6133407W2 | 2026 | 17,000,000 | 5.000 | 1.950 | 6133408B7 |
| 2022 | 17,000,000 | 5.000 | 1.470 | 6133407X0 | 2027 | 17,000,000 | 5.000 | 2.050 | 6133408C5 |

**$78,270,000 Consolidated Public Improvement Refunding Bonds of 2017, Series B**

| Maturing June 1 | Principal Amount | Interest Rate | Yield | CUSIP | Maturing June 1 | Principal Amount | Interest Rate | Yield | CUSIP |
|---|---|---|---|---|---|---|---|---|---|
| 2018 | $8,630,000 | 5.000% | 1.000% | 6133406V5 | 2023 | $8,860,000 | 5.000% | 1.520% | 6133407A0 |
| 2019 | 7,725,000 | 5.000 | 1.070 | 6133406W3 | 2024 | 9,120,000 | 5.000 | 1.640 | 6133407B8 |
| 2020 | 8,015,000 | 5.000 | 1.150 | 6133406X1 | 2025 | 9,375,000 | 5.000 | 1.760 | 6133407C6 |
| 2021 | 8,315,000 | 5.000 | 1.240 | 6133406Y9 | 2026 | 9,635,000 | 5.000 | 1.880 | 6133407D4 |
| 2022 | 8,595,000 | 5.000 | 1.380 | 6133406Z6 | | | | | |

**$294,625,000 Consolidated Public Improvement Refunding Bonds of 2017, Series C**

| Maturing October 1 | Principal Amount | Interest Rate | Yield | CUSIP | Maturing October 1 | Principal Amount | Interest Rate | Yield | CUSIP |
|---|---|---|---|---|---|---|---|---|---|
| 2019 | $ 8,930,000 | 5.000% | 1.090% | 6133407E2 | 2026 | $52,515,000 | 5.000% | 1.910% | 6133407M4 |
| 2020 | 13,045,000 | 5.000 | 1.180 | 6133407F9 | 2027 | 29,045,000 | 5.000 | 2.010 | 6133407N2 |
| 2021 | 27,975,000 | 5.000 | 1.280 | 6133407G7 | 2028 | 14,525,000 | 5.000 | 2.110* | 6133407P7 |
| 2022 | 28,150,000 | 5.000 | 1.420 | 6133407H5 | 2029 | 14,575,000 | 5.000 | 2.190* | 6133407Q5 |
| 2023 | 12,185,000 | 5.000 | 1.550 | 6133407J1 | 2030 | 14,550,000 | 4.000 | 2.460* | 6133407R3 |
| 2024 | 27,140,000 | 5.000 | 1.680 | 6133407K8 | 2031 | 14,415,000 | 3.000 | 2.900* | 6133407S1 |
| 2025 | 37,575,000 | 5.000 | 1.800 | 6133407L6 | | | | | |

**$143,830,000 Consolidated Public Improvement Refunding Bonds of 2017, Series D (2019 Crossover)**

| Maturing November 1 | Principal Amount | Interest Rate | Yield | CUSIP | Maturing November 1 | Principal Amount | Interest Rate | Yield | CUSIP |
|---|---|---|---|---|---|---|---|---|---|
| 2020 | $14,410,000 | 3.000% | 1.370% | 6133406K9 | 2025 | $14,345,000 | 4.000% | 1.930% | 6133406Q6 |
| 2021 | 14,380,000 | 3.000 | 1.490 | 6133406L7 | 2026 | 14,395,000 | 4.000 | 2.040 | 6133406R4 |
| 2022 | 14,340,000 | 3.000 | 1.650 | 6133406M5 | 2027 | 14,440,000 | 4.000 | 2.140 | 6133406S2 |
| 2023 | 14,280,000 | 3.000 | 1.820 | 6133406N3 | 2028 | 14,470,000 | 4.000 | 2.320** | 6133406T0 |
| 2024 | 14,275,000 | 4.000 | 1.840 | 6133406P8 | 2029 | 14,495,000 | 4.000 | 2.450** | 6133406U7 |

* Yield to call date of October 1, 2027.
** Yield to call date of November 1, 2027.

The rates shown above are the interest rates payable by the County resulting from the successful bids for Bonds by a group of banks and investment banking firms at a public sale on October 31, 2017. The yields 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.

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**OFFICIAL STATEMENT DATED OCTOBER 31, 2017**

**$686,725,000**
**MONTGOMERY COUNTY, MARYLAND**
**General Obligation Bonds**
**consisting of**

**$170,000,000 Consolidated Public Improvement Bonds of 2017, Series A**
**$78,270,000 Consolidated Public Improvement Refunding Bonds of 2017, Series B**
**$294,625,000 Consolidated Public Improvement Refunding Bonds of 2017, Series C**
**$143,830,000 Consolidated Public Improvement Refunding Bonds of 2017, Series D (2019 Crossover)**

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

**COUNTY EXECUTIVE**

Isiah Leggett

**COUNTY COUNCIL**

| | |
|---|---|
| Roger Berliner | *President* |
| Hans Riemer | *Vice President* |
| Nancy Floreen | |
| George L. Leventhal | |
| Sidney Katz | |
| Marc Elrich | |
| Tom Hucker | |
| Craig Rice | |
| Nancy Navarro | |

