

OFFICIAL STATEMENT DATED NOVEMBER 17, 2022

In the opinion of Bond Counsel, under existing law, the interest payable on the Series 2022 Bonds and profit realized from the sale or exchange of the Series 2022 Bonds will be exempt from State of Maryland income taxation. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Series 2022 Bonds, their transfer or the interest therefrom. Assuming compliance with certain covenants described herein, under existing statutes, regulations and decisions, interest on the Series 2022 Bonds will be excludable from gross income for federal income tax purposes. Interest on the Series 2022 Bonds for federal income tax purposes is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment; however, for taxable years beginning after December 31, 2022, interest on the Series 2022 Bonds will be part of adjusted financial statement income in computing the alternative minimum tax on applicable corporations. Additionally, interest on the Series 2022 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.

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS: Fitch AAA
S&P.....AA+
(See "RATINGS" herein)

\$28,550,000

**MONTGOMERY COUNTY, MARYLAND
WATER QUALITY PROTECTION CHARGE PROJECT AND REFUNDING REVENUE BONDS
SERIES 2022A**

Dated: Date of Initial Delivery

Due: As shown on inside front cover

Montgomery County, Maryland (the "County") is issuing its Water Quality Protection Charge Project and Refunding Revenue Bonds, Series 2022A (the "Series 2022 Bonds") as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The Series 2022 Bonds initially will be maintained under a book-entry system and registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2022 Bonds. Interest on the Series 2022 Bonds from the date of delivery of the Series 2022 Bonds will be payable semiannually on April 1 and October 1 of each year, commencing April 1, 2023. So long as the Series 2022 Bonds are maintained under a book-entry system, payments of the principal of and premium, if any, and interest on the Series 2022 Bonds will be made when due by U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association), as trustee (the "Trustee"), to DTC in accordance with the Trust Agreement described herein, and the Trustee will have no obligation to make any payments to any beneficial owner of the Series 2022 Bonds. See "APPENDIX E - BOOK-ENTRY ONLY SYSTEM" herein.

The County is issuing the Series 2022 Bonds for the purposes of (i) financing and refinancing the planning, design, acquisition, and construction of stormwater management facilities and other related projects pursuant to the County's regulatory obligations under the Municipal Separate Storm Sewer permit between the County and the Maryland Department of the Environment, and certain other storm drain infrastructure projects located within the County, as such facilities are included in and approved in the County's Capital Improvements Program, (ii) refunding all of the County's Water Quality Protection Charge Revenue Bonds, Series 2012A, (iii) funding a debt service reserve fund for the Series 2022 Bonds, and (iv) paying the costs of issuing the Series 2022 Bonds. See "PURPOSE OF FINANCING" herein.

The Series 2022 Bonds are subject to redemption prior to maturity as described herein under THE SERIES 2022 BONDS – Redemption."

The Series 2022 Bonds are special limited obligations of the County payable solely from Pledged Revenues under the Trust Agreement and are not and shall not be deemed (i) to be general obligations of the County, (ii) to constitute obligations of the State of Maryland or any political subdivision thereof, or (iii) to constitute a debt or a pledge of the full faith and credit of the County, the State of Maryland or any other political subdivision thereof within the meaning of any constitutional provision or statutory limitation or charge against the general credit or taxing power of the County or the State of Maryland.

FOR MATURITY SCHEDULES, INTEREST RATES AND PRICES OR YIELDS, SEE INSIDE COVER

The Series 2022 Bonds are offered for delivery when, as and if issued by the County, subject to the approving legal opinion of McKennon Shelton & Henn LLP, Bond Counsel. Certain legal matters will be passed upon for the County by the County Attorney. It is expected that the Series 2022 Bonds in definitive form will be available for delivery through DTC in New York, New York, on or about December 1, 2022.

The date of this Official Statement is November 17, 2022.

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, YIELDS AND CUSIPS

\$28,550,000

MONTGOMERY COUNTY, MARYLAND

**WATER QUALITY PROTECTION CHARGE PROJECT AND REFUNDING REVENUE BONDS
SERIES 2022A**

Maturity		Interest		
<u>April 1</u>	<u>Amount*</u>	<u>Rate**</u>	<u>Yield**</u>	<u>CUSIP+</u>
2023	\$1,760,000	5.00%	2.680%	61336SBV6
2024	1,845,000	5.00	2.750	61336SBW4
2025	1,940,000	5.00	2.760	61336SBX2
2026	2,040,000	5.00	2.800	61336SBY0
2027	2,140,000	5.00	2.800	61336SBZ7
2028	2,250,000	5.00	2.810	61336SCA1
2029	2,360,000	5.00	2.840	61336SCB9
2030	2,475,000	5.00	2.860	61336SCC7
2031	2,600,000	5.00	2.870	61336SCD5
2032	2,735,000	5.00	2.910*	61336SCE3
2033	475,000	4.00	3.210*	61336SCF0
2034	495,000	4.00	3.430*	61336SCG8
2035	515,000	4.00	3.600*	61336SCH6
2036	535,000	4.00	3.700*	61336SCJ2
2037	555,000	4.00	3.790*	61336SCK9
2038	580,000	4.00	3.910*	61336SCL7
2039	600,000	4.00	3.920*	61336SCM5
2040	625,000	4.00	3.950*	61336SCN3
2041	650,000	4.00	4.000	61336SCP8
2042	675,000	4.00	4.020	61336SCQ6
2043	700,000	4.00	4.050	61336SCR4

* Yield to call date of April 1, 2031.

** The interest rates and yields shown above are the interest rates payable by the County resulting from the successful bid for the Series 2022 Bonds at a public sale on November 17, 2022. The interest rates and yields shown above are furnished by Wells Fargo Bank, National Association (the "Successful Bidder"). Other information concerning the terms of reoffering of the Series 2022 Bonds, if any, should be obtained from the Successful Bidder 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.

\$28,550,000
MONTGOMERY COUNTY, MARYLAND
WATER QUALITY PROTECTION CHARGE PROJECT AND REFUNDING REVENUE BONDS
SERIES 2022A



PROSPECTIVE BONDHOLDERS ARE ADVISED TO READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO. SPECIAL REFERENCE IS MADE TO THE SECTION “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS” THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2022 BONDS.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE SERIES 2022 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

No dealer, broker, salesperson, or other person has been authorized by the County to give any information or to make any representations with respect to the Series 2022 Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

Certain information contained herein has been obtained from and verified by the County and other sources which are believed to be reliable, but has not been independently verified by the County, is not guaranteed as to accuracy or completeness by and is not to be construed as a representation of the County. 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 herein shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof. See “CONTINUING DISCLOSURE” herein. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Series 2022 Bonds.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its location herein. Where agreements, reports or other documents are referred to herein, reference should be made to such agreements, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those stated in the forward-looking statements.

The order and placement of information in this Official Statement, including the appendices, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or selection in this Official Statement. The Trustee has neither participated in the preparation of, nor reviewed, this Official Statement.

THE SERIES 2022 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
AUTHORIZATION.....	3
THE COUNTY.....	3
PURPOSE OF FINANCING	3
GENERAL.....	3
THE MUNICIPAL SEPARATE STORM SEWER SYSTEM (MS4) PROGRAM	3
THE PROJECTS	4
SOURCES AND USES OF FUNDS	7
THE SERIES 2022 BONDS	7
REGISTRATION AND EXCHANGE OF SERIES 2022 BONDS	8
REDEMPTION	8
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS.....	9
SECURITY FOR THE SERIES 2022 BONDS.....	9
PLEDGED REVENUES.....	10
RATE COVENANT.....	10
THE DEBT SERVICE RESERVE FUND.....	11
DEPOSIT OF REVENUES; TRANSFER OF PLEDGED REVENUES.....	12
FLOW OF REVENUES	13
ADDITIONAL BONDS	14
LIMITATION ON BONDHOLDERS' REMEDIES	14
THE WATER QUALITY PROTECTION CHARGE ("WQPC").....	14
GENERAL.....	14
AUTHORITY FOR WQPCS	15
WQPC RATES	18
WATER QUALITY PROTECTION PROGRAM CONSULTANT	19
BILLING AND COLLECTION.....	19
MAJOR CUSTOMERS.....	19
CARRYOUT BAG TAX.....	19
FINANCIAL INFORMATION	20
PROJECTED FINANCIAL PERFORMANCE AND DEBT SERVICE COVERAGE	21
FUTURE FINANCINGS	22
MONTGOMERY COUNTY'S STORMWATER MANAGEMENT PROGRAM	22
ORGANIZATION AND MANAGEMENT	22
THE STORMWATER CAPITAL IMPROVEMENT PROGRAM.....	24
DEBT SERVICE REQUIREMENTS	26
TAX MATTERS	27
MARYLAND INCOME TAXATION.....	27
FEDERAL INCOME TAXATION.....	27
CERTAIN OTHER FEDERAL TAX CONSIDERATIONS	28
PURCHASE, SALE AND RETIREMENT OF SERIES 2022 BONDS	28
MARKET DISCOUNT	28
AMORTIZABLE BOND PREMIUM	29
TAX ACCOUNTING TREATMENT OF DISCOUNT BONDS.....	29
LEGISLATIVE DEVELOPMENTS	30
LITIGATION.....	31
INDEPENDENT PUBLIC ACCOUNTANTS.....	31
LEGALITY FOR INVESTMENT	31
CERTAIN LEGAL MATTERS	31
RATINGS.....	31
FINANCIAL ADVISOR	32
CONTINUING DISCLOSURE	32
MISCELLANEOUS	32
AUTHORIZATION OF OFFICIAL STATEMENT	34

APPENDIX A – Summary of Certain Provisions of the Trust Agreement
APPENDIX B – Proposed Form of Continuing Disclosure Agreement
APPENDIX C – Proposed Form of Bond Counsel Opinion
APPENDIX D – Refunded Bonds
APPENDIX E – Book-Entry Only System

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

COUNTY EXECUTIVE

Marc Elrich

COUNTY COUNCIL

Gabe Albornoz	<i>President</i>
Evan Glass	<i>Vice President</i>
Tom Hucker	
Sidney Katz	
Andrew Friedson	
Nancy Navarro	
Will Jawando	
Craig Rice	
Hans Riemer	

The terms of the County Executive and all County Council members expire in December 2022.

APPOINTED OFFICIALS

Richard S. Madaleno	<i>Chief Administrative Officer</i>
Michael J. Coveyou	<i>Director, Department of Finance</i>
Jennifer Bryant	<i>Director, Office of Management and Budget</i>
John Markovs	<i>County Attorney</i>
Judy K. Rupp	<i>Clerk of the Council</i>

BOND COUNSEL

McKennon Shelton & Henn LLP
Baltimore, Maryland

FINANCIAL ADVISOR

Davenport & Company LLC
Towson, Maryland

INDEPENDENT PUBLIC ACCOUNTANTS

SB & Company, LLC
Owings Mills, Maryland

TRUSTEE

U.S. Bank Trust Company, National Association (successor to 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)

<https://www.montgomerycountymd.gov/bonds/debtmanagement.html>

**OFFICIAL STATEMENT
OF
MONTGOMERY COUNTY, MARYLAND**

**\$28,550,000
MONTGOMERY COUNTY, MARYLAND
WATER QUALITY PROTECTION CHARGE PROJECT AND REFUNDING REVENUE BONDS
SERIES 2022A**

INTRODUCTION

This Official Statement sets forth information concerning the sale by Montgomery County, Maryland (the “County”) of its Water Quality Protection Charge Project and Refunding Revenue Bonds, Series 2022A (the “Series 2022 Bonds”), in the aggregate principal amount of \$28,550,000.

Authorization

The County will issue the Series 2022 Bonds pursuant to the Authorizing Legislation (as defined herein) and a Trust Agreement (as defined herein) between the County and U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association), as trustee (the “Trustee”). See “AUTHORIZATION.”

Purpose of Financing

The County is issuing the Series 2022 Bonds for the purposes of (i) financing and refinancing the planning, design, acquisition, and construction of stormwater management facilities and other related projects pursuant to the County’s regulatory obligations under the Municipal Separate Storm Sewer permit (the “MS4 Permit”) between the County and the Maryland Department of the Environment, and certain other storm drain infrastructure projects located within the County, as such facilities are included in and approved in the County’s Capital Improvements Program (collectively, the “Projects”), (ii) refunding all of the County’s Water Quality Protection Charge Revenue Bonds, Series 2012A (the “Refunded Bonds”) which were used to finance construction of stormwater management facilities required by the County’s MS4 permit, (iii) funding a debt service reserve fund for the Series 2022 Bonds, and (iv) paying the costs of issuing the Series 2022 Bonds. See “PURPOSE OF FINANCING” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The County’s MS4 Permit provides the regulatory framework for the stormwater management program. The County’s program includes a combination of capital projects, incentive and partnership programs, new development and re-development programs and on the ground activities aimed at restoring impaired areas. See “PURPOSE OF FINANCING – The County’s Municipal Separate Storm Sewer System (MS4) Program.”

There are several types of capital projects undertaken including stream valley improvements, environmental site design also known as green infrastructure, major repairs of existing stormwater management projects, and upgrades of dam projects. Stream valley improvement involves the rehabilitation of degraded stream channels. Green infrastructure projects consist of designing and constructing stormwater treatment facilities using an environmental site design (“ESD”) which uses plants and vegetation to infiltrate water close to the source, within existing street rights-of-way. Major repairs of existing stormwater projects involve replacing risers and corrugated metal pipes in existing facilities. Dam repairs includes upgrading of high hazard dams that DEP is responsible for. The environmental benefits of these projects include improved stream conditions in many watersheds in the county and continued progress in meeting reductions in pollutants such as nitrogen, phosphorus, and sediment entering the local waterways and the Chesapeake Bay.

The Series 2022 Bonds

The Series 2022 Bonds will be dated their date of delivery and will bear interest from their date, payable on April 1, 2023 and semiannually thereafter on each April 1 and October 1, at the rate or rates set forth on the inside front cover. The principal on the Series 2022 Bonds will be payable on April 1 in the years and amounts set forth on the inside front cover. The Series 2022 Bonds are issuable only as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The Series 2022 Bonds are subject to redemption at the option of the County as described below. See “THE SERIES 2022 BONDS.”

The County

See the caption “THE COUNTY” for information regarding the County.

Security for the Series 2022 Bonds

The Series 2022 Bonds and any Additional Bonds issued under the Trust Agreement are special limited obligations of the County payable solely from and equally and ratably secured by (i) the Pledged Revenues (as defined herein), and (ii) certain funds established under the Trust Agreement (excluding the Rebate Fund), including the Debt Service Reserve Fund, and including the investments of money on deposit in such funds.

The Series 2022 Bonds are not a debt of the State of Maryland or any political subdivision thereof, including the County, within the meaning of any constitutional, charter or statutory debt limit or restriction. Neither the full faith and credit nor the taxing power of the State of Maryland or any political subdivision thereof, including the County, is pledged to the payment of the Series 2022 Bonds. Only the County is obligated to pay the principal of or premium, if any, and interest on the Series 2022 Bonds, and such obligation of the County is payable solely from the Pledged Revenues and other moneys pledged therefor. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS.”

Additional Bonds

Under the Trust Agreement, the County may issue Additional Bonds on parity with Series 2022 Bonds, subject to the satisfaction of certain conditions. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Additional Bonds” and SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Authorization of Additional Bonds; Conditions Precedent to Delivery of Additional Bonds” in Appendix A.

Additional Information

This Official Statement contains brief descriptions of, among other things, the Series 2022 Bonds, the Trust Agreement, the County, the Refunded Bonds, and the Projects. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to laws and documents are qualified in their entirety by reference to such laws and documents; references to the Series 2022 Bonds are qualified in their entirety by reference to the form of the Series 2022 Bonds included in the Trust Agreement. Copies of the Trust Agreement and other agreements described in this Official Statement may be obtained upon written request from the County.

AUTHORIZATION

The Series 2022 Bonds are authorized to be issued pursuant to (i) Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2022 Supplement), as amended (“Section 10-203”) and Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2022 Supplement), as amended (“Section 19-207”); (ii) Title 4 of the Environmental Article of the Annotated Code of Maryland, as amended (the “Environment Article”); (iii) Council Bill No. 24-21 passed by the County Council of the County (the “County Council”) on July 13, 2021, approved by the County Executive of the County (the “County Executive”) on July 20, 2021 and effective on July 20, 2021 (the “Bond Ordinance”); (iv) the Charter of the County (the “Charter”); (v) Chapter 19 of the Montgomery County Code, as amended (“Chapter 19” and together with Section 10-203, Section 19-207, the Environment Article, the Charter, and the Bond Ordinance, the “Authorizing Legislation”); (vi) the Trust Agreement dated as of July 1, 2012, between the County and the Trustee, as amended and supplemented by the First Supplemental Trust Agreement dated as of April 1, 2016, the Second Supplemental Trust Agreement dated as of December 15, 2019 and the Third Supplemental Trust Agreement dated as of December 1, 2022, each by and between the County and Trustee (as so amended and supplemented the “Trust Agreement”); and (vii) an Executive Order issued by the County Executive, dated October 26, 2022. A summary of certain provisions of the Trust Agreement is set forth in Appendix A and, unless otherwise indicated, terms used but not otherwise defined herein have the meanings assigned to such terms in the Trust Agreement.

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: <https://www.montgomerycountymd.gov/BONDS/Resources/Files/AIS2022.pdf>.

Financial Impact of COVID-19

The Pandemic did not have a material impact on the WQPC revenues, the operations of the Water Quality Protection Fund or on the progress required in the County’s MS4 permits.

The ongoing Pandemic may cause economic and health challenges that cannot be anticipated at this time. The County will continue to act proactively to manage its affairs through these uncertain times.

PURPOSE OF FINANCING

General

The County is issuing the Series 2022 Bonds for the purposes of (i) financing or refinancing a portion of the costs of the Projects, (ii) refunding all of the Refunded Bonds, (iii) funding a debt service reserve fund for the Series 2022 Bonds, and (iv) paying the costs of issuing the Series 2022 Bonds. See “SOURCES AND USES OF FUNDS.” The Refunded Bonds are outstanding in the aggregate principal amount of \$23,310,000 and are more fully described in Appendix D hereto.

The County’s Municipal Separate Storm Sewer System (MS4) Program

The United States Environmental Protection Agency (the “EPA”) was mandated by the United States Congress through Section 402 of the Water Quality Act of 1987 to promulgate the NPDES permitting program for municipal stormwater discharges known as the municipal separate storm sewer system permitting

program (the “MS4 Permit Program”). As it has done with most states, the EPA delegated the NPDES permitting authority to the Maryland Department of the Environment (“MDE”).

The NPDES MS4 Permit Program is an EPA regulatory program administered in Maryland by the MDE. The MS4 Permit Program is intended to reduce and eliminate pollution from rainfall runoff, which flows through storm drain systems to local streams, ponds, and other waterways. Specifically, the goal of the MS4 Permit Program is to restore and maintain the chemical, physical, and biological integrity of the nation’s waters, as defined in the Clean Water Act, by controlling previously uncontrolled sources of pollution across the landscape that are transported by rainfall runoff or stormwater.

