OFFICIAL STATEMENT DATED MAY 1, 2009

NEW ISSUE **RATING: S&P: AA-**
(see "Rating" herein)

BOOK-ENTRY ONLY

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, and subject to the conditions stated herein under "Tax Exemptions," under existing law, (a) the interest on the Series 2009A Bonds is excludable from gross income for Federal income tax purposes, and (b) the interest on the Series 2009A Bonds is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals and corporations, and such interest is not included in the adjusted current earnings of corporations for purposes of calculating the alternative tax. As described herein under "Tax Exemptions," other Federal income tax consequences may arise from ownership of the Series 2009A Bonds. It is also the opinion of Bond Counsel that, under existing law of the State of Maryland, the interest on the Series 2009A Bonds and profit realized from the sale or exchange of the Series 2009A Bonds is exempt from income taxation by the State of Maryland or by any of its political subdivisions; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes or any other taxes not levied directly on the Series 2009A Bonds or the interest thereon.

$46,765,000
MONTGOMERY COUNTY, MARYLAND
REVENUE BONDS (DEPARTMENT OF LIQUOR CONTROL), 2009 SERIES A

Dated: Date of Issuance **Due: April 1, as shown inside**

Montgomery County, Maryland (the "County") is issuing the Revenue Bonds (Department of Liquor Control), 2009 Series A (the "Series 2009A Bonds") to provide funds to finance and refinance the acquisition, construction and equipping of certain public facilities of the County and to pay costs of issuance. The Series 2009A Bonds will be issued under a Trust Agreement, dated as of May 1, 2009, by and between the County and U.S. Bank National Association, as Trustee.

The Series 2009A Bonds and the interest and premium (if any) thereon will be special obligations of the County, the principal of and interest and premium (if any) on which will be payable solely from the Trust Estate or from any other moneys made available to the Trustee for such purpose. Neither the Series 2009A Bonds nor the interest or premium (if any) thereon shall ever constitute an indebtedness or a charge against the general credit or taxing powers of the State of Maryland, the County or any other public body within the meaning of any constitutional or charter provision or statutory limitation. The Series 2009A Bonds do not constitute an indebtedness to which the faith or credit of the State of Maryland, the County or any other public body is pledged.

FOR MATURITY SCHEDULE SEE INSIDE FRONT COVER

Interest on the Series 2009A Bonds is payable semiannually on April 1 and October 1 of each year, commencing October 1, 2009. See "The Series 2009A Bonds – General" herein. The Series 2009A Bonds will be subject to optional redemption prior to maturity as more fully described herein.

The Series 2009A Bonds will be issuable in the denomination of $5,000 and any integral multiple of $5,000 in excess thereof. The Series 2009A Bonds will be issuable only as registered bonds. When issued, the Series 2009A Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchasers of ownership interests in the Series 2009A Bonds ("Beneficial Owners") will not receive physical delivery of bond certificates. Ownership by Beneficial Owners of ownership interests in the Series 2009A Bonds will be evidenced by book-entry only. As long as Cede & Co., as nominee for DTC, is the registered owner of the Series 2009A Bonds, payments of principal of and interest or premium (if any) on the Series 2009A Bonds will be made directly to DTC, through Cede & Co. as its nominee for DTC, is the registered owner of the Series 2009A Bonds, nominee, which will in turn remit such payments to the DTC Participants, as herein described, for subsequent disbursement to the Beneficial Owners. See "The Series 2009A Bonds - Book-Entry System" herein.

The Series 2009A Bonds are offered, subject to prior sale, when, as and if issued, subject to the approval of Venable LLP, Baltimore, Maryland, Bond Counsel, and approval of certain matters by Ballard Spahr Andrews & Ingersoll, LLP, Washington, D.C., counsel to the Underwriter, and certain other conditions. It is expected that the Series 2009A Bonds will be available for delivery in New York, New York through the facilities of DTC on or about May 12, 2009.

Banc of America Securities LLC

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

AMOUNTS, MATURITIES, INTEREST RATES AND YIELDS

$46,765,000
MONTGOMERY COUNTY, MARYLAND
REVENUE BONDS (DEPARTMENT OF LIQUOR CONTROL), 2009 SERIES A

Maturity April 1,	Amount	Interest Rate	Yield	CUSIP*
2010	$1,745,000	3.000%	1.000%	61336P AD3
2011	550,000	3.000	1.280	61336P AE1
2011	1,000,000	4.000	1.280	61336P AZ4
2012	1,605,000	4.000	1.670	61336P AF8
2013	1,670,000	4.000	1.950	61336P AG6
2014	200,000	4.000	2.320	61336P AH4
2014	1,535,000	5.000	2.320	61336P BA8
2015	1,820,000	5.000	2.580	61336P AJ0
2016	1,915,000	5.000	2.780	61336P AK7
2017	60,000	4.000	2.990	61336P AL5
2017	1,950,000	5.000	2.990	61336P BD2
2018	1,110,000	4.000	3.210	61336P BB6
2018	1,000,000	5.000	3.210	61336P AM3
2019	2,205,000	4.000	3.410	61336P AN1
2020	2,290,000	4.000	3.610	61336P AP6
2021	2,385,000	5.000	3.770	61336P AQ4
2022	2,500,000	5.000	3.910	61336P AR2
2023	2,625,000	5.000	4.050	61336P AS0
2024	2,760,000	4.000	4.190	61336P AT8
2025	2,870,000	5.000	4.330	61336P AU5
2026	3,010,000	5.000	4.440	61336P AV3
2027	550,000	4.500	4.530	61336P AW1
2027	2,610,000	5.000	4.530	61336P BC4
2028	3,315,000	5.000	4.590	61336P AX9
2029	3,485,000	5.000	4.630	61336P AY7