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

**APPOINTED OFFICIALS**

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

**BOND COUNSEL**

McKennon Shelton & Henn LLP
Baltimore, Maryland

**FINANCIAL ADVISOR**

Public Resources Advisory Group, Inc.
Media, Pennsylvania

**VERIFICATION AGENT**

Robert Thomas CPA, LLC
Shawnee Mission, Kansas

**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

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# INTRODUCTION TO THE OFFICIAL STATEMENT

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

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|---|---|
| **Issuer:** | Montgomery County, Maryland (the "County"). |
| **Issue:** | $170,000,000 Consolidated Public Improvement Bonds of 2017, Series A (the "Series 2017A Bonds"), $78,270,000 Consolidated Public Improvement Refunding Bonds of 2017, Series B (the "Series 2017B Bonds"), $294,625,000 Consolidated Public Improvement Refunding Bonds of 2017, Series C (the "Series 2017C Bonds"), and $143,830,000 Consolidated Public Improvement Refunding Bonds of 2017, Series D (2019 Crossover) (the "Series 2017D Bonds" and together with the Series 2017A Bonds, the Series 2017B Bonds, and the Series 2017C Bonds, 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 2017A Bonds will be used to refinance all or a portion of certain commercial paper bond anticipation notes, the proceeds of which financed certain capital projects in the County. The proceeds of the Series 2017B Bonds will be used to refinance all or a portion of the County's outstanding Consolidated Public Improvement Bond Anticipation Notes, 2006 Series A and Consolidated Public Improvement Bond Anticipation Notes, 2006 Series B, the proceeds of which financed certain capital projects in the County. The proceeds of the Series 2017C Bonds will be used to refund certain of the County's general obligation bonds. The proceeds of the Series 2017D Bonds will be used to refund certain other of the County's general obligation bonds issued as Build America 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 Series 2017C Bonds and the Series 2017D 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 Series 2017A Bonds and the Series 2017D Bonds will be payable semi-annually on each May 1 and November 1, commencing May 1, 2018 until maturity or earlier redemption, payable in any lawful money of the United States of America to the person in whose name such Bond is registered on the Bond Register as of the close of business on the date 15 days prior to such interest payment date (the "Record Date").<br><br>Interest on the Series 2017B Bonds will be payable semi-annually on each June 1 and December 1, commencing June 1, 2018 until maturity or earlier redemption, payable in any lawful money of the United States of America to the person in whose name such Bond is registered on the Bond Register as of the close of business on the Record Date. |

| | |
|---|---|
| | Interest on the Series 2017C Bonds will be payable semi-annually on each April 1 and October 1, commencing April 1, 2018 until maturity or earlier redemption, payable in any lawful money of the United States of America to the person in whose name such Bond is registered on the Bond Register as of the close of business on the Record Date. |
| **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 15, 2017 through the facilities of DTC, on behalf of the purchaser of the Bonds. |
| **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 this 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 of the County, 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. |

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In order to enable participating underwriters, as defined in Rule 15c2-12 of the Securities Exchange Act of 1934 ("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.

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.

The Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute forward-looking statements, as such term is defined in section 21E of the Securities Exchange Act of 1934, as amended. In this respect, such forward-looking statements are identified by the use of the words estimate, project, anticipate, expect, forecast, intend or believe or the negative thereof or other variations thereon or comparable terminology. Such forward-looking information involves important risks and uncertainties that could result in the actual information being significantly different from that expressed in this Official Statement. Potential investors should specifically consider the various factors which could cause actual events or results to differ materially from those indicated by such forward-looking statements. Such forward-looking statements speak only as of the date of this Official Statement. 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.

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## DESCRIPTION OF THE BONDS

***Purpose of the Bonds***

The proceeds of the Series 2017A Bonds will be used to (i) pay the costs of issuing the Series 2017A Bonds and (ii) 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 (the "County Code"), as amended, as follows: General County, Roads and Storm Drainage, Public Schools and Community Colleges, and Mass Transit.

The proceeds of the Series 2017B Bonds will be used to (i) pay the costs of issuing the Series 2017B Bonds and (ii) refinance all or a portion of the County's outstanding Consolidated Public Improvement Bond Anticipation Notes, 2006 Series A and Consolidated Public Improvement Bond Anticipation Notes, 2006 Series B (collectively, the "Refunded Notes"), which such notes were used to finance and refinance the acquisition, construction and equipping of certain public facilities of the County. See Appendix C under the heading "Refunded Notes" for a list of the Refunded Notes and the date for their redemption.

The proceeds of the Series 2017C Bonds will be used to: (i) pay the costs of issuing the Series 2017C Bonds and (ii) refund a portion of the County's outstanding Consolidated Public Improvement Bonds (referred to hereinafter as the "Refunded Bonds"). See Appendix C under the heading "Refunded Bonds" for a list of the Refunded Bonds and the date for their redemption.

A portion of the proceeds of the Series 2017C Bonds will be applied to the purchase of non-callable direct obligations of or obligations the principal of and interest on which are guaranteed by the United States of America or United States government securities or ownership interests therein (the "Escrowed Securities") which 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 the Refunded Bonds (the "Refunded Bonds Escrow Deposit Fund"). The Refunded Bonds Escrow Deposit Fund will 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"). Such Escrowed Securities will be payable as to principal and interest at such times and in such amounts as will be sufficient, together with any initial cash deposit, to pay the interest due on the Refunded Bonds on the due dates for the payment thereof and to pay the redemption price of the Refunded Bonds on the redemption date for such Refunded Bonds as described on Appendix C. See "Verification of Mathematical Computations." Amounts on deposit in the Escrow Deposit Fund established under the Escrow Deposit Agreement for the Refunded Bonds 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.