The County’s MS4 permit is issued by MDE and overseen by Region III of the EPA. The MS4 Program implemented by the Montgomery County Department of Environmental Protection (the “Department” or “DEP”), is a proactive program to protect natural waterway environments, restore streams previously damaged by excessive erosion, sedimentation, and impaired water quality, and reduce the negative impact on the Chesapeake Bay and its tributaries and advance stormwater resiliency to combat the growing issue of urban flooding. The MS4 permit requires the County to implement a number of programs to protect and restore water quality including, among others, Watershed Assessment, Watershed Restoration, Stormwater Management Facility Inspection and Maintenance, Public Education, Property Management and Maintenance, Trash and Litter reduction, and Illegal Discharge Detection and Elimination. Each permit cycle is five years.

The County has received four MS4 permits to date. The County completed the work required under the first two MS4 Permits. The third MS4 permit issued on February 15, 2010, required the County to complete the restoration of 3,778 impervious acres. The five year 2010 MS4 permit also required the County to restore 20% of the County’s impervious surface area that was not already restored to the maximum extent practicable. On October 1, 2019, the County submitted its final 2010 Permit Completion report to MDE showing that, as of December 2018, the County completed the restoration of 3,778 impervious acres ahead of schedule, thus meeting the restoration requirement in the 2010 MS4 permit. The County completed 22 projects in 2017 and 2018 that will be carried forward to the 2021 permit for impervious area credit.

Most recently, the County received a new MS4 permit issued in November 2021. Since meeting the 2010 permit restoration goal, the County has continued to implement restoration work that will be credited toward its new 2021 MS4 permit. In its new permit, the County was tasked with restoring 1,814 impervious acres. The County has been and continues to make these improvements. It has completed 58 CIP projects; continues to work with nonprofits, watershed groups, and residents to implement 628 voluntary grant and RainScape rebate-funded projects; and has planted more than 8,000 trees through the Tree Montgomery and County Street Tree programs. Another 73 CIP projects are in design or under construction.

The environmental benefits of these projects include improved stream conditions in many watersheds in the county and continued progress in meeting reductions in pollutants, such as nitrogen, phosphorus and sediments entering the local waterways and the Chesapeake Bay.

The Projects Under the County’s MS4 Permit

As part of the County’s compliance with the MS4 permit, a major ramp up of stormwater management capital projects was approved in the County’s Approved Fiscal Year (“FY”) 2015-2020 Stormwater Capital Improvement Program and has continued to be supported in subsequent Capital Improvement Programs, including the County’s current Fiscal Year 2023-2028 approved budget. Using proceeds and funds from (i) the Montgomery County, Maryland Water Quality Protection Charge Revenue Bonds, Series 2012A, (ii) the Montgomery County, Maryland Water Quality Protection Charge Revenue Bonds, Series 2016, and (iii) the Montgomery County, Maryland Water Quality Protection Charge Revenue

Bonds, Series 2019, as well as funds from the Water Quality Protection Charge, implementation of the MS4 Permit restoration requirement continues to be accomplished through the planning, design, acquisition, and construction of stormwater management projects identified in the County's Stormwater Capital Improvement Program: See "STORMWATER MANAGEMENT PROGRAM – The Stormwater Capital Improvement Program." The projects have been streamlined over time to the projects listed below which are managed by the County Department of Environmental Protection and the County Department of Transportation:

Stormwater Management Retrofit – Countywide. The Stormwater Management Retrofit Countywide project provides for the design and construction of new and/or the upgrade of existing stormwater management facilities throughout the County under the County's MS4 permit. Facilities include but are not limited to new or upgraded stormwater management ponds, Environmental Site Design(ESD)/Low Impact Development (LID) facilities, and stream restorations.

Miscellaneous Stream Valley Improvements. The Miscellaneous Stream Valley Improvements project provides for design and construction of habitat restoration or stabilization measures for stream reaches having significant channel erosion, sedimentation, and habit degradation. Developed areas constructed without current stormwater controls contribute uncontrolled runoff which results in eroded stream banks, excessive sediment, tree loss, and degraded habitat for fish and aquatic life. Storm drain outfalls damaged from severe erosion are identified and, where possible, the outfalls are repaired and- funded from the Outfall Repairs project.

Stormwater Management Facility Major Structural Repair. The Stormwater Management Facility Major Structural Repair project provides for the design and construction of major structural repairs to County-maintained stormwater management facilities, which includes over 6,800 stormwater management facilities, including certain engineering analysis and design and the application for Federal, State, and local permitting.

Facility Planning – Stormwater Management. The Facility Planning project provides for facility planning, watershed assessments, and Total Maximum Daily Load ("TMDL") Implementation Planning to evaluate watershed conditions and to identify restoration projects for stormwater management, stormwater retrofit, Environmental Site Design/Low Impact Development, stream restoration projects, tree planting and reforestation, and other alternative best management practices to support the planning for potential restoration opportunities for the County's current and future MS4 permit. The project also provides for development of the annual Comprehensive TMDL Implementation Plan required by the MS4 permit which demonstrates the County's progress towards reducing pollutants through past, current, and future planned restoration projects and is also used to support the planning to identify potential pollutant reductions from potential restoration opportunities.

Wheaton Regional Dam Flood Mitigation. This flood mitigation project, located along Glenhaven Drive and Dennis Avenue in Wheaton, will excavate, and expand the stream channel upstream of the Wheaton Regional Pond, and modify the pond's riser structure. This project will be constructed in parallel with the Department of Transportation's Dennis Avenue bridge replacement. The two projects will modify the current 100-year floodplain boundary just upstream of the pond. The post project 100-year floodplain will not include the residential properties located in the current 100-year floodplain.

Outfall Repairs, Storm Drain General, Storm Drain Culvert Replacement. These projects provide for the repair and replacement of major components of the County's storm drain system. The County's storm drain infrastructure is aging and many of the metal pipe culverts installed from 1960 through the 1990's has reached the end of their service life. While these projects do not address impervious area requirements, they support the overall stormwater facility capital investment of the County, help provide safe roads for County residents during rain events and provide the proper conveyance of stormwater to meet the County's climate action goals.

The Stormwater Capital Improvement Program for the County's MS4 permit continues to provide treatment of impervious acres. Treatment of additional impervious acres will continue through redevelopment within the County and meeting the stormwater management requirements, the Department's other programs such as Rainscapes, and the Water Quality Protection Charge credit programs, Pet Waste program, and watershed restoration grants, which are funded by the operating budget and partnerships with other agencies including but not limited to Maryland-National Capital Park and Planning Commission.

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SOURCES AND USES OF FUNDS

The proceeds of the Series 2022 Bonds will be used to (i) finance or refinance a portion of the costs of the Projects, (ii) refund the Refunded Bonds, (iii) fund a debt service reserve fund for the Series 2022 Bonds and (iv) pay costs of issuance of the Series 2022 Bonds (including underwriting, legal, rating agency, printing and other miscellaneous costs allocable to the issuance of the Series 2022 Bonds).

SOURCES OF FUNDS:

Series 2022 Bonds	\$28,550,000.00
Net Premium	2,293,466.90
2012 Trust Agreement Funds	<u>3,049,505.34</u>
Total sources of funds.....	<u>\$33,892,972.24</u>

USES OF FUNDS:

Deposit to Construction Fund	\$10,153,000.00
Amount required to refund the Refunded Bonds	23,504,250.00
Financing and miscellaneous expenses ⁽¹⁾	<u>235,722.24</u>
Total uses of funds	<u>\$33,892,972.24</u>

⁽¹⁾ Includes rating agency fees, legal and professional fees, underwriter's discount, and other miscellaneous expenses, including expenses associated with the purchase of a municipal bond debt service reserve insurance policy.

THE SERIES 2022 BONDS

The Series 2022 Bonds are dated as of the date of their delivery and will mature on April 1 of the years and in the principal amounts shown on the inside front cover of this Official Statement. The Series 2022 Bonds shall bear interest from their date until paid at the rate or rates set forth on the inside front cover of this Official Statement (computed on the basis of a 360-day year composed of twelve 30-day months) payable on April 1, 2023 and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date").

The Series 2022 Bonds are issuable only as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. So long as the Series 2022 Bonds shall be maintained under a book-entry system, payments of the principal or redemption price of and interest on the Series 2022 Bonds will be made as described in Appendix E "Book-Entry Only System." At any other time, interest on the Series 2022 Bonds will be payable by wire transfer or check or draft mailed on each Interest Payment Date, or the next Business Day if such Interest Payment Date is not a Business Day, to each registered owner thereof at the address of such owner as it appears on the registration books of the Registrar and Paying Agent at the close of business on the 15th day of the month immediately preceding the Interest Payment Date (the "Record Date"), and the principal of the Series 2022 Bonds will be payable upon presentation and surrender of the Series 2022 Bonds, when due, at the designated corporate trust office of the Trustee. Initially, the Trustee shall also serve as Registrar and Paying Agent for the Series 2022 Bonds.

Registration and Exchange of Series 2022 Bonds

So long as the Series 2022 Bonds are maintained under a book-entry system, Beneficial Owners thereof will have no right to receive physical possession of the Series 2022 Bonds, and transfers of ownership interests in the Series 2022 Bonds will be made through book-entries by The Depository Trust Company (“DTC”) and the Direct Participants. See Appendix E “Book-Entry Only System”.

If the book-entry system is discontinued, upon surrender of the Series 2022 Bonds at the designated office of the Registrar and Paying Agent, together with an assignment duly executed by the registered owner or the attorney or legal representative of such owner in such form as shall be satisfactory to the Registrar and Paying Agent, such Series 2022 Bonds will be exchanged for an equal aggregate principal amount of Series 2022 Bonds of the same maturity, of any authorized denomination or denominations, and bearing interest at the same rate as the Series 2022 Bonds surrendered for exchange.

The transfer of any Series 2022 Bond may be registered only upon the books kept for the registration and transfer of the Series 2022 Bonds upon surrender of such Series 2022 Bond to the Registrar and Paying Agent, together with an assignment duly executed by the registered owner or the attorney or legal representative of such owner in such form as shall be satisfactory to the Registrar and Paying Agent.

Upon any exchange or registration of transfer, the County shall execute, and the Registrar and Paying Agent shall authenticate and deliver in exchange for such Series 2022 Bond, within a commercially reasonable time according to then-prevailing industry standards, a new Series 2022 Bond or Series 2022 Bonds, registered in the name of the transferee, of any authorized denomination or denominations, in an aggregate principal amount equal to the principal amount of the Series 2022 Bond surrendered, of the same maturity and bearing interest at the same rate.

The County or the Registrar and Paying Agent may make a charge for every such exchange, registration or transfer of Series 2022 Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any Bondholder for the privilege of exchanging or registering the transfer of Series 2022 Bonds under the provisions of the Trust Agreement.

Redemption

Optional Redemption

Series 2022 Bonds maturing on or before April 1, 2031 are not subject to optional redemption prior to their stated maturities. Series 2022 Bonds maturing on or after April 1, 2032 are subject to optional redemption by the County, in its sole discretion, in whole or in part at any time on and after April 1, 2031, at a Redemption Price equal to 100% of the principal amount thereof, together with interest accrued to the date fixed for redemption.

Redemption of Series 2022 Bonds Subject to Deposit of Funds and Other Conditions

Any redemption of Series 2022 Bonds shall be subject to the deposit of funds for such redemption by or on behalf of the County and may be subject to such other conditions as the County shall determine.

Selection of Series 2022 Bonds to Be Redeemed

If fewer than all of the Series 2022 Bonds shall be called for redemption, then the Series and maturities of the Series 2022 Bonds to be redeemed shall be selected by the County.

So long as the Series 2022 Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2022 Bonds of any one maturity to be credited with any partial redemption or purchase shall be made as described Appendix E “Book-Entry Only System”, except as otherwise directed by the County.

If fewer than all of the Series 2022 Bonds of any one maturity shall be called for redemption during any other period, the Trustee shall select or cause to be selected the particular Series 2022 Bonds or portions of Series 2022 Bonds to be redeemed from such maturity as shall be directed by the County or, in the absence of any such direction, by lot or in such other manner as the Trustee in its discretion may deem proper.

Notice of Redemption

So long as the Series 2022 Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2022 Bonds shall be given to DTC at least 20 days prior to the date of redemption, as described in Appendix E “Book-Entry Only System.” At any other time, the Trustee shall mail notice of the call for any redemption to the registered owners of the Series 2022 Bonds to be redeemed at their addresses as they appear on the registration books maintained by the Trustee, but failure to mail any such notice to any of such registered owners or any defect in any notice shall not affect the validity of the proceedings for the redemption of any Series 2022 Bonds.

Effect of Call for Redemption

The Series 2022 Bonds so called for redemption will cease to bear interest on the specified redemption date and shall no longer be secured by the Trust Agreement, provided that funds for such redemption shall be on deposit at that time with the Trustee and that all conditions to such redemption shall have been satisfied.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS

Security for the Series 2022 Bonds

The Series 2022 Bonds and any Additional Bonds (collectively, the “Bonds”) issued under the Trust Agreement are special limited obligations of the County payable solely from and equally and ratably secured by (i) the Pledged Revenues (defined below), and (ii) the funds created under the Trust Agreement (excluding the Rebate Fund), including the Debt Service Reserve Fund, and the investments of money on deposit in such funds.

The Series 2022 Bonds are not a debt of the State of Maryland or any political subdivision thereof, including the County, within the meaning of any constitutional, charter or statutory debt limit or restriction. Neither the full faith and credit nor the taxing power of the State of Maryland or any political subdivision thereof, including the County, is pledged to the payment of the Series 2022 Bonds.

Only the County is obligated to pay the principal of or premium, if any, and interest on the Series 2022 Bonds, and such obligation of the County is payable solely from the Pledged Revenues and other moneys pledged therefor.

Pledged Revenues

Pursuant to the Trust Agreement, the County will pledge and assign to the Trustee the Pledged Revenues. As defined in the Trust Agreement, “Pledged Revenues” means (i) Revenues (hereinafter defined) deposited by the County into the Pledged Revenues Fund held by the Trustee, (ii) interest earnings on the funds and accounts created under the Trust Agreement, and (iii) all rights of the Trustee to receive such Revenues required to be deposited under the Trust Agreement and the proceeds of such rights, whether now existing or hereafter coming into existence. As defined in the Trust Agreement, “Revenues” means WQPC revenues, together with other revenues of the County including the Carryout Bag Tax (as hereinafter defined), which are deposited into the County’s Water Quality Protection Fund (as hereinafter defined), together with interest thereon. The Revenues and other amounts deposited into the Water Quality Protection Fund held by the County are not pledged to the payment of the Series 2022 Bonds.

Rate Covenant

The County covenants, subject to any lawful regulation by the United States of America, that it will fix, revise, charge and collect the WQPC (as hereinafter defined) and must revise the WQPC as may be necessary or appropriate to produce Revenues in each Bond Year, which after payment of Operating Expenses (as hereinafter defined) in an amount not less than the sum of (i) 115% of the amount of the Debt Service Requirements for such Bond Year of all outstanding Series 2022 Bonds and any Parity Indebtedness then outstanding, (ii) 100% of the Debt Service Requirements of all other outstanding Long-Term Indebtedness for such Bond Year, and (iii) 100% of the amount set forth in the Annual Budget to be deposited to the Rate Stabilization Fund for such Bond Year. Such covenant is referred to herein as the “Rate Covenant”. As defined in the Trust Agreement “Operating Expenses” means all expenses incurred by the County in operating or maintaining its stormwater management facilities or causing such facilities to be operated and maintained in good repair, working order, and in compliance with applicable State and federal laws.

If the amount of the Revenues in any Bond Year shall be less than the amount referred to above for such Bond Year, as soon as practicable after the last day of such Bond Year (but in no event more than 120 days after the last day of such Bond Year), the County shall employ an Independent Consultant to prepare a Report including recommendations with respect to the WQPC. The County shall require the Independent Consultant to file its report with the County and the Trustee within 30 days after the date of its employment by the County pursuant to this Section; provided that the County may extend the time for the filing by the Independent Consultant of its report to the extent reasonably necessary to enable the Independent Consultant to complete such report, if the Independent Consultant files a request for such an extension with the County and the Trustee containing an estimated completion date for such report, stating that the Independent Consultant is proceeding diligently to complete its report, and that its report cannot reasonably be completed within the time allowed by this paragraph.

The Independent Consultant may recommend with respect to the WQPCs, either that the County (i) increase the WQPC by an amount calculated to be sufficient to result in compliance with the provisions of the Trust Agreement, (ii) make no change, or (iii) make some change, even though such recommendation is not calculated to result in compliance with the provisions of the Trust Agreement. The County may revise the WQPC in conformity with any practicable recommendation of the Independent Consultant and shall otherwise follow any practicable recommendation of the Independent Consultant. If the County complies with the reasonable recommendations of such Independent Consultant, then the failure of the County to meet the

requirements of the Trust Agreement for such Bond Year shall not constitute an Event of Default under the Trust Agreement.

Rate Setting

The County's current practice is to assess the WQPC in a manner that generates sufficient Pledged Revenues for a debt service coverage for the Series 2022 Bonds and all parity bonds outstanding of at least 125% of the amount of the Debt Service Requirements for the Series 2022 Bonds and all parity bonds outstanding, as well as maintain a fund balance of 5% of in the Water Quality Protection Fund. The County reserves the right to revise this practice.

Additional Bonds Test

Prior to, and in connection with, the issuance of Additional Bonds under the Trust Agreement, the County must comply with certain requirements set forth in the Trust Agreement, including among others, a requirement that the County certify that during each of the five Bond Years immediately succeeding the later of the date of delivery of any Additional Bonds and the date to which interest on such Additional Bonds has been funded, the estimated amount of Revenues in such Bond Years, less the amount of the estimated Operating Expenses for such Bond Years, are projected to be not less than the sum of (A) 115% of the Debt Service Requirements of Outstanding Bonds for such Bond Year, taking into account the Additional Bonds then to be issued, (B) 100% of the Debt Service Requirements of all other outstanding Long-Term Indebtedness for such Bond Year, and (C) the estimated amount set forth in the Annual Budget to be deposited to the Rate Stabilization Fund for such Bond Year.

The Debt Service Reserve Fund

Upon the delivery of the Series 2022 Bonds, there will be deposited into the Debt Service Reserve Fund an amount necessary to make the amount on deposit therein equal to the Debt Service Reserve Fund Requirement for the Series 2022 Bonds.

The Trust Agreement establishes the Debt Service Reserve Fund Requirement for the Debt Service Reserve Fund as an amount equal to the least of (i) 10% of the proceeds of the Bonds secured thereby, (ii) Maximum Annual Debt Service on all outstanding Bonds secured thereby and (iii) 125% of the average annual debt service requirements of all Bonds secured thereby. In addition, pursuant to a Supplemental Trust Agreement, the Debt Service Reserve Fund may secure other series of Additional Bonds if there is deposited therein an amount that will make the amount on deposit in the Debt Service Reserve Fund equal to the Debt Service Reserve Fund Requirement on all Bonds secured by such Debt Service Reserve Fund. See "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Additional Bonds" in Appendix A.