The proceeds of the Series 2017D Bonds will be used to (i) pay the costs of issuing the Series 2017D Bonds and (ii) refund the County's outstanding Consolidated Public Improvement Bonds of 2009, Series B (Federally Taxable – Build America Bonds – Direct Pay) (the "Refunded BABs"). See Appendix C under the heading "Refunded BABs" for a list of the Refunded BABs and the date for their redemption.

The refunding method being used with respect to the Refunded BABs is frequently termed a "crossover refunding" in that provision is made to set aside immediately, from the proceeds a refunding bond issue, monies for investment which, together with the interest to be received thereon, shall be sufficient to pay (i) interest due on the Series 2017D Bonds on May 1, 2018 and every other interest payment date through and including November 1, 2019 (the "Crossover Date") and the redemption price of the Refunded BABs on the Crossover Date.

A portion of the proceeds of the Series 2017D Bonds will be applied to the purchase of Escrowed Securities which will be deposited by the Director of Finance of the County with U.S. Bank National Association (the "BABs Escrow Agent") in a trust fund for the Refunded BABs (the "Crossover Escrow Deposit Fund"). The Crossover Escrow Deposit Fund will be established under an escrow deposit agreement to be entered into by and between the

County and the BABs Escrow Agent with respect to the Refunded BABs (the "Crossover Escrow Deposit Agreement"). Such Escrowed Securities will be payable as to principal and interest at such times and in such amounts as will be sufficient, together with any initial cash deposit, to pay: (i) interest on the Series 2017D Bonds accruing to and including the Crossover Date and (ii) the redemption price of the Refunded BABs on the Crossover Date. See "Verification of Mathematical Computations." The BABs Escrow Agent will be irrevocably instructed to redeem the Refunded BABs on the Crossover Date. The County has covenanted not to exercise any other redemption option it may have with respect to the Refunded BABs prior to such date. Prior to the Crossover Date, the Refunded BABs remain outstanding general obligations of the County.

***Authority for the Bonds***

The Series 2017A 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 2016 Supplement); Section 19-101 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2016 Supplement); 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, Chapter 54 of the Laws of Montgomery County of 2010, Chapter 24 of the Laws of Montgomery County of 2011, Chapter 19 of the Laws of Montgomery County of 2012, Chapter 26 of the Laws of Montgomery County of 2013, Chapter 31 of the Laws of Montgomery County of 2014 and Chapter 49 of the Laws of Montgomery County of 2015; Resolution No. 16-1104 of the County Council of the County (the "County Council"), adopted on September 15, 2009, as amended; the Montgomery County Code (the "County Code"); certain provisions of the Montgomery County Charter (the "Charter"); and an Executive Order of the County Executive of the County, as supplemented (the "Executive Order").

The Series 2017B 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 2016 Supplement); Section 19-101 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2016 Supplement); Resolution No. 15-1418 of the County Council, adopted on April 25, 2006; certain provisions of the Charter and County Code; and an Executive Order of the County Executive of the County, as supplemented (the "Executive Order").

The Series 2017C Bonds and the Series 2017D Bonds are issued pursuant to Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2016 Supplement); Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2016 Supplement); Resolution No. 16-1152 adopted by the County Council on October 20, 2009 and effective on October 21, 2009, as amended by Resolution No. 17-1265 adopted by the County Council on November 25, 2014; certain provisions of the Charter and County Code; 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 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."

On or prior to the Crossover Date" payment of the interest on the Series 2017D Bonds will be paid from and additionally secured by funds held in the Crossover Escrow Account. Moneys remaining in the Crossover Escrow Account on the Crossover Date shall be used to redeem all of the Refunded BABs in advance of their scheduled maturities. See "Description of the Bonds–Purpose of the Bonds" above.

### *Redemption Provisions*

The Series 2017A Bonds and the Series 2017B Bonds are not subject to optional redemption prior to maturity.

Series 2017C Bonds which mature on or before October 1, 2027, are not subject to redemption prior to their respective maturities. Series 2017C Bonds which mature on or after October 1, 2028, are subject to redemption beginning October 1, 2027 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 Series 2017C Bonds to be redeemed, together with interest accrued to the date fixed for redemption, without premium.

Series 2017D Bonds which mature on or before November 1, 2027, are not subject to redemption prior to their respective maturities. Series 2017D Bonds which mature on or after November 1, 2028, are subject to redemption beginning November 1, 2027 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 Series 2017D Bonds 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 twenty (20) 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 and www.dtc.org.

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

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

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

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

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

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

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

*Discontinuation of Book-Entry Only System.* DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The County may also decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

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

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

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, (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 FOLLOWED 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/AIS2017.pdf

For information respecting the County's Employees' Retirement System, see the County's Employee Retirement Plans, Comprehensive Annual Financial Report, which is hereby incorporated by reference and can be found at:
http://www.montgomerycountymd.gov/mcerp/Resources/Files/CAFR_FY16_FINAL.pdf

### *Selected Debt and Financial Information*

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

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

| | | |
|---|---|---|
| Direct Debt as of June 30, 2017 | | |
| General Obligation Bonds Outstanding(1) | $2,465,065,000 | |
| Short-Term BANs/Commercial Paper Outstanding(2) | 160,000,000 | |
| 2017 General Obligation Bonds - Series A | 170,000,000 | |
| 2017 General Obligation Refunding Bonds (Series B,C & D) | 516,725,000 | |
| Proposed 2017 General Obligation Variable Rate Bonds(3) | 170,000,000 | |
| Revenue Bonds Outstanding as of June 30, 2017 | 212,311,000 | |
| Total Direct Debt | | $ 3,694,101,000 |
| Overlapping Debt as of June 30, 2017 | | |
| Washington Suburban Sanitary Commission | | |
| Applicable to Montgomery County | 2,096,133,000 | |
| Housing Opportunities Commission | 820,629,094 | |
| Montgomery County Revenue Authority | 84,938,772 | |
| Maryland-National Capital Park and Planning Commission | | |
| Applicable to Montgomery County | 55,125,000 | |
| Kingsview Village Center Development District | 923,480 | |
| West Germantown Development District | 10,740,000 | |
| Towns, Cities and Villages within Montgomery County | 136,211,201 | |
| Total Overlapping Debt | | $ 3,204,700,547 |
| Total Direct and Overlapping Debt | | $ 6,898,801,547 |
| Less Self-Supporting Debt: as of June 30, 2017 | | |
| County Government Revenue Bonds | 212,311,000 | |
| Washington Suburban Sanitary Commission | | |
| Applicable to Montgomery County | 2,096,133,000 | |
| Housing Opportunities Commission | 820,629,094 | |
| Montgomery County Revenue Authority | 84,938,772 | |
| Maryland-National Capital Park and Planning Commission | | |
| Applicable to Montgomery County | - | |
| Total Self-Supporting Debt | | (3,214,011,866) |
| Net Direct and Overlapping Debt | | $ 3,684,789,681 |
| Ratio of Debt to June 30, 2017 Assessed Valuation of (100% Assessment): | | $181,546,725,485 |
| Direct Debt | | 2.03% |
| Net Direct Debt(4) | | 1.92% |
| Direct and Overlapping Debt | | 3.80% |
| Net Direct and Overlapping Debt | | 2.03% |
| Ratio of Debt to June 30, 2017 Market Value of: | | $193,683,159,880 |
| Direct Debt | | 1.91% |
| Net Direct Debt(4) | | 1.80% |
| Direct and Overlapping Debt | | 3.56% |
| Net Direct and Overlapping Debt | | 1.90% |

(1) This amount has been reduced by $414,200,000, the amount of the Refunded Bonds and the Refunded Notes. The amount of the Refunded BABs, $154,675,000, has not been deducted.
(2) Net of amount retired with the proceeds of the Series 2017A Bonds and the proposed variable rate bonds (see Note 3 below).
(3) **Preliminary, subject to change, reflecting that the County intends to issue $170 million aggregate principal amount of variable rate bonds on or about December 6, 2017. See "Future General Obligation Issues" below.**
(4) Net Direct Debt of $3,481,790,000 is derived by subtracting direct self-supporting debt, which consists only of County Government Revenue Bonds, from Total Direct Debt.

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

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

(1) This amount has been reduced by $414,200,000, the amount of the Refunded Bonds and the Refunded Notes. The amount of the Refunded BABs, $154,675,000, has not been deducted.

**(2) Preliminary, subject to change, reflecting that the County intends to issue $170 million aggregate principal amount of variable rate bonds on or about December 6, 2017. See "Future General Obligation Issues" below.**

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

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

(1) True Interest Cost
(2) Principal Outstanding as of June 30, 2017 is adjusted to include: (i) the Bonds to be issued and delivered by the County on November 15, 2017 (net of the amount of the Refunded Bonds and the Refunded Notes) and (ii) the proposed variable rate bonds to be issued by the County on or about December 6, 2017. The balance excluding the 2017 issuances is $2,879,265,000.
(3) Variable Rate Demand Obligations
(4) Federally Taxable – Build America Bonds – Direct Pay.
(5) Includes the aggregate principal amount ($154,675,000) of the Refunded BABs, which will be crossover refunded with the proceeds of the Series 2017D Bonds. See “Purpose of the Bonds” above. Prior to the Crossover Date (November 1, 2019) the Refunded BABs will remain outstanding and interest payments due thereon will continue to be paid from legally available funds.
(6) Includes Federally Taxable – Build America Bonds $106.3 million – Direct Pay
(7) **Preliminary, subject to change, reflecting that the County intends to issue $170 million aggregate principal amount of variable rate bonds on or about December 6, 2017. See “Future General Obligation Issues” below.**

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

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

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

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

| Issue | Balance June 30, 2016 | BANs Retired | BANs Issued | Balance June 30, 2017 | Estimated BANs to be Retired | Estimated Balance |
|---|---|---|---|---|---|---|
| BAN 2009-A | $100,000,000 | $ 20,000,000 | $ 20,000,000 | $100,000,000 | | |
| BAN 2009-B | 100,000,000 | 20,000,000 | 20,000,000 | 100,000,000 | | |
| BAN 2010-A | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 | | |
| BAN 2010-B | 150,000,000 | 150.000.000 | 150.000.000 | 150,000,000 | | |
| Total | $500,000,000 | $340,000,000 | $340,000,000 | $500,000,000 | $340,000,000[1] | $160,000,000 |

**(1) In addition to the $170,000,000 of commercial paper bond anticipation notes to be retired with the proceeds of the Series 2017A Bonds, the County intends to issue $170,000,000 aggregate principal amount of variable rate bonds on or about December 6, 2017 and apply the proceeds thereof to refinance certain additional commercial paper bond anticipation notes**.