The County may provide for the delivery to the Trustee of a Debt Service Reserve Fund Credit Facility in substitution for amounts initially deposited in the Debt Service Reserve Fund. See "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Debt Service Reserve Fund" in Appendix A.

If as a result of any withdrawal from the Debt Service Reserve Fund, the amount credited thereto is less than the Debt Service Reserve Fund Requirement, the Trustee is required under the Trust Agreement to transfer from the Pledged Revenue Fund in each month such amount as will cure the deficiency within 12 months. The Trust Agreement also contains provisions which require the Trustee to make certain transfers from the Pledged Revenue Fund to the Debt Service Reserve Fund in the event of certain investment losses and in the event that any Debt Service Reserve Fund Credit Facility fails to qualify to be credited to the Debt

Service Reserve Fund. The Debt Service Reserve Fund Requirement may be satisfied by a municipal bond debt service reserve insurance policy (the “Series 2022A Reserve Policy”) to be issued by Build America Mutual Assurance Company.

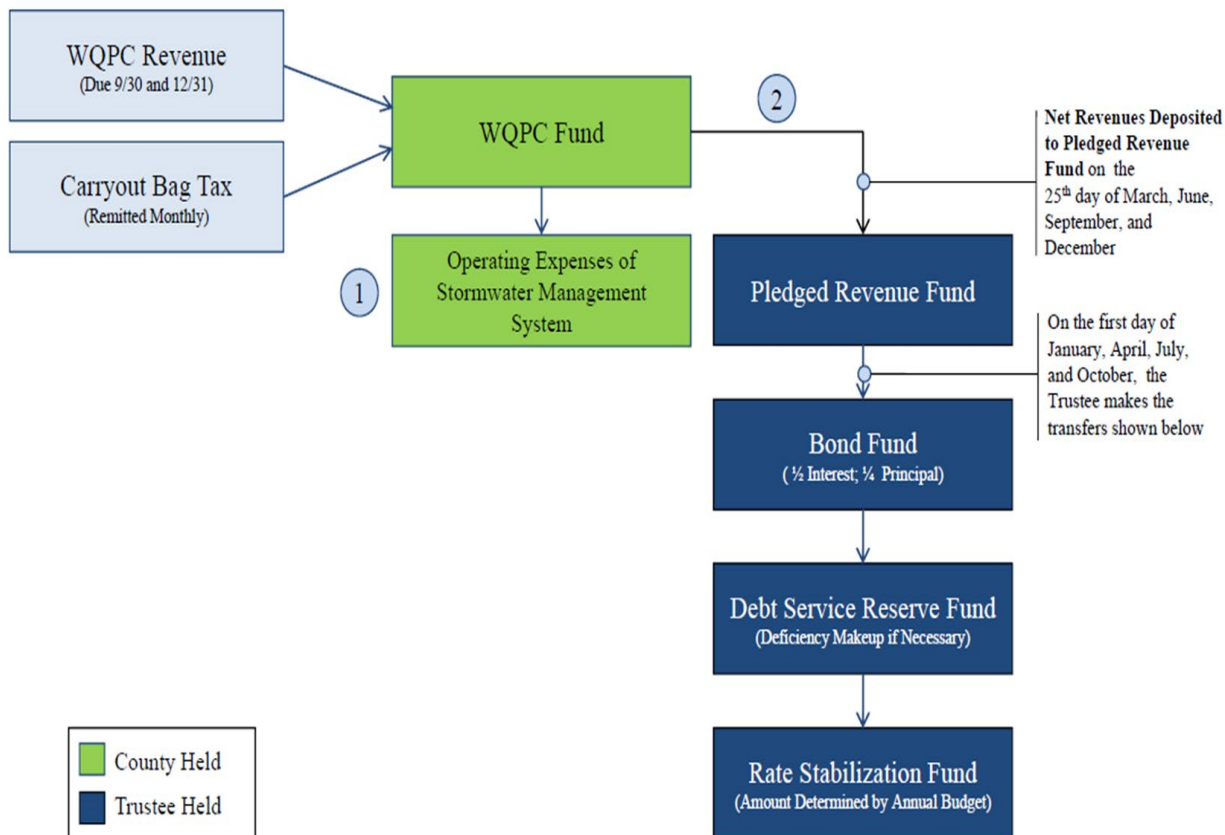
Deposit of Revenues; Transfer of Pledged Revenues

The County shall cause to be paid to the Trustee, solely from Revenues, amounts sufficient to make all of the payments required under the Trust Agreement on a quarterly basis (on or before the 25th day of each March, June, September and December). Amounts so deposited will be (i) transferred to the Bond Fund, in an amount equal to respective amounts of the debt service accruing on such Series 2022 Bonds and parity bonds outstanding, (ii) applied to the payment of any amounts payable under any Credit Facility Agreements, (iii) applied to cure certain deficiencies in the Debt Service Reserve Fund, and (iv) transferred to the Rate Stabilization Fund and applied as specified in the Trust Agreement. Any balance remaining in the Pledged Revenue Fund will be deposited in the Rate Stabilization Fund. See “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Deposit of Pledged Revenues” in Appendix A.

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Flow of Revenues

Revenues



Note: The County has not included funds for deposit in the Rate Stabilization Fund in its Annual Budget.

*Net Revenues are deposited into the Pledged Revenue Fund on or before the 25th day of March, June, September and December in accordance with the Trust Agreement.

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Additional Bonds

The County issued \$37,835,000 in Water Quality Protection Charge Revenue Bonds in 2012 (the “Series 2012 Bonds”) and as of June 30, 2022, \$23,310,000 of the Series 2012 Bonds remains outstanding. The County issued \$46,500,000 in Water Quality Protection Charge Revenue Bonds in 2016 (the “Series 2016 Bonds”) and as of June 30, 2022, \$35,370,000 of the Series 2016 Bonds remains outstanding. The County issued \$50,677,320 in Water Quality Protection Charge Revenue Bonds in 2019 (the “Series 2019 Bonds”) and as of June 30, 2022, \$15,232,345 of the Series 2019 Bonds have been drawn upon and remain outstanding net of repayments. The Series 2019 Bonds were issued as Additional Bonds under the Trust Agreement in connection with a loan made by the Maryland Water Quality Financing Administration (the “Administration”) to the County. The Administration is expected to hold the Series 2019 Bonds until their maturity or the early redemption and repayment of the loan.

Under the Trust Agreement, the County may issue other Additional Bonds on parity with the Series 2016 Bonds, the Series 2019 Bonds and the Series 2022 Bonds, subject to the satisfaction of certain conditions. The County has not issued any subordinated debt. See “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Authorization of Additional Bonds; Conditions Precedent to Delivery of Additional Bonds” in Appendix A.

Limitation on Bondholders’ Remedies

The Series 2022 Bonds may not be accelerated upon the occurrence of an Event of Default. Under the terms of the Trust Agreement, remedies for Events of Default are limited to such other actions which may be taken at law or in equity. See Appendix A — “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT”.

In the event of a default in the payment of principal of or interest on the Series 2022 Bonds, the remedies available to the owners of the Series 2022 Bonds upon default are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing law, including the United States Bankruptcy Code and equitable principles. The approving opinion of Bond Counsel (defined herein) to the County with respect to the Series 2022 Bonds will be qualified as to enforceability of the various legal instruments by certain limitations, including limitations imposed by bankruptcy, reorganization, insolvency and equitable principles. See Appendix C hereto.

THE WATER QUALITY PROTECTION CHARGE

General

In 2001, the County established the Water Quality Protection Charge (the “WQPC”), implemented in 2002, to provide funds for the construction, operation, and maintenance of residential stormwater facilities within the County. Later clarified to be an excise tax, the WQPC appears as a line item on annual property tax bills for properties subject to the WQPC and is calculated based upon a property’s impervious surface area (*i.e.*, rooftops, pavements, patios, sidewalks, and driveways). State properties, County-owned properties, public roads, and properties within the City of Takoma Park, the City of Gaithersburg, and the City of Rockville are exempt from assessment of the WQPC.

The WQPC is used to fund the capture and treatment of uncontrolled stormwater runoff from urban surfaces through (i) environmentally sensitive design installations (e.g., rain gardens, bio swales, sand filters, bio-retention basins), which work by retaining, filtering and infiltrating rainfall and snowmelt on-site, (ii) stream restoration, and (iii) retrofitting of stormwater facilities such as ponds, underground devices, and pipes, which are vital infrastructure to prevent flooding and pollution. The WQPC is also the source of

funding for (i) inspection and maintenance of stormwater management facilities, (ii) water quality monitoring, (iii) street sweeping, and (iv) associated operating expenses.

Authority for WQPCs

State Law

Pursuant to Section 4-204 of the Environment Article of the Maryland Code (“EN”), counties and municipalities in the State of Maryland may adopt a system of charges to fund the implementation of stormwater management programs, including: (i) reviewing stormwater management plans, (ii) inspection and enforcement activities, (iii) watershed planning, (iv) planning, design, land acquisition, and construction of stormwater management systems and structures, (v) retrofitting developed areas for pollution control, (vi) water quality monitoring and water quality programs, (vii) operation and maintenance of facilities, and (viii) program development of the foregoing activities. Section 4-204 of the Environment Article authorizes the implementation of such a system of charges through local legislation.

Section 4-202.1 of the Environment Article requires each county and municipal corporation that was subject to National Pollutant Discharge Elimination System (“NPDES”) Phase I MS4 permitting requirements to adopt local laws necessary to establish a watershed protection and restoration program consisting of a stormwater remediation fee and a local watershed protection and restoration fund. The purpose of the watershed protection and restoration fund is to provide financial assistance for the implementation of stormwater management plans through stormwater management practices and stream and wetland restoration activities. EN § 4-202.1 specifically exempts, however, Phase I jurisdictions that, on or before July 1, 2012, had enacted and implemented a system of charges under EN § 4-204 for the purpose of funding a watershed protection and restoration program, or similar program, in a manner consistent with the requirements of EN § 4-202.1. Therefore, the County amended County Code Section 19-35, which established the WQPC in 2002, to comply with the provisions of EN § 4-202.1 that mandated the establishment of both a credit program and a financial hardship exemption program.

County Law

As authorized by State law, on November 20, 2001, the Montgomery County Council (the “County Council”) passed Chapter 27 of the Laws of Montgomery County 2001, which was approved by the County Executive of the County and effective on February 27, 2002 (the “Act”). The Act was added to Chapter 19 of the Montgomery County Code (the “County Code”) as Section 19-35. Section 19-35 (a) authorizes the imposition of the WQPC excise tax and the rate for such charge is set by County Council resolution effective July 1 of each levy year. WQPC revenues must be deposited into the stormwater management fund (the “Water Quality Protection Fund”) and used only for stormwater management programs as authorized by State and County law. Section 19-35 (f) authorizes the County to use the WQPC to pay debt service on the bonds. Section 19-35 (b) provides for the WQPC to be imposed and administered as provided by regulations adopted by the County. Those regulations are codified at Section 19.35.01 of the Code of Montgomery County Regulations (“COMCOR”).

In accordance with Section 19-35 (b), the WQPC is calculated based on an impervious unit’s formula derived from the median impervious area of single-family residential properties that are subject to the WQPC. That median impervious area is calculated to be 2,406 square feet, which is the Equivalent Residential Unit (“ERU”) or the base unit for computing the WQPC. The ERU base of 2,406 square feet is used to determine the number of ERUs assigned to multifamily residential properties and nonresidential properties. Various tier classifications based on impervious surface area size are assigned to single family residential properties and nonprofit properties to compute the WQPC for those properties.

Section 19-35 permits a tiered rate structure for residential property based upon impervious area of all residential and commercial properties subject to the WQPC. Since 2013, the County has used a tiered rate structure on residential and nonprofit owned properties rather than the flat rate previously assessed on all single-family homes. The WQPC saw a revenue increase by changing to a tiered structure and charging based on actual impervious surface area of properties.

Pursuant to County Code Section 19-35 (b) and COMCOR § 19.35.01.03, property types subject to the WQPC are assigned one of the following classifications for purposes of determining the appropriate assessment rate:

Single-family residential property: For single-family residential properties, the impervious area includes the house, driveways, sidewalks, sheds, patios, rooftops, and any other fixtures on the property that are impenetrable by water. The Charge for each single-family residential property is based on a percent of the base rate for one ERU in accordance with its assigned tier classification.

Multifamily residential property: For multifamily residential properties, the impervious area includes the residential structures that contain the dwelling units, the sidewalks, parking lots, and any other permanent installations on the developed parcel, whether under single or common ownership, that is impenetrable by water. Charges for multifamily residential properties are calculated based on the amount of imperviousness and are billed as multiples of the ERU.

Nonresidential property: Nonresidential properties includes commercial properties such as office buildings, hotels, retail establishments, or industrial properties such as factories and warehouses. The impervious area for these properties includes all buildings, parking lots sidewalks, and any other impermeable installations permanently attached to the land parcel containing those installations. Nonresidential structures are billed as multiples of the ERU.

Nonprofit property: Nonprofit properties include entities such as religious institutions, healthcare facilities, and other developed properties devoted to non-governmental charitable and institutional uses. The impervious area for these properties includes all buildings, parking lots sidewalks, and any other impermeable installations permanently attached to the land parcel containing those installations. The Charge for eligible nonprofit property must not exceed the percent of the base rate for one ERU in accordance with the assigned tier classification.

Agricultural property: Agricultural property includes a property that is used primarily for agriculture, viticulture, aquaculture, silviculture, horticulture, or livestock and equine activities; temporary or seasonal outdoor activities that do not permanently alter the property's physical appearance and that do not diminish the property's rural character; or activities that are intrinsically related to the ongoing agricultural enterprise on the property. The impervious area for agricultural properties only includes the houses on those properties and is assessed in accordance with the Single-Family Residential Tier classification.

Pursuant to Section 19-35 of the County Code, property owners may receive a credit if the property contains a stormwater management system maintained by such owner in accordance with the maintenance requirements of the Department of Environmental Protection. Property owners may separately receive an exemption if they can prove a significant financial hardship. ERU rates are calculated net of these adjustments to ensure sufficient revenues to meet programmatic needs and debt service coverage.

Pursuant to Section 4-204 of the Environment Article and Section 19-35 of the County Code, revenues generated by WQPC must be used for stormwater related programs. The programs that Montgomery County uses the funds for include:

- Construction, operation, and maintenance of stormwater management facilities and related expenses;
- Environmentally sensitive design installations (e.g., rain gardens, bio swales, sand filters, bio-retention basins);
- Stream restoration;
- Special Protection Area Best Management Practice Monitoring;
- Stormwater Outfall Monitoring;
- Watershed Restoration;
- Water quality monitoring and water quality programs;
- Retrofitting of stormwater facilities;
- Inspection and maintenance of stormwater management facilities;
- Street sweeping;
- Operating expenses; and
- Debt service.

Legislation

In 2016, the County Council enacted Expedited Bill No. 11-16 (as so amended by subsequent executive regulations effective April 26, 2022, referred to herein as “Bill 11-16”). Bill 11-16 amends County Code Sections 19-21, 19-29A, and 19-35 to serve two primary substantive purposes. First, Bill 11-16 expands credits to include stormwater management participation programs, which are defined as capital improvement projects in which the County and a property owner jointly fund the construction of a regional stormwater management facility intended to benefit properties in addition to those belonging to the property owner. Bill 11-16 also permits the County to revoke a credit if the property owner fails to take measures needed to assure that a stormwater management system remains in proper working condition and prohibits the County from reinstating such revoked credits until such deficiencies are corrected.

WQPC Rates

The WQPC rate is recommended by the County Executive and set by the County Council by resolution. As of July 1, 2022 (Fiscal Year 2023), the WQPC rate is \$119.50 per Equivalent Residential Unit (“ERU”). The WQPC rates in effect from July 1, 2013 (Fiscal Year 2014) through July 1, 2022 (Fiscal Year 2023) were:

<u>Fiscal Year</u>	<u>Rate Per ERU</u>
2014	\$ 88.40
2015	88.40
2016	88.40
2017	95.00
2018	104.25
2019	104.25
2020	107.60
2021	107.60
2022	113.50
2023	119.50

Water Quality Protection Program Consultant

Jacobs Engineering, an environmental engineering and consulting firm, provides consulting services with respect to the County's WQPC program and stormwater management facilities.

Billing and Collection

The WQPC is assessed against each applicable property in the County based on the listing of accounts in the WQPC billing system. The Department prepares billing data for each account, including the number of ERUs that are used to calculate the annual WQPC. This information is included as a line item on all County residential and commercial real property tax bills subject to the WQPC. WQPC revenues collected by the Finance Department must be deposited into the County water quality protection charge fund and used only for stormwater management programs. See "THE WATER QUALITY PROTECTION CHARGE – Authority for WQPCs - County Law". In the event the WQPC is not paid, the County may apply the same interest, penalties, and other remedies applicable to all other County property taxes, including a lien on the property subject to the WQPC and tax sale. Based on historical performance, the average collection rate for the WQPC included on the property tax bill is approximately 99.73%. The WQPC collection rates from Fiscal Year 2012 to Fiscal Year 2021 are as follows:

MONTGOMERY COUNTY
WATER QUALITY PROTECTION CHARGE
COLLECTION RATES

<u>Fiscal Year</u>	<u>Collection Rate¹</u>
2012	99.83%
2013	99.57
2014	99.78
2015	99.64
2016	99.81
2017	99.87
2018	99.95
2019	100.00
2020	99.52
2021	99.33

¹Source: Annual Comprehensive Financial Report for
Fiscal Years 2012-2021

Municipalities within the County that have their own stormwater management programs are not subject to the WQPC. These municipalities include the City of Gaithersburg, City of Rockville, and the City of Takoma Park.

Major Customers

The following table provides information on the ten largest property owners in the County paying the WQPC as of July 1, 2022.

Owner	ERUs	WQPC
Potomac Electric Power Co.	1,816	\$216,955
Bardon Inc.	1,196	142,871
Wheaton Plaza Reg Shop Ctr	1,125	134,465
Global Lifesci Development Corp.	739	88,299
Congressional Country Club Inc.	637	76,121
Simon/Clarksburg Development LLC	617	73,679
Leisure World Comm Corp.	613	73,239
Morgantown Steam LLC	593	70,920
Verizon Maryland Inc.	559	66,802
FR Montrose Crossing LLC	508	60,730

NOTE: Top 10 rate payers are based on the consolidation of property tax account parcels with the same exact owner name.

Carryout Bag Tax

On May 3, 2011, the County Council passed Bill 8-11 (the “Legislation”) to establish the Carryout Bag Tax (the “Carryout bag Tax”). The Legislation was effective January 2012. Pursuant to County Code Section 52-102, a \$0.05 charge is imposed on each paper or plastic carryout bag provided by retail establishments in the County to customers at the point of sale, pickup or delivery. Retailers retain \$0.01 of each \$0.05 cents for the bags they sell to a customer. Revenues generated by the Carryout Bag Tax are deposited to the Water Quality Protection Fund and may be used to meet State-mandated MS4 Permit requirements.