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

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

| | Fiscal Year Actual[1] | | | Projected Fiscal Year 2017 (Unaudited) |
|---|---|---|---|---|
| | 2014 | 2015 | 2016 | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property, including interest & penalty | $ 1,108,735,671 | $ 1,088,396,848 | $ 1,126,665,990 | $ 1,266,911,527 |
| Transfer tax and recordation tax | 144,458,634 | 147,599,257 | 161,708,395 | 178,375,819 |
| County income tax | 1,376,763,653 | 1,310,821,061 | 1,422,428,435 | 1,466,625,994 |
| Other taxes | 284,844,756 | 278,098,839 | 266,344,615 | 268,924,059 |
| Total Taxes | 2,914,802,714 | 2,824,916,005 | 2,977,147,435 | 3,180,837,399 |
| Licenses and permits | 10,585,333 | 10,315,894 | 11,144,883 | 11,236,331 |
| Intergovernmental revenue | 65,386,079 | 62,972,046 | 59,554,943 | 72,757,159 |
| Charges for services | 8,911,416 | 27,338,198 | 9,267,988 | 10,815,498 |
| Fines and forfeitures | 23,993,497 | 27,538,162 | 27,327,136 | 26,826,771 |
| Investment income | 5,572 | 105,948 | 352,107 | (435,785) |
| Miscellaneous | 14,406,470 | 13,994,838 | 9,396,694 | 22,296,488 |
| Total Revenues | 3,038,091,081 | 2,967,181,091 | 3,094,191,186 | 3,324,333,861 |
| Expenditures (including encumbrances): | | | | |
| General County: | | | | |
| General government | 403,689,920 | 418,808,265 | 399,833,770 | 427,564,238 |
| Public safety | 386,799,315 | 395,772,952 | 403,313,410 | 383,963,044 |
| Public works and transportation | 82,090,135 | 76,675,794 | 90,201,866 | 68,649,165 |
| Health and human services | 216,191,464 | 225,280,973 | 223,483,341 | 242,766,267 |
| Culture and recreation | 38,749,757 | 41,713,019 | 45,438,915 | 46,333,884 |
| Housing and community development | 4,699,773 | 12,364,542 | 5,472,449 | 6,013,514 |
| Environment | 2,247,029 | 1,778,768 | 2,519,854 | 3,039,831 |
| Total Expenditures | 1,134,467,393 | 1,172,394,313 | 1,170,263,605 | 1,178,329,943 |
| Transfers In (Out): | | | | |
| Transfers In: | | | | |
| Special Revenue Funds | 26,552,919 | 24,313,710 | 25,866,675 | 29,541,456 |
| Enterprise Funds | 28,253,518 | 36,201,147 | 34,647,926 | 22,627,945 |
| Internal Service Funds | 8,682,636 | 10,745,911 | - | 4,312 |
| Capital Projects Fund | - | - | - | - |
| Component Units | - | - | - | - |
| Total Transfers In | 63,489,073 | 71,260,768 | 60,514,601 | 52,173,713 |
| Transfers Out: | | | | |
| Special Revenue Funds | (49,557,407) | (45,240,340) | (52,762,042) | (56,557,624) |
| Debt Service Fund | (256,222,429) | (281,282,150) | (273,627,904) | (309,582,508) |
| Capital Projects Fund | (42,493,960) | (54,521,679) | (45,791,407) | (83,507,687) |
| Enterprise Funds | (2,608,209) | (25,000) | (1,617,930) | (1,811,280) |
| Internal Service Funds | (1,143,657) | (576,813) | (39,184) | - |
| Component Units | (1,576,615,732) | (1,615,305,046) | (1,681,143,451) | (1,765,418,724) |
| Total Transfers Out | (1,928,641,394) | (1,996,951,028) | (2,054,981,918) | (2,216,877,823) |
| Net Transfers In (Out) | (1,865,152,321) | (1,925,690,260) | (1,994,467,317) | (2,164,704,110) |
| Excess of revenues and operating transfers in over/ (under) expenditures, encumbrances and operating transfers out | 38,471,367 | (130,903,482) | (70,539,736) | (18,700,192) |
| Fund Balances, July 1 as previously stated | 289,598,811 | 352,940,120 | 288,809,810 | 184,845,268 |
| Net Adjustment for previous year encumbrances | 24,869,942 | 6,773,172 | 26,575,194 | 27,035,009 |
| Fund Balances, July 1 restated | 314,468,753 | 359,713,292 | 255,385,004 | 211,880,277 |
| Budgetary Fund Balance, June 30 | $ 352,940,120 | $ 228,809,810 | $ 184,845,268 | $ 193,180,084 |

Notes:

(1) Amounts for FY14-16 are audited.

Amounts are for fiscal years ended June 30.

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

| | Fiscal Year Actual (1) 2014 | 2015 | 2016 | Projected Fiscal Year 2017 (Unaudited) |
|---|---|---|---|---|
| Budgetary to GAAP Reconciliation: | | | | |
| Budgetary Fund Balance | $ 352,940,120 | $ 228,809,810 | $ 184,845,268 | $ 193,180,084 |
| Plus encumbrances outstanding | 33,293,736 | 26,575,194 | 27,035,009 | 29,161,688 |
| Unrealized cumulative investment gain (loss) | (326,213) | (300,987) | (389,117) | (492,928) |
| Cumulative Marriot Conference Center earnings | 5,578,374 | 6,451,379 | 7,666,650 | 14,816,650 |
| Net differences between beginning Fund Balances | 271,653 | (449,973) | 1,910,434 | 36,699 |
| GAAP Fund Balance as Reported | $ 391,757,670 | $ 261,085,423 | $ 221,068,244 | 236,702,193 |
| Elements of GAAP Fund Balance (1): | | | | |
| Nonspendable | $ 6,159,553 | $ 6,799,926 | $ 7,275,055 | $ 9,808,484 |
| Restricted | 14,500 | 585,905 | 2,045,735 | 11,753,487 |
| Committed | 68,078,344 | 70,586,279 | 71,684,134 | 68,324,447 |
| Assigned | 33,293,736 | 26,575,194 | 27,035,009 | 29,161,688 |
| Unassigned | 284,211,537 | 156,538,119 | 113,028,311 | 117,654,087 |
| | $ 391,757,670 | $ 261,085,423 | $ 221,068,244 | $ 236,702,193 |

Notes:
(1) Amounts for FY14-16 are audited.

### *Future General Obligation Issues*

**The County expects to issue $170,000,000 aggregate principal amount of general obligation variable rate bonds on or about December 6, 2017, the proceeds of which will be used to refinance a portion of the County's outstanding commercial paper bond anticipation notes, the proceeds of which financed certain capital projects in the County.**

### *Current Developments*

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

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

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

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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.

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

### *Maryland Income Taxation*

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

### *Federal Income Taxation*

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

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

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

### *Certain Other Federal Tax Considerations*

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

### *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 "TAX MATTERS -- 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 issue 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.

***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 Exchange Act of 1934 (“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.

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

- In connection with its continuing disclosure obligations with respect to certain bonds issued by the County on behalf of the Department of Liquor Control and various development and parking lot districts, the County failed to timely file or failed to file portions of its operating data during the last five years. The County has subsequently filed the necessary operating data with respect to such bonds on EMMA.

- The County failed to file notice of a rating change in connection the upgrade of the County’s Revenue Bonds (Department of Liquor Control) issued by Standard & Poor’s Rating Group in July 2013. [The County filed notice of such upgrade on EMMA on October 31, 2017.]*

- The County failed to file notice of a rating change in connection with the upgrade of the County’s Revenue Bonds (Water Quality Protection Charge), Series 2012 issued by Standard & Poor’s Rating Group in January 2016. The County subsequently filed notice of such upgrade on EMMA.

- [The County failed to file notices of ratings changes in connection with the upgrade by Fitch Ratings in April 2016 of the County’s (i) Taxable Limited Obligation Certificates (Facility and Residential Development Projects) and (ii) Lease Revenue Project and Refunding Bonds (Metrorail Garage Projects). The County subsequently filed notice of such upgrade on EMMA.]*

- [When filing information on EMMA, the County inadvertently failed to index properly certain Fiscal Year 2012 filings made with respect to the County's Solid Waste Disposal System Refunding Revenue Bonds (the "2003A Solid Waste Bonds"). To the extent a filing was made without all of the associated CUSIP numbers, the filing was otherwise available in connection with filings made by the County. The 2003A Solid Waste Bonds are no longer outstanding.]*

* The bracketed language was not included in the Preliminary Official Statement dated October 24, 2017.

## 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 opinion with respect to the Bonds will be delivered upon request, without charge, to the successful bidder 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.

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

## RATINGS

Rating reviews for this issue have been received from Fitch Ratings, Moody's Investors Service, Inc., and S&P Global Ratings. 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

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

## INDEPENDENT PUBLIC ACCOUNTANTS

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

## VERIFICATION OF MATHEMATICAL COMPUTATIONS

With respect to the Series 2017C Bonds and the Series 2017D Bonds, Robert Thomas CPA, LLC (the "Verification Agent") has verified the mathematical accuracy of the computations performed by Public Resources Advisory Group, Inc., including (a) the adequacy of the funds held in the Escrow Deposit Fund and the Crossover Escrow Deposit Fund for the payment of the redemption price of the Refunded Bonds and the Refunded BABs, and (b) calculations to support the opinion of Bond Counsel that the Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code. Such verification is based upon data and information supplied to the Verification Agent by Public Resources Advisory Group, Inc.