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FINANCIAL INFORMATION

The Table below provides historical financial data for Fiscal Year 2017 to Fiscal Year 2021. During this period, the WQPC has increased in order to fund WQPC programs.

HISTORICAL FINANCIAL PERFORMANCE FY 2017 TO FY 2021

Historical WQPC	ACTUAL FY 2017	ACTUAL FY 2018	ACTUAL FY 2019	ACTUAL FY 2020	ACTUAL FY 2021
Revenues					
WQPC (County)	\$34,515,058	\$37,897,874	\$38,476,241	\$38,022,503	\$39,974,205
Bag Tax	2,607,512	2,574,126	2,566,990	2,618,409	2,754,403
Investment Income	203,068	444,772	808,871	755,645	51,440
Miscellaneous	<u>1,146,600</u>	<u>11,754</u>	<u>222,481</u>	<u>78,812</u>	<u>360,652</u>
Total Revenues	<u>38,471,238</u>	<u>40,928,526</u>	<u>42,074,583</u>	<u>41,475,369</u>	<u>43,140,700</u>
Expenditures					
Personnel	8,347,831	8,623,713	8,459,001	9,035,416	9,009,602
Operating	13,976,711	16,359,642	17,305,743	19,289,041	16,948,699
Indirect Costs (transfer to General Fund) ⁽¹⁾	<u>1,431,071</u>	<u>1,611,261</u>	<u>1,752,361</u>	<u>2,037,980</u>	<u>1,837,940</u>
Total Expenditures	<u>23,755,613</u>	<u>26,594,616</u>	<u>27,517,105</u>	<u>30,362,437</u>	<u>27,796,241</u>
Net Revenues	<u>\$14,715,625</u>	<u>\$14,333,910</u>	<u>\$14,557,478</u>	<u>\$11,112,932</u>	<u>\$15,344,459</u>
Debt Service Funded by WQPC	6,148,160	6,145,838	6,148,588	6,149,188	8,022,844
<i>Debt Service Coverage Ratio⁽¹⁾</i>	2.39	2.33	2.37	1.81	1.91
CIP funded by Current WQPC Revenues	<u>\$4,217,032</u>	<u>\$13,943,493</u>	<u>\$7,137,027</u>	<u>\$4,686,928</u>	<u>\$4,978,984</u>
Fund Balance - Beginning of Year	<u>20,771,961</u>	<u>25,122,394</u>	<u>19,412,804</u>	<u>20,718,880</u>	<u>20,002,156</u>
Fund Balance - End of Year ⁽²⁾	<u>\$25,122,394</u>	<u>\$19,412,804</u>	<u>\$20,718,880</u>	<u>\$20,002,156</u>	<u>\$22,112,608</u>
WQPC Rate (\$/ERU)	\$95.00	\$104.25	\$104.25	\$107.60	\$107.60
ERUs	368,355	365,000	365,000	365,000	367,400

Source: Annual Comprehensive Financial Report, combining Statement of Revenues, Expenditures and Changes in Fund Balance for the Fiscal Years ending June 30, 2017-2021 (Exhibit B-6).

⁽¹⁾ In Fiscal Year 2021, the sum of indirect costs excludes the contribution of \$231,772 of WQPC revenues to finance the costs of a new building partially occupied by DEP. If included, the debt service coverage ratio for Fiscal Year 2021 would decline from 1.91 to 1.88.

⁽²⁾ Beginning in Fiscal Year 2020, the year-end fund balance is reduced by Trustee deposits required to be made for the subsequent year Series 2019 Bonds debt service payments.

PROJECTED FINANCIAL PERFORMANCE AND DEBT SERVICE COVERAGE

The Department of Environmental Protections submits an annual operating budget to the County's Office of Management and Budget, which includes the projected financial performance of the Water Quality Protection Fund including the annual recommended WQPC rate, a five-year projection and estimated debt service of future bond issues. The following table displays the projected WQPC debt service coverage as shown in the County Executive's Fiscal Year 2023-2028 Fiscal Plan Publication from April 2022.

	Estimated Actual Unaudited 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026
Revenues					
WQPC	\$42,454,564	\$43,414,720	\$44,696,280	\$47,076,320	\$51,287,160
Bag Tax	2,993,028	2,500,000	2,500,000	2,500,000	2,500,000
Investment Income	58,383	500,000	500,000	500,000	500,000
Miscellaneous	<u>357,702</u>	<u>47,500</u>	<u>47,500</u>	<u>47,500</u>	<u>47,500</u>
Total Revenues	<u>45,863,677</u>	<u>46,462,220</u>	<u>47,743,780</u>	<u>50,123,820</u>	<u>54,334,660</u>
Expenditures					
Personnel	9,603,323	10,321,099	10,321,099	10,321,099	10,321,099
Operation and Maintenance	20,571,579	20,669,401	21,009,781	21,009,781	21,009,781
Indirect Costs ⁽¹⁾	<u>2,819,030</u>	<u>2,837,240</u>	<u>2,837,160</u>	<u>2,835,840</u>	<u>2,837,240</u>
Total Expenditures	<u>32,993,931</u>	<u>33,837,740</u>	<u>34,168,040</u>	<u>34,166,720</u>	<u>34,168,120</u>
Net Revenues	<u>12,869,746</u>	<u>12,634,480</u>	<u>13,575,740</u>	<u>15,957,100</u>	<u>20,166,540</u>
Debt Service Funded by WQPC	\$8,455,854	\$9,450,600	\$10,295,950	\$12,305,150	\$15,665,300
<i>Debt Service Coverage Ratio⁽²⁾</i>	1.52	1.34	1.32	1.30	1.29
CIP funded by Current WQPC Revenues	<u>3,810,827</u>	<u>3,138,000</u>	<u>3,447,000</u>	<u>3,327,000</u>	<u>3,524,000</u>
Fund Balance - Beginning of Year	<u>22,112,608</u>	<u>22,715,673</u>	<u>22,761,553</u>	<u>22,594,344</u>	<u>22,919,295</u>
Fund Balance - End of Year ⁽³⁾	<u>\$22,715,673</u>	<u>\$22,761,553</u>	<u>\$22,594,344</u>	<u>\$22,919,295</u>	<u>\$23,896,536</u>
WQPC Rate (\$/ERU)	\$113.50	\$119.50	\$123.00	\$129.50	\$141.00
ERUs	367,400	368,000	368,000	368,000	368,000

⁽¹⁾ Includes the contribution of WQPC revenues to finance the costs of a new building partially occupied by DEP.

⁽²⁾ Debt Service Coverage Ratio calculations are prior to the refunding of the Refunded Bonds.

⁽³⁾ Estimated Actual Fiscal Year 2022 Fund Balance is calculated using Fiscal Year 2021 GAAP fund balance which differs from the budgetary presentation by the amount of Fiscal Year 2021 outstanding encumbrances.

Future Financings

The County may issue additional bonds to fund future stormwater management facilities. For future financings, the County will set the WQPC rate as necessary to comply with the Rate Covenant.

MONTGOMERY COUNTY’S STORMWATER MANAGEMENT PROGRAM

Organization and Management

The Department of Environmental Protection (the “Department”) is an agency of the County and is responsible for the maintenance and operation of all public and private stormwater management facilities within the County. The mission of The Department is to enhance the quality of life in the community by protecting and improving Montgomery County’s air, water and land in a sustainable way while fostering smart growth, a thriving more sustainable economy, and healthy communities. The Department is comprised of the following divisions:

- Strategic Services Division
- Watershed Restoration Division
- Recycling and Resource Management Division
- Environmental Climate and Compliance Division
- Intergovernmental Affairs Division

Through the Director’s office, the Department generates and administers the WQPC revenue. The Watershed Restoration Division provides watershed-based monitoring; planning and policy development; stormwater facility inspection and maintenance; and manages the Stormwater Capital Improvement Program. The Watershed Restoration Division also manages compliance with the permit issued by the Maryland Department of the Environment.

The following comprise the management and staff of the Department responsible for the management of stormwater management facilities within the County:

Adriana Hochberg serves as the Climate Change Officer for Montgomery County, Maryland and as Acting Director for the Department of Environmental Protection. She leads Montgomery County’s efforts to combat climate change while building a healthy, equitable, and resilient county. Ms. Hochberg coordinated the development of the Climate Action Plan, a strategic roadmap for the County to cut community-wide greenhouse gas emissions by 80 percent by 2027 and reach zero emissions by 2035. Ms. Hochberg previously served as an Assistant Chief Administrative Officer for Montgomery County. Ms. Hochberg previously spent eleven years with the Government of the District of Columbia, serving in the Office of the City Administrator and as Chief of Staff in the Department of Energy and Environment. Ms. Hochberg has also served as Presidential Management Fellow at the US Environmental Protection Agency and as Coordinator for International Relations at the Konan Town Hall in Japan. Ms. Hochberg earned a master’s in Public Policy from Harvard University’s Kennedy School of Government and a bachelor’s from Williams College.

Vicky Wan serves as the Acting Deputy Director for the Department of Environmental Protection. She provides management and integration for budget, procurement, human resources, capital planning, and strategic organizational planning. She is responsible for overall management of daily

operations, and manages the budget, rate setting, and revenue management for the Department. She also manages the stormwater management program. She provides a focus on program and business operations and continued business process improvements. Prior to this role, Ms. Wan served as the Division Chief for the Strategic Services Division, managing DEP's performance metrics, program assessment activities including business process improvements and has managed the Water Quality Protection Charge since 2006. Ms. Wan earned a Bachelor of Science in Information Systems Management, a master's in business administration, and a Master of Science in Technology Management from the University of Maryland.

Frank Dawson serves as the Division Chief for Watershed Restoration, in the Department of Environmental Protection in Montgomery County, Maryland. He oversees three sections comprising Design and Construction, Stormwater Facility Inspection and Maintenance, and Planning, Outreach, and Monitoring. He also oversees staff working on stormwater management for private properties such as Rainscapes and Trees. He manages implementation of the County's municipal separate storm sewer system permit. He is responsible for the inspection and maintenance of over 15,000 stormwater management facilities within the County. Prior to working in the County, Mr. Dawson worked at the Maryland Department of Natural Resources.

Saeyin Oh serves as the Manager of the Design and Construction Section of Watershed Restoration. He oversees the design and construction of the capital stormwater projects described above. Mr. Oh is a professional engineer in the State of Maryland. He earned a B.S. in Civil Engineering from the University of Maryland and has over 23 years of experience in the engineering, construction, and project management.

The following comprise the management and staff of the County Department of Transportation responsible for the management of storm drain infrastructure projects located within the County:

Tim Cupples is Chief of the Division of Transportation Engineering for the County Department of Transportation, where he oversees all planning, design, property acquisition, material testing and construction for the County's \$4.3 billion six-year Transportation Capital Improvements Program. He holds a BS in Civil Engineering from Worcester Polytechnic Institute and an MS in Civil Engineering from the University of Maryland. He has 30 years of experience in the private sector as well as local and federal government and is the immediate Past President of the County Engineers Association of Maryland.

Frank Kingsley is Section Chief for the Pavement Management Section of the County Department of Transportation since April 2020. Prior to that, he served as the Manager for the Annual Sidewalk Program for 3 years along with being the Project Manager for the BRAC355 Crossing project for the last 5 years. He has been with the County Department of Transportation for 24 years. Frank has also worked for the Department of Permitting Services where he obtained his NICET certification in Land Development in addition to numerous construction certifications through the University of Maryland.

Dan Sheridan is a registered professional engineer in Maryland. He holds a Bachelor's and a Master's degree in Civil Engineering. He is the County Department of Transportation, Division of Engineering, Design Section chief. He oversees, the planning, design and implementation of the Capital Improvement program. The County has a wide variety of transportation projects including storm drains and outfall repairs.

The Stormwater Capital Improvement Program

The Approved Fiscal Year 2023-2028 Stormwater Capital Improvements Program reflects the program growth to meet the new MS4 Permit requirements and certain other storm drain infrastructure projects located within the County. The program includes acceleration of watershed restoration to meet specific stormwater pollutant load allocations established by the Maryland Department of Environment (“MDE”). The 2010 MS4 Permit required the County to expand stormwater management treatment to provide treatment for an additional 20 percent or 3,778 acres of the County's impervious surfaces that do not currently have stormwater management, to the maximum extent practicable. Watershed feasibility planning studies set priorities for pursuing individual design and construction of the capital projects. Those requirements have been met. Since meeting the 2010 permit restoration goal, the County has continued to implement restoration work that will be credited toward its new MS4 permit issued in November 2021. In its new permit, the County was tasked with restoring 1,814 impervious acres. The County has been and continues to make these improvements.

The Stormwater Capital Improvement Program was funded with general obligation bonds of the County, the Series 2012 Bonds, the Series 2016 Bonds, the Series 2019 Bonds, current revenues, and permit waiver fees until 2019. In addition, some Stormwater Capital Improvement Program projects were partially funded with State aid through grants and partnerships.

[Table appears on the next page.]

**FY23-28 CIP STORMWATER PROJECTS/
CASHFLOWS OF STORMWATER MANAGEMENT FUND**

*Projects
(\$000s)*

Project No.	Project	6-year total	FY23	FY24	FY25	FY26	FY27	FY28
808726	SM Retrofit - Countywide	\$83,078	\$10,929	\$10,485	\$23,895	\$14,242	\$12,208	\$11,319
800700	SM Facility Major Structural Repair	24,927	8,577	4,360	3,075	3,135	2,795	2,985
809319	Facility Planning: SM	6,407	1,018	1,037	1,057	1,077	1,098	1,120
801710	Wheaton Regional Dam Flooding Mitigation	3,779	1,909	1,870	-	-	-	-
509948	Outfall Repairs	5,544	924	924	924	924	924	924
500320	Storm Drain General	14,275	4,275	2,000	2,000	2,000	2,000	2,000
501470	Storm Drain Culvert Replacement	13,500	5,000	1,700	1,700	1,700	1,700	1,700
508180	Facility Planning: Storm Drains	2,880	480	480	480	480	480	480
802202	Flood Control Study	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total	<u>\$155,590</u>	<u>\$34,312</u>	<u>\$22,856</u>	<u>\$33,131</u>	<u>\$23,558</u>	<u>\$21,205</u>	<u>\$20,528</u>

Sources of Funds (\$ 000s)

Funding Source	6-year total	FY23	FY24	FY25	FY26	FY25	FY26
State & Federal Aid	\$14,405	\$4,405	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Long-Term Financing	58,123	11,681	5,984	19,594	8,864	6,000	6,000
Water Quality Protection Bonds	54,077	7,502	11,295	8,060	9,020	9,530	8,670
Water Quality Protection Charge	25,425	9,144	3,197	3,077	3,274	3,275	3,458
Other	<u>3,560</u>	<u>1,580</u>	<u>380</u>	<u>400</u>	<u>400</u>	<u>400</u>	<u>400</u>
Total	<u>\$155,590</u>	<u>\$34,312</u>	<u>\$22,856</u>	<u>\$33,131</u>	<u>\$23,558</u>	<u>\$21,205</u>	<u>\$20,528</u>

Source: Fiscal Year 2023-2028 Stormwater Capital Improvement Program.

Note: \$2.5 million of the new money proceeds to be funded through the Series 2022 Bonds will pay or reimburse the County for Fiscal Year 2022 CIP projects.

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DEBT SERVICE REQUIREMENTS*

The following table sets forth, for each of the fiscal years ending June 30, the amounts required in such fiscal year for the payment of principal and interest on the Series 2022 Bonds and all other Outstanding Bonds, including the refunding of the Series 2012 Bonds.

<u>Series 2022 Bonds</u>							
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Total Debt Service on Series 2012 Bonds</u>	<u>Total Debt Service on Series 2016 Bonds</u>	<u>Total Debt Service on Series 2019 Bonds**</u>	<u>Total Debt Service</u>
2023	\$1,760,000	\$454,483	\$2,214,483	\$582,750	\$3,130,338	\$2,894,401	\$8,821,972
2024	1,845,000	1,275,450	3,120,450		3,128,688	2,968,157	9,217,295
2025	1,940,000	1,183,200	3,123,200		3,132,938	2,968,157	9,224,295
2026	2,040,000	1,086,200	3,126,200		3,132,875	2,968,157	9,227,232
2027	2,140,000	984,200	3,124,200		3,131,000	2,968,157	9,223,357
2028	2,250,000	877,200	3,127,200		3,131,100	2,968,157	9,226,457
2029	2,360,000	764,700	3,124,700		3,129,100	2,968,157	9,221,957
2030	2,475,000	646,700	3,121,700		3,130,000	2,968,157	9,219,857
2031	2,600,000	522,950	3,122,950		3,128,650	2,968,157	9,219,757
2032	2,735,000	392,950	3,127,950		3,130,050	2,968,157	9,226,157
2033	475,000	256,200	731,200		3,129,050	2,968,157	6,828,407
2034	495,000	237,200	732,200		3,130,650	2,968,157	6,831,007
2035	515,000	217,400	732,400		3,129,700	2,968,157	6,830,257
2036	535,000	196,800	731,800		3,131,200	2,968,157	6,831,157
2037	555,000	175,400	730,400			2,968,157	3,698,557
2038	580,000	153,200	733,200			2,968,157	3,701,357
2039	600,000	130,000	730,000			2,968,157	3,698,157
2040	625,000	106,000	731,000			2,968,157	3,699,157
2041	650,000	81,000	731,000				731,000
2042	675,000	55,000	730,000				730,000
2043	700,000	28,000	728,000				728,000
Total	\$28,550,000	\$9,824,233	\$38,374,233	\$582,750	\$43,825,339	\$53,353,077	\$136,135,392

* Debt service requirement totals may not add due to rounding.

**As of June 30, 2022, \$15,232,345 of the Series 2019 Bonds have been drawn upon and remain outstanding net of repayments. Principal payments on the Series 2019 Bonds are required in accordance with the original amortization schedule of the Series 2019 Bonds, however, interest on the Series 2019 Bonds is revised based upon the draws made by the County.

TAX MATTERS

In rendering its opinion with respect to the Series 2022 Bonds, Bond Counsel will rely, without investigation on the representations and certifications of certain officials of the County made on behalf of the County in its Tax and Section 148 Certificate with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Series 2022 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 Series 2022 Bonds in light of such holder’s particular circumstances and income tax situation. Each holder of the Series 2022 Bonds should consult such holder’s tax advisors as to the specific consequences to such holder of the ownership and disposition of the Series 2022 Bonds, including the application of state, local, foreign and other tax laws.

Maryland Income Taxation

In the opinion of Bond Counsel, under existing law, interest on the Series 2022 Bonds and any profit realized in their sale or exchange shall be exempt from State of Maryland income. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Series 2022 Bonds, their transfer or the interest therefrom. Interest on the Series 2022 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 Series 2022 Bonds should consult their own tax advisors with respect to the taxable status of the Series 2022 Bonds in jurisdictions other than Maryland.

Federal Income Taxation

In the opinion of Bond Counsel, assuming compliance with certain covenants described herein, interest on the Series 2022 Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations, and decisions.