## CERTIFICATE OF COUNTY OFFICIALS

The Chief Administrative Officer and the Director of Finance of the County will furnish a certificate to the successful bidder 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: /s/ Isiah Leggett
Isiah Leggett
County Executive

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

# APPENDIX A

## FORM OF APPROVING OPINION OF BOND COUNSEL

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[Form of Approving Opinion of Bond Counsel]

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Montgomery County, Maryland (the "County") of its Consolidated Public Improvement Bonds of 2017, Series A (the "Series 2017A Bonds"), its Consolidated Public Improvement Refunding Bonds of 2017, Series B (the "Series 2017B Bonds"), its Consolidated Public Improvement Refunding Bonds of 2017, Series C (the "Series 2017C Bonds") and its Consolidated Public Improvement Refunding Bonds of 2017, Series D (2019 Crossover) (the "Series 2017D Bonds" and together with the Series 2017A Bonds, the Series 2017B Bonds, and the Series 2017C Bonds, the "Bonds").

The Bonds are dated the date of their initial delivery, and are issued in fully registered form in the denomination of $5,000 each or any integral multiple thereof. The Series 2017A Bonds and the Series 2017B Bonds are issued pursuant to (i) Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2016 Supplement), Section 19-101 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2016 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, Chapter 26 of the Laws of Montgomery County of 2013, Chapter 31 of the Laws of Montgomery County of 2014 and Chapter 49 of the Laws of Montgomery County of 2015; (ii) Resolution No. 16-1104 adopted by the County Council of the County (the "County Council") on October 20, 2009, as amended ("Resolution No. 16-1104"); (iii) Chapter 20 of the Montgomery County Code (the "County Code"); (iv) provisions of the Montgomery County Charter (the "Charter"); and (v) an Executive Order of the County Executive of the County, as amended and supplemented (the "Order"). The Series 2017C Bonds and the Series 2017D Bonds are issued pursuant to (i) Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2016 Supplement) and Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2016 Supplement), (ii) Resolution No. 16-1152 adopted by the County Council on October 20, 2009 and effective on October 21, 2009, as amended by Resolution No. 17-1265 adopted by the County Council on November 25, 2014 (together with Resolution No. 16-1104, the "Resolutions"); (iii) Chapter 20 of the County Code; (iv) provisions of the Charter; and (v) 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 Code, 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) The Bonds, their transfer, the interest payable on them and any income derived from them, including any profit realized in their sale or exchange, shall be exempt from taxation of any kind by the State of Maryland, by any of its political subdivisions, or any other public entity. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(e) Assuming compliance with certain covenants referred to herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the Bonds, in order that the interest thereon be excludable from gross income. These include (i) a requirement that certain investment earnings received from the investment of the proceeds of the Bonds be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the Bonds; and (iii) requirements applicable to the use of the proceeds of the Bonds and the use of the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes.

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

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 ____________, 2017 (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 2017, Series A, its Consolidated Public Improvement Refunding Bonds of 2017, Series B, its Consolidated Public Improvement Refunding Bonds of 2017, Series C, and Consolidated Public Improvement Refunding Bonds of 2017, Series D (2019 Crossover), (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:

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

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

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

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

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

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

"State" shall mean the State of Maryland.

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

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

(i) Statement of Direct and Overlapping Debt;

(ii) General Bonded Debt Ratios;

(iii) Assessed Value of All Taxable Property By Class;

(iv) Property Tax Levies and Collections;

(v) Property Tax Rates and Tax Levies, By Purpose; and

(vi) Schedule of General Fund Revenues, Expenditures and Transfers In (Out).

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

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

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

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

SECTION 4. *Reporting of Significant Events.*

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

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions or events affecting the tax-exempt status of the Bonds;

(7) modifications to rights of Bondholders, if material;

(8) bond calls;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds;

(13) tender offers;

(14) bankruptcy, insolvency, receivership or similar event of the County;

(15) appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(16) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

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

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

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

SECTION 7. *Amendments.*

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

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

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

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

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

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

SECTION 9. *Limitation on Remedies and Forum.*

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

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

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

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

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

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

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

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

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

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

MONTGOMERY COUNTY, MARYLAND

By:__________________________
Director of Finance

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# APPENDIX C

## REFUNDED BONDS,
## REFUNDED BABs, AND
## REFUNDED NOTES

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## REFUNDED BONDS

**Montgomery County, Maryland**
**Consolidated Public Improvement Bonds of 2008, Series A**
**(To be redeemed on or about August 1, 2018)**

| Maturity Date | Interest Rate | Principal Amount | Call Date | Call Price | CUSIP[1] |
|---|---|---|---|---|---|
| 8/1/2018 | 5.000% | $ 1,150,000 | - | - | 613340K72 |
| 8/1/2019 | 4.000 | 11,800,000 | 8/1/2018 | 100.00 | 613340K80 |

**Montgomery County, Maryland**
**Consolidated Public Improvement Bonds of 2010, Series A**
**(To be redeemed on or about August 1, 2020)**

| Maturity Date | Interest Rate | Principal Amount | Call Date | Call Price | CUSIP[1] |
|---|---|---|---|---|---|
| 8/1/2021 | 4.000% | $16,250,000 | 8/1/2020 | 100.00 | 613340Q50 |
| 8/1/2022 | 3.000 | 16,250,000 | 8/1/2020 | 100.00 | 613340Q68 |