Under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Series 2022 Bonds, including restrictions that must be complied with throughout the term of the Series 2022 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 Series 2022 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 Series 2022 Bonds; and (iii) other requirements applicable to the use of the proceeds of the Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 Bonds.

Further, under existing statutes, regulations and decisions, Bond Counsel is of the opinion that interest on the Series 2022 Bonds is not included in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment. For taxable years beginning after December 31, 2022, interest on the Series 2022 Bonds will be part of adjusted financial statement income, fifteen percent of which is included in the computation of the corporate alternative minimum tax imposed on applicable corporations. For this purpose, in general, applicable corporations

are corporations with more than one billion dollars in average annual adjusted financial statement income determined over a 3-year period. In addition, interest income on the Series 2022 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 Series 2022 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 25% 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 Series 2022 Bonds, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status; (v) net gain realized upon the sale or other disposition of the Series 2022 Bonds generally must be taken into account when computing the 3.8% Medicare tax with respect to investment income or undistributed net investment income imposed on certain high income individuals and certain trusts and estates; and (vi) receipt of certain investment income, including interest on the Series 2022 Bonds, is considered when determining qualification limits for obtaining the earned income tax credit provided by Section 32(a) of the Code.

Purchase, Sale and Retirement of Series 2022 Bonds

Except as noted below in the case of market discount, the sale or other disposition of a Series 2022 Bond will normally result in capital gain or loss to its holder. A holder's initial tax basis in a Series 2022 Bond will be its cost. Upon the sale or retirement of a Series 2022 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 Series 2022 Bond, determined by adding to the original cost basis in such Series 2022 Bond the amount of original issue discount that is treated as having accrued as described below under "*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 Series 2022 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 Series 2022 Bond after its original issuance at a discount below its principal amount (or in the case of a Series 2022 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 Series 2022 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 Series 2022 Bond with market discount subsequently realizes a gain upon the disposition of the Series 2022 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 Series 2022 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 Series 2022 Bond not issued at an original issue discount, market discount will be *de minimis* if the excess of the Series 2022 Bond's stated redemption price at maturity over the holder's cost of acquiring the Series 2022 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 Series 2022 Bond and its maturity date. In the case of a Series 2022 Bond issued with original issue discount, market discount will be *de minimis* if the excess of the Series 2022 Bond's revised issue price over the holder's cost of acquiring the Series 2022 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 Series 2022 Bond and its stated maturity date. For this purpose, a "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 Series 2022 Bond during the period between its original issue date and the date of acquisition by the holder.

Amortizable Bond Premium

A Series 2022 Bond will be considered to have been purchased at a premium if, and to the extent that, the holder's tax basis in the Series 2022 Bond exceeds the amount payable at maturity (or, in the case of a Series 2022 Bond callable prior to maturity, the amount payable on the earlier call date). Under tax regulations applicable to the Series 2022 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 Series 2022 Bonds. The holder will be required to reduce his tax basis in the Series 2022 Bond for purposes of determining gain or loss upon disposition of the Series 2022 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 allowable in respect of any amount of amortizable bond premium on the Series 2022 Bonds.

Tax Accounting Treatment of Discount Bonds

Certain maturities of the Series 2022 Bonds may be issued at an initial public offering price which is less than the amount payable on such Series 2022 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 sold and the principal amount of such Discount Bonds payable at maturity constitutes original issue discount. In the case of any holder of Discount Bonds, 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 on the occurrence of certain contingencies.

The prices or yields furnished by the successful bidder for the Series 2022 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 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 Series 2022 Bonds could adversely affect the market value of the Series 2022 Bonds. Further, if enacted into law, any such proposal could cause the interest on the Series 2022 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 Series 2022 Bonds should consult with their tax advisors as to the status and potential effect of pending proposed legislative proposals, as to which Bond Counsel expresses no opinion.

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. The Office of the County Attorney has no knowledge of any pending litigation that if decided adversely to the County would have a materially adverse effect on the County's ability to levy and collect the Water Quality Protection Charges such that it would affect the County's ability to perform its obligations to the holders of the Series 2022 Bonds or comply with the provisions of the Trust Agreement.

INDEPENDENT PUBLIC ACCOUNTANTS

The audited basic financial statements of the County are linked within the County's AIS, which have been audited by SB & Company, LLC ("SB & Company"), 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, SB & Company 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 SB & Company also contains an explanatory paragraph which states that SB & Company did not audit certain identified supplementary information and expressed no opinion thereon.

LEGALITY FOR INVESTMENT

Pursuant to the Authorizing Legislation, the Series 2022 Bonds are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, insurance companies, fiduciaries, trustees, guardians for all public funds of the State of Maryland or other political corporations or subdivisions of the State of Maryland, and any and all public funds of cities, towns, counties, school districts or other political corporations or subdivisions of the State of Maryland.

CERTAIN LEGAL MATTERS

The authorization, sale, issuance and delivery of the Series 2022 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 Series 2022 Bonds will be delivered upon the issuance and delivery of the Series 2022 Bonds. The opinion is expected to be substantially in the form of the draft opinion attached to this Official Statement as Appendix C.

RATINGS

The rating reviews for this issue have been provided by Fitch Ratings and S&P Global Ratings and are set forth on the cover page of this Official Statement. 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. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. 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 Series 2022 Bonds.

Due to the ongoing uncertainty regarding the economy of the United States, including, without limitation, matters such as the future political uncertainty regarding the United States debt limit, obligations issued by state and local governments, such as the Series 2022 Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Series 2022 Bonds.

FINANCIAL ADVISOR

Davenport & Company LLC of Towson, Maryland has acted as financial advisor to the County in connection with the issuance of the Series 2022 Bonds. Davenport & Company LLC is not obligated to undertake, and has neither undertaken an independent verification of, nor assumed responsibility for the accuracy of the information contained in this Official Statement.

CONTINUING DISCLOSURE

As a condition to the issuance of the Series 2022 Bonds, the County will execute and deliver a Continuing Disclosure Agreement dated the date of issuance of the Series 2022 Bonds (the “Continuing Disclosure Agreement”), pursuant to which it will make certain undertakings in order to comply with the provisions of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). The proposed form of Continuing Disclosure Agreement is set forth in Appendix B to this Official Statement.

The County has complied in all material respects with its continuing disclosure undertakings pursuant to the Rule 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.

MISCELLANEOUS

All references to the Trust Agreement and other documents mentioned herein and in the accompanying Appendices, including any summaries thereof, are qualified in their entirety by reference to such documents. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the registered Holders of the Series 2022 Bonds.

The information in this Official Statement is presented for the guidance of prospective purchasers of the Series 2022 Bonds described herein. The information has been compiled from official and other sources and, while not guaranteed by the County, is believed to be correct. So far as any statements made in this Official Statement and the Appendices attached hereto involve matters of opinion, expectation, forecast or of estimates, whether or not so expressly stated, they are set forth as such and not as representations of facts, and no representation is made that any of the estimates will be realized.

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.

The attached Appendices are integral parts of the Official Statement and must be read in their entirety together with all of the foregoing information.

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.

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AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement by the County Executive of the County has 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.

By: /s/ Marc Elrich

Marc Elrich

County Executive

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

The following is a summary of certain provisions of the Trust Agreement. This is not a complete recital of the terms of the Trust Agreement and reference should be made to it for its complete terms.

Definitions

The following are definitions of certain terms used in the Trust Agreement and not otherwise defined in this Official Statement.

“Additional Bonds” means any bond, note or other evidence of obligation issued by the County pursuant to the Trust Agreement, including (without limitation) any cap, swap or other hedging arrangement.

“Additional Facilities” means any “stormwater management facilities” as defined in the Authorizing Legislation and any other facility for which Additional Bonds may be issued pursuant to the Authorizing Legislation that is financed or refinanced with proceeds of any Additional Bonds.

“Alternate Credit Facility” means any letter of credit, bond insurance policy, bond purchase agreement, guaranty, line of credit, surety bond or similar credit or liquidity facility meeting the requirements of, and delivered in accordance with, the provisions of the Trust Agreement.

“Annual Budget” means the County’s Annual Capital Budget for a fiscal year adopted pursuant to the Trust Agreement.

“Balloon Debt” means Indebtedness 25% or more of the principal amount of which matures in the same 12-month period, which portion of such principal amount is not required to be amortized by redemption prior to such period.

“Bond” or **“Bonds”** means the Series 2012 Bonds, the Series 2016 Bonds, the Series 2019 Bonds and any Additional Bonds, including the Series 2022 Bonds, collectively.

“Bond Counsel” means an attorney or firm of attorneys having a national reputation in the field of municipal law whose legal opinions are generally accepted by purchasers of municipal bonds designated by the County as its bond counsel from time to time. The firm of McKennon Shelton & Henn LLP is recognized as constituting Bond Counsel, subject to further action by the County.

“Bond Year” means the period from and including July 1 of each calendar year through and including June 30 of the immediately succeeding calendar year.

“Business Day” means a day other than a (a) Saturday, Sunday or legal holiday in the State, (b) day on which banking institutions in the State or in the city in which the Designated Office of the Trustee or the Credit Facility Provider is located are authorized or obligated to remain closed or (c) day on which the New York Stock Exchange is closed.

“Certificate,” “Notice,” “Opinion,” “Order,” “Report,” “Request,” “Requisition” and **“Statement”** mean, respectively, a written certificate, notice, opinion, order, report, request, requisition or statement, in form and substance satisfactory to the County, signed (a) when used with respect to the County, by an County Representative, and (b) when used with respect to any other person, by an authorized officer thereof. Any such instrument and supporting opinions or representations, if any, may,

but need not, be combined in a single instrument with any other instrument, opinion or representation, and the instruments so combined shall be read and construed as a single instrument.

“Cost” as applied to the Projects or any Additional Facilities, includes the cost of and all expenses incident to the construction, reconstruction, acquisition, improvement, extension, alteration, modernization, planning, equipping, maintenance and repair of the Projects or such Additional Facilities, including (without limitation) the cost and expenses of (a) all property acquired in connection with it; (b) financial, architectural, consulting, engineering and legal services; (c) plans, specifications, surveys, estimates, feasibility reports and direct and indirect labor, material, equipment and administrative expenses; and (d) financing and refinancing the Projects or such Additional Facilities, including (without limitation) financing charges and interest before, during and for one year after completion of construction.

“Credit Facility” means any credit or liquidity facility securing any Bond or held to the credit of any fund or account created by the Trust Agreement and any Alternate Credit Facility delivered in substitution therefor. When used with reference to or in connection with any Bonds, “Credit Facility” means any Credit Facility securing such Bonds.

“Credit Facility Agreement” means any agreement pursuant to which any Credit Facility is issued. When used with reference to or in connection with any Bonds, “Credit Facility Agreement” means the Credit Facility Agreement under which any Credit Facility securing such Bonds shall have been issued.

“Credit Facility Default” when used with respect to any Credit Facility or Credit Facility Provider shall have the meaning specified by the County and such Credit Facility Provider in writing upon the delivery of such Credit Facility to the Trustee.

“Credit Facility Provider” means the issuer of any Credit Facility in connection with any Bonds issued under the Trust Agreement.

“Debt Service Requirements” means, when used with respect to any Long-Term Indebtedness for any Bond Year, as of any particular date of calculation, the amount required to pay the sum of (a) the interest on such Long-Term Indebtedness payable during the period from the second day of such Bond Year through the first day of the immediately succeeding Bond Year, and (b) the principal of, the Sinking Fund Installment for and any other amount required to effect any mandatory redemption of such Long-Term Indebtedness, if any, during the period from the second day of such Bond Year through the first day of the immediately succeeding Bond Year, less any amount of such interest or principal for the payment of which moneys or Permitted Investments, the principal of and interest on which when due will provide for such payment, are held in trust, including (without limitation) any accrued interest and capitalized interest on deposit in any Bond Fund or any Construction Fund. For the purpose of calculating the Debt Service Requirements:

(a) with respect to any Variable Rate Indebtedness:

(i) for the purpose of calculating the Debt Service Reserve Fund Requirement and the principal amount of any such Indebtedness constituting Balloon Debt payable in any Bond Year described in clause (b) below, such Indebtedness shall be deemed to bear interest at the fixed rate that it would have borne had it been issued at a fixed rate for the term thereof, as evidenced by a certificate of an investment banking firm or financial advisor knowledgeable in financial matters relating to the Facilities satisfactory to the County, who may be, without limitation, the financial advisor to the County, confirming such interest rate assumption as reasonable, *provided* that if the County shall have entered into any cap, swap or other hedging arrangement with an entity rated in one of the three highest Rating

Categories by a Rating Agency (each, a “Qualified Hedging Transaction”) identified in the records of the County with respect to such Indebtedness, at the option of the County, such Indebtedness shall be deemed to bear interest at the rate payable by the County under such Qualified Hedging Transaction;

(ii) for all other purposes of the Trust Agreement, such Indebtedness shall be deemed to bear interest at an annual rate equal to (A) in the case of any period during which such Indebtedness shall have been outstanding, the weighted average interest rate per annum borne by such Indebtedness during such period and (B) in any other case, the higher of (1) the weighted average interest rate per annum borne by such Indebtedness during the 12-month period ending on the date of calculation (or, in the case of any Indebtedness to be issued during the immediately preceding 12-month period, the weighted average interest rate per annum borne by other outstanding indebtedness having comparable terms and of comparable creditworthiness during the immediately preceding 12-month period, as evidenced by a certificate of an investment banking firm or a financial advisor knowledgeable in financial matters relating to the Facilities satisfactory to the County, who may be, without limitation, the financial advisor to the County) and (2) the interest rate per annum borne by such Indebtedness on the date of calculation, *provided* that if any Qualified Hedging Transaction identified in the records of the County with respect to any such Indebtedness shall be in effect for the period for which such calculation is to be made, at the option of the County, such Indebtedness shall be deemed to bear interest at the rate payable by the County under such Qualified Hedging Transaction during such period;

(b) with respect to any Balloon Debt, the principal amount of such Indebtedness payable in each Bond Year may be deemed to be the amount that would payable during such Bond Year if such Indebtedness were required to be amortized in full from the date of its issuance in substantially equal annual installments of principal (such principal to be rounded to the nearest \$5,000) and interest over a term equal to the shorter of (i) 30 years and (ii) 120% of the weighted average economic life of the facilities financed or refinanced thereby; and

(c) with respect to any Credit Facility Agreement, so long as no demand for payment under the Credit Facility issued under such Credit Facility Agreement shall have been made, the debt service requirements of such Credit Facility Agreement shall be excluded from such calculation.

“Debt Service Reserve Fund Credit Facility” means any Credit Facility held to the credit of a Debt Service Reserve Fund.

“Debt Service Reserve Fund Credit Facility Agreement” means the agreement, if any, pursuant to which any Debt Service Reserve Fund Credit Facility is issued.

“Debt Service Reserve Fund Requirement” means (a) when used with respect to or in connection with the Bonds, any other Series of Bonds secured by the Debt Service Reserve Fund maintained for the Bonds or such Debt Service Reserve Fund, as of any particular date of computation, an amount equal to the least of (i) 10% of the proceeds of the Bonds secured thereby, (ii) Maximum Annual Debt Service on all outstanding Bonds secured thereby, and (iii) 125% of the average annual debt service requirements of all Bonds secured thereby; and (b) when used with respect to any other Series of Bonds or the Debt Service Reserve Fund, if any, maintained for such Bonds, such amount as shall be established in the Supplemental Trust Agreement authorizing the issuance of such Bonds. Notwithstanding the foregoing, such Debt Service Reserve Fund Requirement shall not apply to the Series 2019 Bonds; the Series 2019 Debt Service Reserve Fund Requirement shall apply to such Series 2019 Bonds.

“Event of Default” has the meaning set forth in the Trust Agreement and summarized below in “Events of Defaults and Remedies--Events of Default.”

“Facilities” means the Projects and any Additional Facilities.

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

“Generally Accepted Accounting Principles” means generally accepted accounting principles in the United States of America applicable in the preparation of financial statements of governmental units, as promulgated by the Governmental Accounting Standards Board or such other body as shall be recognized as authoritative by the American Institute of Certified Public Accountants or any successor body (as such principles may change from time to time), applied on a consistent basis (except for changes in application in which the Independent Public Accountant concurs) applied both to classification of items and amounts.

“Government Obligations” means direct obligations of, or obligations that are unconditionally guaranteed by, the United States of America, including (without limitation) obligations of Resolution Funding Corporation.

“Holder” or **“holder”** or **“Bondholder”** or any similar term means the registered owner of any Bond.

“Indebtedness” means any indebtedness or liability for borrowed money, any installment sale obligation or any obligation under any lease that is capitalized under Generally Accepted Accounting Principles, to the extent that any of the foregoing is payable from the Pledged Revenues.

“Independent Consultant” means an independent consulting firm having a favorable reputation for skill and experience with respect to the operation of stormwater management facilities or the determination of the feasibility of rates and charges and sufficiency of the revenues with respect to such facilities, designated and retained by the County to perform the activities required by the Trust Agreement to be performed by the Independent Consultant.

“Independent Public Accountant” means an individual, partnership or corporation engaged in the accounting profession, either entitled to practice, or having members or officers entitled to practice, as a certified public accountant under the laws of the State and in fact independent, employed by the County from time to time to pass upon those matters required by the Trust Agreement to be passed upon by an Independent Public Accountant. The firm of CliftonLarsonAllen LLP is recognized as constituting the Independent Public Accountant, subject to further action by the County.

“Long-Term Indebtedness” means all of the following Indebtedness incurred or assumed by the County and payable under any circumstances from the Trust Estate:

(a) any obligation for the payment of principal and interest with respect to money borrowed for an original term, or renewable at the option of the County for a period from the date originally incurred, longer than one year;

(b) any obligation for the payment of money under leases that are required to be capitalized under Generally Accepted Accounting Principles; and

(c) any obligation for the payment of money under installment purchase contracts having an original term in excess of one year.

“Maximum Annual Debt Service” means, when used with reference to any Long-Term Indebtedness for any Bond Year, as of any particular date of computation, the greatest amount required in the then-current or any future Bond Year to pay the Debt Service Requirements of such Long-Term Indebtedness.

“Operating Expenses” means all expenses incurred by the County in operating or maintaining its stormwater management facilities or causing such facilities to be operated and maintained in good repair, working order, and in compliance with applicable State and federal laws.

“Outstanding” or **“outstanding”** means, (a) when used with reference to Bonds as of any particular date, all Bonds authenticated and delivered under the Trust Agreement except (i) any Bond cancelled by the Registrar and Paying Agent or the Trustee (or delivered to the Registrar and Paying Agent or the Trustee for cancellation) at or before such date, (ii) any Bond for the payment of the principal or Redemption Price of and interest on which provision shall have been made as provided in the Trust Agreement and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Article II, Article III or Section 8.04 of the Trust Agreement; and (b) when used with reference to any other Indebtedness, all Indebtedness theretofore issued or incurred other than any such Indebtedness that is deemed to have been paid and discharged under Generally Accepted Accounting Principles and that is not secured by the Pledged Revenues.

“Participant” when used with respect to any Securities Depository, means any participant of such Securities Depository.

“Permitted Investment” means each of the following investments to the extent that the amounts to be invested therein are then permitted to be invested in such investments under Applicable Law:

- (a) Government Obligations;
- (b) Agency Obligations;
- (c) interest bearing time deposits, certificates of deposit or similar arrangements (“Deposits”) with any commercial bank, trust company or savings and loan association (including, without limitation, the Trustee), *provided* that, to the extent such Deposits are not fully insured by the Federal Deposit Insurance Corporation, the outstanding unsecured long-term indebtedness of such commercial bank, trust company or savings and loan association (or its holding company) is rated by a Rating Agency in one of its two highest Rating Categories, and such Deposits are continuously secured by lodging with a bank or trust company, as collateral security, obligations described in clause (a), (b), (e) or (f) below, having a market value, calculated no less frequently than weekly, not less than 102% of the amount of such Deposit;
- (d) repurchase agreements for obligations described in clause (a) or (b) above, *provided* that (i) such obligations shall be (A) delivered to the County or the Trustee (as the case may be) or supported by a safekeeping receipt issued by a depository satisfactory to the County or the Trustee (as the case may be) if issued in certificated form, or (B) supported by a receipt or other confirmatory documentation satisfactory to the County or the Trustee (as the case may be) if issued in book-entry form, (ii) the County or the Trustee (as the case may be) shall have a perfected security interest in such obligations, (iii) such obligations shall be free and clear of any other liens or encumbrances, and (iv) such repurchase agreements shall provide that the value of the underlying obligations shall be continuously maintained at a current market value, calculated no less frequently than weekly, of not less than 102% of the purchase price;

(e) obligations issued by or on behalf of any state of the United States of America or any political subdivision thereof for the payment of the principal or redemption price of and interest on which there shall have been irrevocably deposited Government Obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment;

(f) any other obligations issued by or on behalf of any state of the United States of America or any political subdivision thereof, *provided* that such obligations, or other obligations of the issuer thereof of comparable maturities that are secured equally and ratably with such obligations, shall be rated by a Rating Agency in one of its two highest long-term Rating Categories;

(g) banker's acceptances issued by any commercial bank, trust company or savings and loan association (including, without limitation, the Trustee), the outstanding unsecured long-term indebtedness of which is rated by a Rating Agency in one of its two highest Rating Categories;

(h) commercial paper or finance company paper rated by a Rating Agency in its highest Rating Category;

(i) investment agreements, including (without limitation), forward purchase agreements pursuant to which the Trustee agrees to purchase securities of the type described in clause (a), (b), (c), (e), (f), (g) or (h) above, *provided* that (i) the outstanding unsecured long-term indebtedness of the provider thereof (or of its holding company) is rated by a Rating Agency in one of its two highest Rating Categories, (ii) such agreements are continuously secured by obligations described in clause (a), (b), (c), (e), (f), (g) or (h) above, (iii) the County or the Trustee (as the case may be) shall have a perfected security interest in such obligations, (iv) such obligations shall be free and clear of any other liens or encumbrances, and (v) such investment agreements shall provide that the value of the underlying obligations shall be maintained at a current market value, calculated no less frequently than weekly, of not less than 102% of the amount deposited thereunder;

(j) shares in investment companies that invest only in obligations described in clauses (a), (b), (c), (d), (e), (f), (g), (h) and (i) above (including any proprietary mutual fund, money market fund or short term investment fund maintained by the Trustee and for which the Trustee or an affiliate is investment advisor, or provides other services, and receives reasonable compensation for such services); and

(k) with respect to investments held in any fund or account created by the Trust Agreement solely for Bonds of a Series secured by a Credit Facility, such other investments as shall be approved in writing by the Credit Facility Provider with respect to such Bonds.

"Pledged Revenues" means (a) Revenues deposited by the County into the Pledged Revenues Fund, (b) interest earnings on the funds and accounts created hereby, and (c) all rights of the Trustee to receive the Revenues required to be deposited under the Trust Agreement and the proceeds of such rights, whether now existing or hereafter coming into existence.

"Rating Agency" means Fitch Ratings, Moody's Investors Service, Inc., and Standard & Poor's Ratings Services, or any other securities rating agency that, at the request of the County, shall have assigned a rating that is then in effect with respect to any Bonds, and their successors and assigns, and **"Rating Agencies"** means each such Rating Agency, collectively.

"Rating Category" means one of the general rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

“Redemption Price” means, when used with respect to any Bond or portion thereof, the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the Trust Agreement.

“Revenues” means WQPC revenues (excluding WQPC revenues collected with respect to the City of Gaithersburg in accordance with the Memorandum of Understanding dated July 15, 2003), together with other revenues of the County, including the Carryout Bag Tax, which are deposited into the Water Quality Protection Fund, together with interest earned thereon.

“Registrar and Paying Agent” means the Trustee, except as otherwise provided in any Supplemental Trust Agreement.

“Serial Bonds” means the Bonds of a series that shall be stated to mature in annual installments.

“Series” means any series of Bonds authorized by the Trust Agreement.

“Series 2012 Bonds” means the Montgomery County, Maryland Water Quality Protection Charge Revenue Bonds, Series 2012A.

“Series 2016 Bonds” means the Montgomery County, Maryland Water Quality Protection Charge Revenue Bonds, Series 2016.

“Series 2019 Bonds” means the Montgomery County, Maryland Water Quality Protection Charge Revenue Bond, Series 2019A and the Montgomery County, Maryland Water Quality Protection Charge Revenue Bond, Series 2019B.

“Series 2019 Debt Service Reserve Fund Requirement” means, as of any particular day of computation, an amount equal to 115% of the average annual debt service requirements of the outstanding Series 2019 Bonds secured by the Series 2019 Debt Service Reserve Fund.

“Series 2019 Interest Payment Date” means each February 1 and August 1, commencing on August 1, 2020.

“Series 2019A Loan Agreement” means the Loan Agreement dated as of December 20, 2019, by and between the County and the 2019 Lender, relating to the Series 2019A Bond.

“Series 2019B Loan Agreement” means the Loan Agreement dated as of December 20, 2019, by and between the County and the 2019 Lender, relating to the Series 2019B Bond.

“2019 Debt Service Reserve Agreement” means the Debt Service Reserve Agreement dated as of December 20, 2019 between the County and the 2019 Reserve Insurer.

“2019 Lender” means Maryland Water Quality Financing Administration.

“2019 Reserve Insurer” means Build America Mutual Assurance Company.

“2019 Reserve Policy” means the municipal bond debt service reserve insurance policy issued by the 2019 Reserve Insurer to fund the Series 2019 Debt Service Reserve Fund in the amount of the Series 2019 Debt Service Reserve Fund Requirement and constituting a Debt Service Reserve Fund Credit Facility under the Trust Agreement.

“Series 2022A Interest Payment Date” means each April 1 and October 1, commencing on April 1, 2023.

“2022A Debt Service Reserve Agreement” means the Debt Service Reserve Agreement dated as of December 1, 2022, between the County and the 2022A Reserve Insurer.

“2022A Reserve Insurer” means Build America Mutual Assurance Company.

“2022A Reserve Policy” means the municipal bond debt service reserve insurance policy issued by the 2022A Reserve Insurer to fund the Series 2022A Debt Service Reserve Fund in the amount of the Series 2022A Debt Service Reserve Fund Requirement and constituting a Debt Service Reserve Fund Credit Facility under the Trust Agreement.

“Series 2022 Bonds” means the Montgomery County, Maryland, Water Quality Protection Charge Project and Refunding Revenue Bonds, Series 2022A.

“Sinking Fund Installment” means the amount of money provided in the Trust Agreement, and in each Supplemental Trust Agreement authorizing any Series of Additional Bonds, to redeem Bonds of such Series at the times and in the amounts provided in the Trust Agreement or such Supplemental Trust Agreement (as the case may be).

“State” means the State of Maryland.

“Supplemental Trust Agreement” means any instrument between the County and the Trustee amending, modifying or supplementing the Trust Agreement, any Supplemental Trust Agreement or any Bond, delivered and becoming effective in accordance with the terms of the Trust Agreement.

“Tax-Exempt Bond” means any Series 2012 Bond, Series 2016 Bond, Series 2019 Bond and any other Bond, including the Series 2022 Bonds, with respect to which there shall have been delivered to the County an opinion of Bond Counsel to the effect that the interest on such Bond is excludable from gross income for federal income tax purposes.

“Termination Date” means, when used with respect to any Bonds (a) the day that is five days prior to the stated expiration date of the Credit Facility securing such Bonds, and (b) the effective date of each Alternate Credit Facility securing such Bonds.

“UCC” means the Maryland Uniform Commercial Code - Secured Transactions, Title 9, Commercial Law Article, Annotated Code of Maryland, as amended.

“Variable Rate Indebtedness” means, as of any particular date, any indebtedness the interest on which is not established at a fixed rate or rates for the remaining term thereof.

“Water Quality Protection Fund” means the fund established pursuant to Section 19-35(f) of the Montgomery County Code.

Creation of Funds (Section 4.01)

The following funds are created pursuant to the Trust Agreement: Pledged Revenues Fund; Construction Fund; Bond Fund; Debt Service Reserve Fund; Redemption Fund; Rate Stabilization Fund; and Rebate Fund. The Pledged Revenues Fund, the Bond Fund, the Construction Fund, the Debt Service Reserve Fund, the Rate Stabilization Fund and the Redemption Fund shall be held by the Trustee in the name of the County in trust for the holders of all outstanding Bonds, subject to the provisions of the Trust

Agreement. The Rebate Fund shall be held by the Trustee and is not pledged to the payment of any Bonds.

The funds and accounts created pursuant to the Trust Agreement may contain one or more accounts and sub-accounts, as the County shall direct.

Deposit of Revenues; Transfers of Pledged Revenues (*Section 4.03*)

On or before the 25th day of each March, June, September and December, commencing on March 25, 2023, the County shall pay or cause to be paid to the Trustee into the Pledged Revenues Fund, solely from Revenues, amounts sufficient to make all of the payments required by (i) through and including (iv) below. On the first day of each January, April, July, and October, the Trustee shall transfer amounts from the Pledged Revenues Fund as follows:

(i) to the Bond Fund, the sum of:

(A) the lesser of (i) during the period from the date of delivery of the Series 2022 Bonds through the first Interest Payment Date on October 1, 2021, an amount equal to the interest due on such Interest Payment Date, and thereafter one-half (1/2) of the interest becoming due on the outstanding Series 2022 Bonds and (ii) the amount, if any, necessary to make the amount on deposit therein equal to interest becoming due on the outstanding Series 2022 Bonds on the immediately succeeding Interest Payment Date;

(B) the lesser of (i) during the period from the date of delivery of the Series 2022 Bonds through April 1, 2022, one-third (1/3) and thereafter, one-fourth (1/4) of the amount of the principal or any Sinking Fund Installment for the Series 2022 Bonds outstanding becoming due on the immediately succeeding April 1 and (ii) the amount, if any, necessary to make the amount on deposit therein equal to the principal of and any Sinking Fund Installment for the outstanding Series 2022 Bonds becoming due on the immediately succeeding April 1;

(C) any deficiency in the amount required to be deposited in the Bond Fund in any prior period in accordance with this paragraph;

(ii) to the payment of any amounts payable under the Credit Facility Agreements;

(iii) to the Debt Service Reserve Fund, beginning in the month immediately succeeding any month in which the County receives notice of any deficiency in the Debt Service Reserve Fund, one-fourth (1/4) of the amount of such deficiency; and

(iv) to the Rate Stabilization Fund, such amount, if any, of any balance remaining after making the payment under clause (i), (ii), and (iii) above (or the entire balance if less than the required amount) as may be required to make the amount deposited in the Rate Stabilization Fund equal to the amount set forth in the Annual Budget.

Debt Service Reserve Fund (*Section 4.06*)

If on any Interest Payment Date the amount in the Bond Fund maintained for any Series of Bonds shall be less than the amount of interest then due on the Outstanding Bonds of such Series and the amount, if any, due under the Credit Facility Agreement with respect to such Bonds as a result of any amounts realized under the Credit Facility issued thereunder for the payment of interest due on any Bonds of such Series and interest due on amounts realized under such Credit Facility for the payment of the

principal or Redemption Price of or interest on, or the purchase price of, Bonds of such Series on such date, or if on any date on which the principal amount of any Outstanding Bond of a Series becomes due the amount in the Bond Fund maintained for such Bonds shall be less than the amount of the principal and the Sinking Fund Installment (either or both, as the case may be) then due on such Bonds and the amounts, if any, due under the Credit Facility Agreement with respect to such Bonds as a result of any amounts realized under the Credit Facility issued thereunder for the payment of the principal or Redemption Price of Bonds of such Series on such date, the Trustee forthwith shall transfer moneys from the Debt Service Reserve Fund maintained for such Bonds to such Bond Fund, to the extent necessary to make good any deficiency.

For the purposes of the Trust Agreement, in the case of a Debt Service Reserve Fund:

(a) a “deficiency” shall mean that the value of the assets of such Debt Service Reserve Fund, determined in accordance with Section 4.09 of the Trust Agreement, is less than the Debt Service Reserve Fund Requirement; and

(b) a “surplus” shall mean that the value of the assets of such Debt Service Reserve Fund, determined in accordance with Section 4.09 of the Trust Agreement, is in excess of the Debt Service Reserve Fund Requirement.

The Trustee shall determine the value of the assets of each Debt Service Reserve Fund in the manner provided by Section 4.09 of the Trust Agreement as of the close of business (i) on July 1 in each year, (ii) on the date of any withdrawal from the Debt Service Reserve Fund and on the last Business Day of each month thereafter until such determination discloses that a deficiency no longer exists in such fund, (iii) on any date on which the Trustee obtains actual knowledge that any Debt Service Reserve Fund Credit Facility held to the credit of a Debt Service Reserve Fund is no longer entitled to be credited to such Debt Service Reserve Fund, (iv) on the date that is six months prior to the stated expiration date of any Debt Service Reserve Fund Credit Facility, and (v) on any other date directed by the County.

As promptly as practicable after making such determination, the Trustee shall notify the County of the result of such determination and of the amount of any deficiency or surplus determined to exist in a Debt Service Reserve Fund.

The Trustee shall transfer the amount of any surplus that exists in a Debt Service Reserve Fund from time to time to the Bond Fund, the Redemption Fund or the Rate Stabilization Fund upon the direction of the County.

Rate Stabilization Fund *(Section 4.08)*

The County covenants that on or before the first day of July in each year it will adopt the Annual Budget with respect to the operation and maintenance of the Facilities and the deposit of such budgeted amount, if any, through quarterly deposits to the credit of the Rate Stabilization Fund for the ensuing fiscal year.

Amounts on deposit in the Rate Stabilization Fund shall be used to (i) pay the costs of unexpected additions, improvements or betterments to, or design, expansion, construction, replacement, remodeling or equipping of “stormwater management facilities” as defined in the Authorizing Legislation, including (without limitation) any extraordinary maintenance of or repairs to such facilities and (ii) provide funds to replace budgeted WQPCs that are uncollected for the current fiscal year.

Investments (Section 4.09)

Moneys in any of the funds and accounts established by the Trust Agreement may be invested, but only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments from such funds and accounts. The Trustee shall invest amounts on deposit in the funds and accounts held by the Trustee in accordance with this section as directed by an County Representative.

Interest earned, profits realized and losses suffered by reason of any investment of any amounts held by the Trustee under the Trust Agreement shall be credited or charged, as the case may be, to the fund or account for which such investment shall have been made, except as otherwise provided in any Supplemental Trust Agreement authorizing any Additional Bonds with respect to any funds and accounts maintained for such Additional Bonds.

The Trustee may sell or redeem any obligations in which moneys shall have been invested to the extent necessary to provide cash in the respective funds or accounts to make any payments required to be made therefrom or to facilitate the transfers of moneys between various funds and accounts as may be required or permitted from time to time pursuant to the provisions of the Trust Agreement. The proceeds from the sale of any investment shall be paid into the fund or account for which the sale thereof was made.

In determining the value of the assets of the funds and accounts created by the Trust Agreement (i) investments and accrued interest thereon shall be deemed a part thereof, and (ii) investments shall be valued at the current market value thereof. In addition, in determining the value of the assets of the Debt Service Reserve Fund on any date, there shall be credited to the Debt Service Reserve Fund the amount that can be realized by the Trustee under any Debt Service Reserve Fund Credit Facility if each of the following conditions is met: (i) on the date of delivery of such Debt Service Reserve Fund Credit Facility to the Trustee, the unsecured indebtedness or claims-paying ability of the issuer thereof is rated in one of the three highest Rating Categories of a Rating Agency; (ii) such Debt Service Reserve Fund Credit Facility permits the Trustee to realize amounts thereunder at such times as the Trustee is required to transfer any amount (other than any surplus) from the Debt Service Reserve Fund in accordance with the Trust Agreement; (iii) if amounts realized under such Debt Service Reserve Fund Credit Facility are, under any circumstances, payable from the Pledged Revenues, such amounts shall be payable in no fewer than 12 equal monthly installments; and (iv) the expiration date of such Debt Service Reserve Fund Credit Facility is at least six months after the date of valuation or is after the maturity date of the Bonds secured thereby or such Debt Service Reserve Fund Credit Facility permits the Trustee to draw thereunder for deposit to the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Fund Requirement prior to its expiration.

Neither the County nor the Trustee shall be liable for any depreciation in the value of any obligations in which moneys of the funds or accounts created by the Trust Agreement shall be invested in accordance with this section, or for any loss arising from any investment permitted under the Trust Agreement. The investments authorized by this section shall at all times be subject to the provisions of applicable law.

Authorization of Additional Bonds; Conditions Precedent to Delivery of Additional Bonds (Section 2.04)

The County is authorized to issue, from time to time, Additional Bonds under and secured by the Trust Agreement, subject to the conditions provided in this section, for any purpose for which indebtedness may be incurred by the County under the Enabling Legislation, including (without

limitation): (a) refinancing, refunding or advance refunding any Outstanding Indebtedness ("Refunding Purposes"), (b) obtaining funds to pay the Cost of completing any Additional Facilities ("Completion Purposes"), (c) obtaining funds necessary to pay the costs of extraordinary maintenance of or repairs or improvements to any Facilities, including (without limitation) repairs, replacements or improvements required as a result of any casualty or taking or other extraordinary occurrence or to meet the requirements of Applicable Law ("Extraordinary Maintenance Purposes") or (d) obtaining funds to pay the Cost of any Additional Facilities. Additional Bonds may be issued to pay the costs incurred in connection with the issuance and sale of any Bonds, to establish reserves and to pay interest on any Bonds prior to and during acquisition and construction. The issuance of Additional Bonds shall be authorized by a Supplemental Trust Agreement. Each Additional Bond shall be on a parity with, and shall be entitled to the same benefit and security of the Trust Agreement as the Series 2012 Bonds and any other Additional Bonds that may be issued from time to time, to the extent provided in the Trust Agreement.