**Montgomery County, Maryland**
**Consolidated Public Improvement Bonds of 2011, Series A**
**(To be redeemed on or about July 1, 2019)**

| Maturity Date | Interest Rate | Principal Amount | Call Date | Call Price | CUSIP[1] |
|---|---|---|---|---|---|
| 7/1/2020 | 5.000% | $16,000,000 | 7/1/2019 | 100.00 | 613340V62 |
| 7/1/2027 | 4.000 | 16,000,000 | 7/1/2019 | 100.00 | 613340W53 |
| 7/1/2028 | 4.000 | 16,000,000 | 7/1/2019 | 100.00 | 613340W61 |
| 7/1/2029 | 4.500 | 16,000,000 | 7/1/2019 | 100.00 | 613340W79 |
| 7/1/2030 | 4.000 | 16,000,000 | 7/1/2019 | 100.00 | 613340W87 |
| 7/1/2031 | 4.000 | 16,000,000 | 7/1/2019 | 100.00 | 613340W95 |

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**Montgomery County, Maryland**
**Consolidated Public Improvement Bonds of 2012, Series A**
**(To be redeemed on or about November 1, 2020)**

| Maturity Date | Interest Rate | Principal Amount | Call Date | Call Price | CUSIP[1] |
|---|---|---|---|---|---|
| 11/1/2021 | 5.000% | $14,750,000 | 11/1/2020 | 100.00 | 613340Y28 |
| 11/1/2022 | 4.000 | 14,750,000 | 11/1/2020 | 100.00 | 613340Y36 |
| 11/1/2023 | 2.500 | 14,750,000 | 11/1/2020 | 100.00 | 613340Y44 |
| 11/1/2024 | 3.000 | 14,750,000 | 11/1/2020 | 100.00 | 613340Y51 |
| 11/1/2025 | 3.000 | 14,750,000 | 11/1/2020 | 100.00 | 613340Y69 |
| 11/1/2026 | 3.000 | 14,750,000 | 11/1/2020 | 100.00 | 613340Y77 |
| 11/1/2027 | 3.000 | 14,750,000 | 11/1/2020 | 100.00 | 613340Y85 |

**Montgomery County, Maryland**
**Consolidated Public Improvement Bonds of 2013, Series A**
**(To be redeemed on or about November 1, 2023)**

| Maturity Date | Interest Rate | Principal Amount | Call Date | Call Price | CUSIP[1] |
|---|---|---|---|---|---|
| 11/1/2024 | 5.000% | $14,750,000 | 11/1/2023 | 100.00 | 6133402L1 |
| 11/1/2026 | 5.000 | 14,750,000 | 11/1/2023 | 100.00 | 6133402N7 |

**Montgomery County, Maryland**
**Consolidated Public Improvement Bonds of 2014, Series A**
**(To be redeemed on or about November 1, 2024)**

| Maturity Date | Interest Rate | Principal Amount | Call Date | Call Price | CUSIP[1] |
|---|---|---|---|---|---|
| 11/1/2025 | 5.000% | $25,000,000 | 11/1/2024 | 100.00 | 6133403J5 |
| 11/1/2026 | 5.000 | 25,000,000 | 11/1/2024 | 100.00 | 6133403K2 |

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**REFUNDED BABs**

**Montgomery County, Maryland**
**Consolidated Public Improvement Bonds of 2009, Series B**
**(Federally Taxable – Build America Bonds – Direct Pay)**
**(To be redeemed on or about November 1, 2019)**

| Maturity Date | Interest Rate | Principal Amount | Call Date | Call Price | CUSIP[1] |
|---|---|---|---|---|---|
| 11/1/2020 | 4.625% | $15,465,000 | 11/1/2019 | 100.00 | 61334RAF6 |
| 11/1/2021 | 4.625 | 15,465,000 | 11/1/2019 | 100.00 | 61334RAG4 |
| 11/1/2022 | 4.750 | 15,465,000 | 11/1/2019 | 100.00 | 61334RAH2 |
| 11/1/2023 | 5.000 | 15,465,000 | 11/1/2019 | 100.00 | 61334RAJ8 |
| 11/1/2024 | 5.000 | 15,465,000 | 11/1/2019 | 100.00 | 61334RAK5 |
| 11/1/2025 | 5.125 | 15,470,000 | 11/1/2019 | 100.00 | 61334RAL3 |
| 11/1/2026 | 5.250 | 15,470,000 | 11/1/2019 | 100.00 | 61334RAM1 |
| 11/1/2027 | 5.375 | 15,470,000 | 11/1/2019 | 100.00 | 61334RAN9 |
| 11/1/2028 | 5.500 | 15,470,000 | 11/1/2019 | 100.00 | 61334RAP4 |
| 11/1/2029 | 5.500 | 15,470,000 | 11/1/2019 | 100.00 | 61334RAQ2 |

[1]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.

## REFUNDED NOTES

**Montgomery County, Maryland**
**Consolidated Public Improvement Bond Anticipation Notes**
**2006 Series A**
**(To be redeemed on or about November 15, 2017)**

| Final Maturity | Principal Amount | Call Date | Call Price | CUSIP[1] |
|---|---|---|---|---|
| 6/1/2026 | $45,000,000 | 11/15/2019 | 100.00 | 613340E79 |

**Montgomery County, Maryland**
**Consolidated Public Improvement Bond Anticipation Notes**
**2006 Series B**
**(To be redeemed on or about November 15, 2017)**

| Final Maturity | Principal Amount | Call Date | Call Price | CUSIP[1] |
|---|---|---|---|---|
| 6/1/2026 | $45,000,000 | 11/15/2019 | 100.00 | 613340E87 |

[1]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 Notes or as contained in this Appendix.

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