The Supplemental Trust Agreement authorizing the issuance of any Series of Additional Bonds shall specify the maturities and redemption provisions of such Additional Bonds, the form and denominations thereof and other details of such Additional Bonds. Without limiting the generality of the foregoing, Additional Bonds may constitute Variable Rate Indebtedness or Balloon Debt, as shall be determined by the County, in its discretion. The County may provide for the creation of a separate Bond Fund, Debt Service Reserve Fund or Redemption Fund and other funds and accounts for any Series of Additional Bonds, as shall be deemed advisable by the County. The Supplemental Trust Agreement authorizing the issuance of any Additional Bonds shall provide for the deposit of Pledged Revenues in the Bond Fund and the Debt Service Reserve Fund, if any, maintained for such Bonds, which deposits shall be made not more frequently than monthly except to the extent required to pay the principal of and interest on such Bonds when due.

If any Supplemental Trust Agreement provides for the establishment of separate funds and accounts for any Series of Bonds, then such Supplemental Trust Agreement shall require that (i) the Pledged Revenues required to be deposited in the Pledged Revenues Fund on any date shall be transferred and deposited *pro rata* among all of the Bond Funds on the basis of the principal of, the Sinking Fund Installments for and the interest on the Series of Bonds secured thereby required to be transferred to the Bond Fund for such Bonds on such date, and (ii) the Pledged Revenues required to be transferred to the Debt Service Reserve Fund on any date shall be allocated *pro rata* among all Debt Service Reserve Funds on the basis of the respective aggregate principal amounts of the Bonds Outstanding secured by such Debt Service Reserve Funds. Amounts on deposit in the funds and accounts created for particular Series of Bonds available for the payment of any Bonds shall be applied solely to the payment of the principal or Redemption Price of and interest on, or the purchase price of, the Bonds of such Series or to the reimbursement of the issuer of any Credit Facility securing such Bonds and shall not be available to satisfy the claims of Holders of Bonds of any other Series or the issuer of any Credit Facility securing any other Series of Bonds.

The Supplemental Trust Agreement authorizing the issuance of any Series of Additional Bonds may provide that any proceeds of such Additional Bonds and investment earnings thereon remaining after the completion of any Additional Facilities financed with the proceeds of such Additional Bonds shall be applied to the payment or redemption of such Series of Additional Bonds.

Any Supplemental Trust Agreement authorizing the issuance of Additional Bonds may provide that (i) such Series of Bonds shall be secured by the Debt Service Reserve Fund maintained for the Series 2012 Bonds or other Series of Bonds issued pursuant to the Trust Agreement, (ii) such Series of Additional Bonds shall not be secured by a Debt Service Reserve Fund, or (iii) such Additional Bonds shall be secured by a separate Debt Service Reserve Fund.

If any Supplemental Trust Agreement authorizing the issuance of any Additional Bonds provides that such Additional Bonds may be secured by the Debt Service Reserve Fund maintained for the Series 2012 Bonds or any other Series of Bonds issued under the Trust Agreement, such Supplemental Trust Agreement shall provide for the deposit in such Debt Service Reserve Fund on the date of issuance of such Additional Bonds of the amount, if any, necessary to make the amount on deposit therein equal to the Debt Service Reserve Requirement on all Bonds secured thereby, after giving effect to the issuance of such Additional Bonds. Such Supplemental Trust Agreement may provide that the amount of any increase in the Debt service Reserve Requirement resulting from the issuance of such Additional Bonds shall be applied to the final payments of the principal or Redemption Price of such Additional Bonds.

If the Supplemental Trust Agreement authorizing the issuance of any Additional Bonds provides that such Series of Additional Bonds shall be secured by a separate Debt Service Reserve Fund, such Supplemental Trust Agreement shall (i) establish the amount of the Debt Service Reserve Fund Requirement for such Debt Service Reserve Fund, (ii) provide the period during which any deficiency shall be cured, (iii) contain provisions with respect to the issuance of any other Additional Bonds secured by such Debt Service Reserve Fund and (iv) provide such terms with respect to the valuation of such Debt Service Reserve Fund, the application of any earnings on or surpluses in such Debt Service Reserve Fund and any Credit Facilities held to the credit of such Debt Service Reserve Fund (which may be different from those prescribed in the Trust Agreement) as the County shall deem appropriate, any other provision of the Trust Agreement to the contrary notwithstanding. If a separate Debt Service Reserve Fund is created for any Series of Bonds, the Debt Service Reserve Fund Requirement shall be calculated separately for each Series of Bonds for which a separate Debt Service Reserve Fund is maintained.

Additional Bonds shall be executed by the County and delivered to the Registrar and Paying Agent, whereupon the Registrar and Paying Agent shall authenticate and deliver such Additional Bonds upon the Order of the County, but only upon receipt by the Registrar and Paying Agent of a Certificate of the Trustee to the effect that the Trustee has received the purchase price of such Additional Bonds, if any, and each of the following:

(i) a counterpart of the applicable Supplemental Trust Agreement authorizing such Additional Bonds, executed by the parties thereto;

(ii) an Order of the County directing the authentication and delivery of such Additional Bonds, describing such Additional Bonds, designating the purchaser of such Additional Bonds, stating the purchase price of such Additional Bonds and stating that all items required by this section are therewith delivered to the Trustee in form and substance satisfactory to the County;

(iii) an Opinion of Bond Counsel to the effect that (A) the Supplemental Trust Agreement authorizing such Additional Bonds has been duly authorized, executed and delivered by the County, assuming due authorization, execution and delivery by the other parties, and constitutes the valid and binding obligation of the County; (B) the County is duly authorized and entitled to issue such Additional Bonds, and Additional Bonds executed, authenticated and delivered as provided in the Trust Agreement and such Supplemental Trust Agreement have been duly and validly issued and constitute valid and binding limited obligations of the County; and (C) the issuance of such Additional Bonds will not adversely affect the excludability from gross income, for federal income tax purposes, of interest paid on any Tax-Exempt Bonds theretofore issued;

(iv) a Certificate of the County to the effect that, upon the authentication and delivery of such Additional Bonds, no Event of Default shall exist under the Trust Agreement;

(v) unless such Additional Bonds are issued or incurred for Refunding Purposes, Completion Purposes or Extraordinary Maintenance Purposes and the items described below are furnished to the Trustee, a Certificate of the County to the effect that (A) the amount of Revenues for the most recent Bond Year less the amount of the Operating Expenses for such Bond Year was not less than the sum of (1) 115% of the Debt Service Requirements of Outstanding Bonds for such Bond Year, (2) 100% of the Debt Service Requirements of all other outstanding Long-Term Indebtedness for such Bond Year, and (3) the amount set forth in the Annual Budget to be deposited to the Rate Stabilization Fund for such Bond Year, and (B) during each of the five Bond Years immediately succeeding the later of the date of delivery of such Additional Bonds and the date to which interest on such Additional Bonds has been funded, the estimated amount of Revenues in such Bond Years, less the amount of the estimated Operating Expenses for such Bond Years, are projected to be not less than the sum of (1) 115% of the Debt Service Requirements of Outstanding Bonds for such Bond Year, taking into account the Additional Bonds then to be issued, (2) 100% of the Debt Service Requirements of all other outstanding Long-Term Indebtedness for such Bond Year, and (3) the estimated amount set forth in the Annual Budget to be deposited to the Rate Stabilization Fund for such Bond Year; and

(vi) the amount, if any, required to make the amount on deposit in the Debt Service Reserve Funds equal the respective Debt Service Reserve Fund Requirements upon the issuance of such Additional Bonds.

If Additional Bonds are issued or incurred for Completion Purposes or Extraordinary Maintenance Purposes, the items required by paragraph (v) need not be provided to the Trustee if, in lieu thereof, there shall be furnished to the Trustee (I) a Report of an Independent Consultant to the effect that the amount of the Revenues for each of the five full Bond Years following the date on which the proceeds of such Additional Bonds are expected to have been fully applied is projected to be not less than the sum of (i) the Debt Service Requirements of all Outstanding Long-Term Indebtedness as of the last day of each such Bond Year and (ii) the amount of estimated Operating Expenses for each such Bond Year, and (II) a Report of an Engineer to the effect that the proceeds of such Additional Bonds do not exceed the amount necessary to accomplish the intended Completion Purpose or Extraordinary Maintenance Purpose, respectively.

If Additional Bonds are issued or incurred for Refunding Purposes, the items required by paragraph (v) need not be provided to the Trustee if there shall be furnished to the Trustee a Certificate of the County to the effect that the Maximum Annual Debt Service on Outstanding Bonds, taking into account the issuance of such Additional Bonds and the Long-Term Indebtedness to be refinanced or refunded, will not be increased by more than ten percent during the life of any then Outstanding Bonds that are not refinanced or refunded with proceeds of such Additional Bonds.

Additional Bonds may be authenticated, delivered and paid for in installments of less than the total authorized principal amount of a Series of Bonds from time to time as the County may direct in its written requests.

Events of Default *(Section 7.01)*

Each of the following events is hereby declared to constitute an “Event of Default” under the Trust agreement:

(a) the principal of any Bond shall not have been paid when the same shall have become due and payable, either at maturity or by proceedings for redemption or otherwise;

(b) the interest on any Bond shall not have been paid when the same shall have become due and payable;

(c) the County shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in any Bond or in the Trust Agreement on the part of the County to be performed (other than as described in clause (a) or (b) above), which default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the County by the Trustee, *provided* that, if the County shall proceed to take any curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of 30 days, then such period shall be increased to such extent as shall be necessary to enable the County to complete such curative action through the exercise of due diligence.

Enforcement *(Section 7.02)*

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may proceed, and upon the written request of not less than 25% of the Holders shall proceed, to protect and enforce its rights and the rights of the Holders under the laws of the State and under the Trust Agreement and any Credit Facility by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained in the Trust Agreement, or in aid or execution of any power granted, or for an accounting against the County as if the County were the trustee of an express trust or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy upon the occurrence of an Event of Default under the Trust Agreement, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the County, for principal of or interest on the Bonds, or otherwise under any of the provisions of the Trust Agreement or of any Bonds, with interest on overdue payments of principal at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Trust Agreement and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders, and to recover and enforce judgment or decree against the County, but solely as provided in the Trust Agreement and in the Bonds and from the sources and moneys provided in the Trust Agreement and in the Bonds, for any portion of such amounts remaining unpaid and to collect in any manner provided by law the moneys adjudged or decreed to be payable.

The principal of the Bonds shall not be subject to acceleration by the Trustee or the Bondholders upon the occurrence of any Event of Default notwithstanding any other provision of the Trust Agreement.

Priority of Payments Following Default *(Section 7.03)*

If at any time there shall have occurred and be continuing an Event of Default, after payment of all amounts owing to the Trustee under the Trust Agreement, amounts held by the Trustee pursuant to the Trust Agreement, together with any moneys thereafter becoming available for such purpose, whether through exercise of the remedies provided in the Trust Agreement or otherwise, shall be applied as follows:

(a) unless the principal of all Outstanding Bonds shall have become due and payable, all such moneys shall be applied:

FIRST: to the payment to the persons entitled thereto of all installments of interest then due on the Bonds Outstanding and all amounts, if any, due under the Credit Facility Agreements as a result of

any amounts realized under the Credit Facilities issued thereunder for the payment of interest due on such Bonds and interest on amounts realized under such Credit Facilities for the payment of the principal or Redemption Price of and interest on, and the purchase price of, such Bonds, in the order in which such amounts became due and payable and, if the amount available shall not be sufficient to pay in full all such amounts due on any particular date, then to the payment of such amounts, ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Bonds and Credit Facility Agreements;

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any Outstanding Bonds that shall have become due and payable and all amounts, if any, due under any Credit Facility Agreement as a result of any amounts realized under any Credit Facility issued thereunder for the payment of the principal or Redemption Price of such Bonds, in the order of their due dates, with interest thereon from the respective dates upon which such amounts shall have become due and payable and, if the amount available shall not be sufficient to pay in full the all such amounts due on any particular date, together with such interest, then first to the payment of such interest, ratably, according to the amount of interest due on such date, and then to the payment of the balance due hereunder, ratably, according to the amount due on such date, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in the Bonds and any Credit Facility Agreement; and

THIRD: to the payment of any other amounts due under any Credit Facility Agreement; and

(b) if the principal of all Outstanding Bonds shall have become due by their terms, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon such Bonds and all amounts, if any, due under any Credit Facility Agreement as a result of any amounts realized under any Credit Facility issued thereunder for the payment of the principal or Redemption Price of and interest on, or the purchase price of, such Bonds and interest on such amounts, ratably, according to the amounts due, to the persons entitled thereto, without any without preference or priority of principal over interest or of interest over principal, or of any Bond or Credit Facility Agreement over any other Bond or Credit Facility Agreement, except as to any difference in the respective rates of interest specified in the Bonds and any Credit Facility Agreement.

Notwithstanding any other provision of the Trust Agreement (i) if any Supplemental Trust Agreement provides for the establishment of separate funds and accounts for one or more Series of Bonds, amounts on deposit in the funds and accounts established for such Bonds shall be applied solely to the payment of amounts due on such Bonds and amounts payable under any Credit Facility Agreement with respect to such Bonds as a result of amounts realized under any Credit Facility issued thereunder for the payment of the principal or Redemption Price of and interest on, and the purchase price of, such Bonds, and accrued interest on such amounts; (ii) the Trustee shall allocate any other amounts held by the Trustee among the Outstanding Bonds of each Series after giving effect to the application of amounts on deposit in the funds and accounts maintained for such Bonds to the payment thereof, *provided* that the amount allocated to any Series of Bonds shall not exceed the amount necessary to pay the principal of and interest on such Bonds after the application to such payment of any amount on deposit in any Debt Service Reserve Fund securing such Bonds; and (iii) prior to the application of any moneys that constitute proceeds of any Series of Tax-Exempt Bonds or the investment earnings on such proceeds to the payment of any Bond of any other Series, the Trustee shall obtain a Favorable Opinion of Bond Counsel.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee may determine, having due regard to the amount of such moneys available for application and the likelihood of

additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the benefit of all Holders shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the County, to any Holder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Trust Agreement as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date for the Bonds unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal of the Bonds to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The provisions of this paragraph shall be subject in all respects to the provisions of the Bonds with respect to the payment of defaulted interest on the Bonds. The Trustee shall not be required to make payment to the Holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

Remedies (*Sections 7.04, 7.05, 7.06, 7.07, 7.08, and 7.09*)

In case any proceedings taken by the Trustee or the Holders on account of any default with respect to the Bonds shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or such Holders, then and in every such case the County, the Trustee and the Holders shall be restored to their former positions and rights under the Trust Agreement, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken. A majority of the Holders shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Trust Agreement, *provided* that such direction shall not be otherwise than in accordance with law and the provisions of the Trust Agreement and that the Trustee shall have the right to decline to follow any such direction which, in the opinion of the Trustee, would be unjustly prejudicial to Holders not parties to such direction.

No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law on any Bond for the execution of any trust or for any other remedy unless (i) such Holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, (ii) not less than 25% of Holders shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Trust Agreement or to institute such action, suit or proceeding in its or their name, and (iii) there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Trust Agreement or to any other remedy under the Trust Agreement. Notwithstanding the foregoing provisions of this section and without complying therewith, 25% or more of the Holders may institute any such suit, action or proceeding in their own names for the benefit of all Holders.

It is understood and intended that, except as otherwise provided above, no one or more Holders shall have any right in any manner whatever to affect, disturb or prejudice the security of the Trust Agreement or to enforce any right under the Trust Agreement, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Trust Agreement and for the benefit of all Holders and that any individual right of action or other right given by law to one or more of such Holders is restricted by the Trust Agreement to the rights and remedies provided therein.

All rights of action under the Trust Agreement or under any Bond may be enforced by the Trustee without the possession of any Bond or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all Holders, all subject to the provisions of the Trust Agreement.

No remedy conferred upon or reserved to the Trustee or to the Holders under the Trust Agreement is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Trust Agreement or now or hereafter existing at law or in equity or by statute.

No delay or omission of the Trustee or of any Holder to exercise any right or power accruing upon any default shall impair any such right or power, nor shall any such delay or omission be construed to be a waiver of any such default or an acquiescence therein. Every power and remedy given by the Trust Agreement to the Trustee and the Holders, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of not less than 25% of the Holders shall, waive any default with respect to Bonds which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Trust Agreement or before the completion of the enforcement of any other remedy under the Trust Agreement; but no such waiver shall extend to or affect any other existing or any subsequent default or impair any rights or remedies consequent thereon.

Defeasance *(Section 9.01)*

(a) If the County shall pay or cause to be paid the principal or Redemption Price of and interest on all Bonds at the times and in the manner stipulated therein, in the Trust Agreement and in any Supplemental Trust Agreement authorizing the issuance of any Additional Bonds, then the pledge of the Trust Estate to the Trustee for the benefit of the Holders and all other rights granted hereby to the Trustee or the Holders shall be discharged and satisfied. In such event, upon the request of the County, the Trustee shall execute and deliver to the County all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay or deliver to the County, or to such officer, board or body as may then be entitled by law to receive the same, all property held by it pursuant to the Trust Agreement (other than any moneys and securities required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption).

(b) A Series 2012 Bond and any Additional Bond, except as otherwise provided in any Supplemental Trust Agreement authorizing the issuance thereof, shall be deemed to have been paid within the meaning of, and with the effect expressed in this section if (i) money for the payment or redemption of such Bond shall be held by the Trustee (through deposit by the County of moneys for such payment or redemption or otherwise, regardless of the source of such moneys), whether at or prior to the maturity or the redemption date of such Bond, or (ii) if the maturity or redemption date of such Bond shall not have arrived, provision shall have been made by the County for the payment of the principal or Redemption Price of and interest on, and the purchase price of, such Bond on the due dates for such payments by deposit with the Trustee (or other method satisfactory to the Trustee) of Government Obligations, the principal of and the interest on which when due will provide for such payment, *provided* that, if such Bond is to be redeemed prior to the maturity thereof, the County shall have taken all action necessary to redeem such Bond and notice of such redemption shall have been duly and irrevocably given or provisions satisfactory to the Trustee shall have been made for the giving of such notice.

(c) If the County shall determine to provide for the payment of all of the Bonds of any Series in accordance with this section, upon the direction of the County, the Trustee shall set aside any amounts on deposit in any funds and accounts maintained for the Bonds of such Series (other than amounts theretofore set aside for the payment of particular Bonds of such Series in accordance with as provided in the Trust Agreement) for the payment of the principal or Redemption Price of and interest on, and the purchase price of, such Bonds on the due dates for such payments in accordance with this section. If all of the Bonds of any Series shall have been paid in accordance with the Trust Agreement, amounts on deposit in any funds and accounts maintained for such Bonds (other than amounts set aside for the payment of particular Bonds of such Series) shall be paid to or upon the order of the County. The provisions of this paragraph shall be subject in all respects to the provisions of any Supplemental Trust Agreement authorizing any Additional Bonds.

(d) Anything in the Trust Agreement to the contrary notwithstanding, at the written request of the County, any moneys held by the Trustee in trust for the payment of any of the Bonds that remain unclaimed for four years after the later of the date at which such Bonds became due and payable and the date of deposit of such moneys shall be repaid by the Trustee to the County, or to such officer, board or body as may then be entitled by law to receive such moneys, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto.

Concerning the Trustee; Registrar and Paying Agent

Responsibilities of the Trustee (Section 6.02)

The recitals, statements and representations contained in the Trust Agreement and in the Bonds shall be taken as the statements of the County and not of the Trustee, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the Trust Agreement or with respect to the security afforded by the Trust Agreement or the due execution hereof by the County, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in the Trust Agreement, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of the Bonds for value, (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee, or (iii) the application of any moneys paid to the County or others in accordance with the Trust Agreement except as to the application of any moneys paid to it in its capacity as Trustee.

The duties and obligations of the Trustee shall be determined by the express provisions of the Trust Agreement and no implied covenant or obligation shall be read into the Trust Agreement against the Trustee, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Trust Agreement.

The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under the Trust Agreement except for its own negligence or willful misconduct.

The Trustee shall not be liable with respect to any action taken or omitted by it in good faith in accordance with the direction of the Bondholders under any provision of the Trust Agreement relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Trust Agreement.

No provision of the Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any liability in the performance of any of its duties under the Trust Agreement, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Trust Agreement at the request or direction of any of the Bondholders unless such holders have offered to the Trustee security or indemnity satisfactory to the Trustee as to its terms, coverage, duration, amount and otherwise with respect to the costs, expenses and liabilities which may be incurred by it in compliance with such request or direction.

The Trustee shall not be required to take notice or deemed to have notice of any default or Event of Default, except any Event of Default under Section 7.01(a) or (b) of the Trust Agreement, unless a responsible officer of the Trustee has actual knowledge thereof or has received notice in writing of such default or Event of Default from the County or the holders of at least 25% of the Bonds, and in the absence of any such notice, the Trustee may conclusively assume that no such default or Event of Default exists.

The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under the Trust Agreement shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the defeasance or discharge of the Trust Agreement and final payment of the Bonds.

The permissive right of the Trustee to take the actions permitted by the Trust Agreement shall not be construed as an obligation or duty to do so.

In case an Event of Default shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it hereby and use the same degree of care and skill in their exercise as a prudent person would exercise under the circumstances in the conduct of his or her own affairs.

Resignation and Removal of the Trustee (Sections 6.07 and 6.08)

The Trustee may at any time resign and be discharged of its duties and obligations under the Trust Agreement by giving not fewer than 30 days' written notice, specifying the date when such resignation shall take effect, to the County and each Holder. Such resignation shall take effect upon the appointment of a successor Trustee and the acceptance of such appointment by such successor.

The Trustee may be removed by the County so long as no Event of Default shall have occurred and be continuing or, if any Event of Default shall have occurred and be continuing, by a majority of the Holders by an instrument or concurrent instruments in writing signed and acknowledged by such Holders or by their attorneys-in-fact, duly authorized and delivered to the County. Facsimile copies of each such instrument shall be delivered by the County to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the County or of not less than ten percent of the Holders.

Successor Trustee (Section 6.09)

If the Trustee shall resign, be removed, be dissolved or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee shall be appointed by the County. Copies of any instrument of the County providing for any such appointment

shall be delivered by the County to the Trustee so appointed and the predecessor Trustee. The County shall mail notice of any such appointment to each Holder within 90 days after such appointment.

If in a proper case no appointment of a successor Trustee shall be made within 60 days after the giving by any Trustee of any written notice of resignation in accordance with the Trust Agreement or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Holder may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor.

Any successor Trustee appointed under the provisions of this section shall be a commercial bank or trust company or national banking association having a capital and surplus aggregating at least \$100,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and authorized by law to perform all the duties of the Trustee required by the Trust Agreement.

Registrar and Paying Agent (*Sections 6.14 and 6.15*)

(a) Initially, the Trustee shall serve as Registrar and Paying Agent. Any successor Registrar and Paying Agent shall accept the duties and obligations imposed on it under the Trust Agreement by written instrument delivered to the County and the Trustee.

(b) In addition to the other obligations imposed on the Registrar and Paying Agent, the Registrar and Paying Agent shall:

(i) hold the redemption or purchase price of any Bonds in trust for the benefit of the persons entitled to receive the payment of such purchase price;

(ii) keep such books and records as shall be consistent with prudent industry practice, which books and records shall be available for inspection by the County and the Trustee during normal business hours; and

(iii) deliver to the County and the Trustee upon request, and to any other person at the Request of the holders of not less than five percent of the Bonds, a list of the names and addresses of the Bondholders.

(c) If at any time the Registrar and Paying Agent is unable or unwilling to act as Registrar and Paying Agent for any Bonds, the Registrar and Paying Agent may resign, upon 60 days' prior Notice to the County, the Trustee, and the Credit Facility Provider. Such resignation shall become effective upon the appointment of a successor Registrar and Paying Agent and the acceptance of such appointment by such successor. The Registrar and Paying Agent for any Bonds may be removed at any time by the County, by Notice delivered to the Trustee, the Registrar and Paying Agent, and the Credit Facility Provider. Upon resignation or removal of the Registrar and Paying Agent, the County shall appoint a successor Registrar and Paying Agent, which shall be a commercial bank having trust powers or a trust company or a national banking association having trust powers, in each case that has a combined capital and surplus of at least \$50,000,000. Upon the resignation or removal of the Registrar and Paying Agent, the Registrar and Paying Agent shall pay over, assign and deliver any moneys and Bonds held by it in trust pursuant to the Trust Agreement to its successor. Removal of the Registrar and Paying Agent shall become effective upon the appointment of a successor Registrar and Paying Agent and the acceptance of such appointment by such successor.

(d) The Registrar and Paying Agent shall be entitled to compensation for services rendered pursuant to the Trust Agreement (subject to any contract or agreement entered into between the County and the Registrar and Paying Agent with respect thereto) and to indemnification by the County or by others on the same basis and to the same extent as the Trustee for the performance of its services. The Registrar and Paying Agent shall enjoy the same protections and immunities as the Trustee.

(e) The duties and obligations of the Registrar and Paying Agent shall be determined by the express provisions of the Trust Agreement, and the Registrar and Paying Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Trust Agreement. The Registrar and Paying Agent shall not be liable in connection with the performance of its duties except for its own negligence or willful default.

Within 30 days of the resignation or removal of the Registrar and Paying Agent for any Bonds or the appointment of a successor Registrar and Paying Agent the Trustee shall mail notice thereof to the holders of such Bonds and to each Rating Agency, which is then rating any of the Bonds.

Modification or Amendment of Trust Agreement Without Consent (*Section 8.01*)

Without notice to, or the consent of, the Holders, the County and the Trustee may enter into a Supplemental Trust Agreement supplementing, modifying or amending the Trust Agreement or any Supplemental Trust Agreement at any time or from time to time for one or more of the following purposes:

(a) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Trustee for the benefit of the Holders;

(b) to add to the covenants and agreements of the County contained in the Trust Agreement, other covenants and agreements thereafter to be observed relative to the acquisition, construction, equipping, operation, maintenance, development or administration of the Facilities, or the application, custody, use or disposition of the proceeds of Bonds;

(c) to surrender to the Trustee any right, power or privilege reserved to or conferred upon the County by the Trust Agreement;

(d) to confirm, as further assurance, any pledge under, and the subjection to any lien on, or claim or pledge of (whether created or to be created by the Trust Agreement), the Trust Estate;

(e) to cure any ambiguity or to cure or correct any defect or inconsistent provisions contained in the Trust Agreement or to make such provisions in regard to matters or questions arising under the Trust Agreement as may be necessary or desirable and not contrary to or inconsistent with the Trust Agreement;

(f) to provide for the issuance of Additional Bonds, including (without limitation) any modifications or amendments required to grant to or otherwise secure for the Holders of such Additional Bonds a parity interest in the security granted to the holders of the Series 2012 Bonds and any other then-Outstanding Bonds in accordance with Section 2.04 of the Trust Agreement;

(g) to permit the qualification of the Trust Agreement or any Supplemental Trust Agreement under any federal statute now or hereafter in effect or under any state blue sky law and, in connection

therewith, to add to the Trust Agreement or any Supplemental Trust Agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or state blue sky law;

(h) to obtain or to maintain any ratings on the Bonds of any Series from any nationally recognized securities rating agency;

(i) to provide for the issuance of any Bonds in coupon form or in book entry form, to change any Securities Depository or to discontinue any book-entry system, *provided* that, prior to the effective date of any such amendment that provides for the issuance of any Tax-Exempt Bonds in coupon form, there shall be delivered to the County a Favorable Opinion of Bond Counsel;

(j) to preserve the excludability from gross income for federal income tax purposes of the interest paid on any Tax-Exempt Bonds theretofore issued; or

(k) to make any other change in the Trust Agreement that, in the opinion of the Trustee, shall not prejudice in any material respect the rights of the Holders of the Bonds Outstanding at the date as of which such change shall become effective.

Supplemental Trust Agreements Requiring Consent of Holders (Section 8.02)

With the prior written consent of the Holders of a majority of the Bonds affected thereby, the County and the Trustee may enter into at any time and from time to time Supplemental Trust Agreements amending or supplementing the Trust Agreement, any Supplemental Trust Agreement or any Bond to modify any of the provisions thereof or to release the County from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained, *provided* that nothing contained in the Trust Agreement shall permit (i) a change in any terms of redemption or purchase of any Bond, the due date for the payment of the principal of or interest on any Bond or any reduction in the principal, Redemption Price or purchase price of or interest rate on any Bond without the consent of the Holder of such Bond, or (ii) the creation of a claim or lien upon, or a pledge of, the Trust Estate ranking prior to or on a parity with the claim, lien and pledge created by the Trust Agreement as security for the Series 2012 Bonds and any Additional Bonds issued within the limitations of the Trust Agreement, a preference or priority of any Bond over any other Bond or a reduction in the percentage of Bonds the consent of the Holders of which is required for any modification of the Trust Agreement without the unanimous consent of the Holders.

APPENDIX B

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of December __, 2022 (this “Disclosure Agreement”), is executed and delivered by MONTGOMERY COUNTY, MARYLAND (the “County”) in connection with the issuance of its Water Quality Protection Charge Project and Refunding Revenue Bonds, Series 2022A (the “Series 2022 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 Series 2022 Bonds, including beneficial owners, and in order to assist the Participating Underwriters in complying with the Rule (as defined below). 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.

“Financial Obligation” means (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to MSRB under the Rule.

“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 Series 2022 Bonds required to comply with the Rule in connection with offering of the Series 2022 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, 2022:

- (i) Schedule of Water Quality Protection Fund (as defined in the Official Statement) revenues, expenditures and debt service coverage for such fiscal year; and
- (ii) Schedule of Water Quality Protection Charge and Carryout Bag Tax rates and charges for such fiscal year.

(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, 2022, 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, 2021), 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 Series 2022 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 Series 2022 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, 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, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of Bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;

- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the County;
- (13) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (14) 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;
- (15) incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect Bond holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflects financial difficulties.

(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 Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 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.

[Remainder of page intentionally left blank]

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: _____
Michael J. Coveyou
Director of Finance

[Signature page to Continuing Disclosure Agreement]

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

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

Ladies and Gentlemen:

We have examined a record of the proceedings relating to the issuance by Montgomery County, Maryland (the “County”) of its Water Quality Protection Charge Project and Refunding Revenue Bonds, Series 2022A (the “Series 2022 Bonds”) as special limited obligations of the County.

The Series 2022 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 2022 Bonds are authorized to be issued pursuant to (i) Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2022 Supplement), as amended (“Section 10-203”) and Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2022 Supplement), as amended (“Section 19-207”); (ii) Title 4 of the Environmental Article of the Annotated Code of Maryland, as amended (the “Environment Article”); (iii) Council Bill No. 24-21 enacted by the County Council of the County (the “County Council”) on July 13, 2021, approved by the County Executive of the County (the “County Executive”) on July 20, 2021 and effective on July 20, 2021 (the “Bond Ordinance”); (iv) the Charter of the County (the “Charter”); (v) Chapter 19 of the Montgomery County Code, as amended (“Chapter 19” and, together with Section 10-203, Section 19-207, the Environment Article, the Charter, and the Bond Ordinance, the “Authorizing Legislation”); (vi) Executive Order No. B403-22 of the County Executive of the County issued on October 26, 2022 (the “Executive Order”) and (vii) the Trust Agreement dated as of July 1, 2012, between the County and U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association), as trustee (the “Trustee”), as amended and supplemented by the First Supplemental Trust Agreement dated as of April 1, 2016, the Second Supplemental Trust Agreement dated as of December 15, 2019 and the Third Supplemental Trust Agreement dated as of December 1, 2022 (the “Third Supplemental Trust Agreement”), each by and between the County and Trustee (as so amended and supplemented the “Trust Agreement”).

In connection with the issuance of the Series 2022 Bonds, we have examined:

- (i) the Authorizing Legislation;
- (ii) the Executive Order;
- (iii) the form of Series 2022 Bond;
- (iv) the Trust Agreement;
- (v) relevant provisions of the Constitution and laws of the State of Maryland;
- (vi) relevant provisions of the Internal Revenue Code of 1986, as amended (the “Code”); and

- (vii) other proofs submitted to us relative to the issuance and sale of the Series 2022 Bonds.

In rendering this opinion, we have relied without investigation on the representations and certifications of certain officials of the County made on behalf of the County in its Tax and Section 148 Certificate with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Series 2022 Bonds. We have made no investigation of, and are rendering no opinion regarding the title to real or personal property or the priority or perfection of any lien or security interest in real or personal property.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust Agreement.

Based upon the foregoing, it is our opinion that, under existing statutes, regulations and decisions:

(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 Authorizing Legislation and the Executive Order to issue the Series 2022 Bonds.

(b) The Trust Agreement has been duly adopted by the County and, assuming the due authorization, execution and delivery thereof by the Trustee, is the valid and legally binding obligation of the County. The Trust Agreement creates the valid pledge, to secure the payment of the principal of and interest on the Series 2022 Bonds, of the Trust Estate, subject to the terms of the Trust Agreement. The rights and obligations under the Series 2022 Bonds and the Trust Agreement are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases.

(c) The County is duly authorized and entitled to issue the Series 2022 Bonds. The Bonds, executed and authenticated as provided in the Executive Order, have been duly and validly issued and constitute valid and binding limited obligations of the County.

(d) The Trust Agreement and the Series 2022 Bonds are enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases.

(e) The Series 2022 Bonds do not constitute a debt of the State of Maryland or any political subdivision thereof, including the County, within the meaning of any constitutional, charter or statutory debt limit or restriction. Neither the faith and credit nor the taxing power of the State of Maryland or any political subdivision thereof, including the County, is pledged to the payment of the Series 2022 Bonds. The County is required to pay the Series 2022 Bonds and the premium, if any, and interest thereon and to perform its obligations under the Trust Agreement only from the sources available therefor under the Trust Agreement.

(f) The interest payable on the Series 2022 Bonds and profit realized from the sale or exchange of the Series 2022 Bonds will be exempt from State of Maryland income taxation. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Series 2022 Bonds or the interest thereon.

(g) Assuming compliance with certain covenants referred to herein, interest on the Series 2022 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 Code, there are certain restrictions that must be met subsequent to the delivery of the Series 2022 Bonds, including restrictions that must be complied with throughout the term of the Series 2022 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 Series 2022 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 Series 2022 Bonds; and (iii) requirements applicable to the use of the proceeds of the Series 2022 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 Series 2022 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 Series 2022 Bonds and to take such other actions as may be required to maintain the excludability of interest on the Series 2022 Bonds from gross income for federal income tax purposes.

(h) Interest on the Series 2022 Bonds is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment. For taxable years beginning after December 31, 2022, interest on the Series 2022 Bonds will be part of adjusted financial statement income, fifteen percent of which is included in the computation of the corporate alternative minimum tax imposed on applicable corporations. Interest income on the Series 2022 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,

APPENDIX D**REFUNDED BONDS**

Montgomery County, Maryland
Water Quality Protection Charge Revenue Bonds
Series 2012A
(To be redeemed on or about December 1, 2022)

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Call Date</u>	<u>Call Price</u>	<u>CUSIP¹</u>
4/1/2023	5.000	1,855,000	4/1/2020	100.00	61336SAL9
4/1/2024	5.000	1,945,000	4/1/2020	100.00	61336SAM7
4/1/2025	5.000	2,045,000	4/1/2020	100.00	61336SAN5
4/1/2026	5.000	2,145,000	4/1/2020	100.00	61336SAP0
4/1/2027	5.000	2,250,000	4/1/2020	100.00	61336SAQ8
4/1/2028	5.000	2,365,000	4/1/2020	100.00	61336SAR6
4/1/2029	5.000	2,485,000	4/1/2020	100.00	61336SAS4
4/1/2030	5.000	2,605,000	4/1/2020	100.00	61336SAT2
4/1/2031	5.000	2,740,000	4/1/2020	100.00	61336SAU9
4/1/2032	5.000	2,875,000	4/1/2020	100.00	61336SAV7

¹The 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.

Book-Entry Only System

The information contained in the following paragraphs of this Appendix “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 Series 2022 Bonds. The Series 2022 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 Series 2022 Bonds in principal amount equal to the aggregate principal amount of the Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 Bonds, except in the event that use of the book-entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 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 Series 2022 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 Series 2022 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2022 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 Series 2022 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2022 Bonds, such as redemptions and defaults. For example, Beneficial Owners of the Series 2022 Bonds may wish to ascertain that the nominee holding the Series 2022 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 Series 2022 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 Series 2022 Bonds, references herein to the bondholders or the holders or owners of the Series 2022 Bonds shall mean DTC and shall not mean the Beneficial Owners of the Series 2022 Bonds. The County and the Paying Agent/Registrar will recognize DTC or its nominee as the holder of all of the Series 2022 Bonds for all purposes, including the payment of the principal of and interest on, and the purchase price of, the Series 2022 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 Series 2022 Bonds are held by DTC under a book-entry system, principal and interest payments and any premium on the Series 2022 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 Appendix "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 Series 2022 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, Series 2022 Bond certificates will be printed and delivered.

In the event that the Book-Entry Only System is discontinued, the Series 2022 Bonds in fully certificated form will be issued as fully registered Series 2022 Bonds without coupons in the denomination of \$5,000 each or

any integral multiple thereof. Such Series 2022 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 Series 2022 Bond or Series 2022 Bonds of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Series 2022 Bond surrendered and maturing on the same date and bearing interest at the same rate. The new Series 2022 Bond or Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 Bond or Series 2022 Bonds without coupons of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Series 2022 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 Series 2022 Bonds requesting exchange or transfer of Series 2022 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 Series 2022 Bonds for such exchange or transfer. The Paying Agent/Registrar shall not be required to transfer or exchange any Series 2022 Bond after the mailing of notice calling such Series 2022 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 SERIES 2022 BONDS (A) PAYMENTS OF THE PRINCIPAL OF, OR INTEREST ON, THE BONDS, (B) CONFIRMATION OF OWNERSHIP INTERESTS IN THE SERIES 2022 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.