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* Copyright 2003, American Bankers Association. CUSIP data is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw Hill Companies Inc. The CUSIP number listed above is being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2009A Bonds and the County makes no representation with respect to such CUSIP number nor undertakes any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Series 2009A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2009A Bonds.

$46,765,000

MONTGOMERY COUNTY, MARYLAND
REVENUE BONDS (DEPARTMENT OF LIQUOR CONTROL), 2009 SERIES A

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 2009A BONDS" THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2009A 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 2009A BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2009A BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SERIES 2009A BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson, or other person has been authorized by the County, the Department or the Underwriter to give any information or to make any representations with respect to the Series 2009A 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 The Depository Trust Company and other sources which are believed to be reliable, but has not been independently verified by, is not guaranteed as to accuracy or completeness by and is not to be construed as a representation of the County or the Underwriter. 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 2009 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. A number of important factors, including factors affecting the Department's financial condition and factors which are otherwise unrelated thereto which affect Project construction and operation, could cause actual results to differ materially from those stated in the forward-looking statements.

THE SERIES 2009A 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.

MONTGOMERY COUNTY, MARYLAND
OFFICIAL ROSTER OF COUNTY OFFICIALS

COUNTY EXECUTIVE

Isiah Leggett

COUNTY COUNCIL

Phil Andrews	*President*
Roger Berliner	*Vice President*
Marc Elrich	
Valerie Ervin	
Nancy Floreen	
Michael J. Knapp	
George L. Leventhal	
Duchy Trachtenberg	

The terms of the County Executive and all County Council members expire in December 2010.

APPOINTED OFFICIALS

Timothy L. Firestine	*Chief Administrative Officer*
Jennifer E. Barrett	*Director, Department of Finance*
Joseph F. Beach	*Director, Office of Management and Budget*
Leon Rodriguez	*County Attorney*
Linda M. Lauer	*Clerk of the Council*

BOND COUNSEL

Venable LLP
Baltimore, Maryland

FINANCIAL ADVISOR

Davenport & Company LLC
Towson, Maryland

UNDERWRITER

Banc of America Securities LLC
Washington, D.C.

TRUSTEE

U.S. Bank National Association
Richmond, Virginia

DEBT MANAGEMENT AND DISCLOSURE INFORMATION

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

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SUMMARY OF OFFICIAL STATEMENT

This Summary is provided for the convenience of the reader and does not purport to be complete. Potential investors should read the entire Official Statement before considering an investment in the Series 2009A Bonds. Capitalized terms used in this Official Statement are defined in "APPENDIX C - Definitions of Terms and Summaries of the Trust Agreement and the Continuing Disclosure Agreement."

Issuer:	Montgomery County, Maryland
Issue:	Montgomery County, Maryland Revenue Bonds (Department of Liquor Control), 2009 Series A
Security:	Pledge of net profits of the Montgomery County Department of Liquor Control
Trustee:	U.S. Bank National Association, Richmond, Virginia
Maturity Dates:	April 1, 2010 through 2029, inclusive
Interest Payment Dates:	April 1 and October 1, beginning October 1, 2009
Redemption:	Series 2009A Bonds maturing on or before April 1, 2019 are not subject to redemption prior to maturity. Series 2009A Bonds maturing on or after April 1, 2020 are subject to optional redemption in whole at any time, or in part on any Interest Payment Date, on and after April 1, 2019, at a Redemption Price equal to the principal of and accrued interest, if any, on the Series 2009A Bonds, without premium, upon 30 days notice to the Owners of Series 2009A Bonds.
Tax status:	Generally exempt from federal and Maryland income taxation

$46,765,000

MONTGOMERY COUNTY, MARYLAND
REVENUE BONDS
DEPARTMENT OF LIQUOR CONTROL
2009 SERIES A

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, inside front cover and appendices, is provided to furnish certain information with respect to the issuance by Montgomery County, Maryland (the "County") of $46,765,000 aggregate principal amount of its Revenue Bonds (Department of Liquor Control), 2009 Series A (the "Series 2009A Bonds"). The Series 2009A Bonds will be issued pursuant to Resolution No. 16-676 adopted by the County on July 29, 2008 and amended on February 24, 2009 (as amended, the "Resolution") and a Trust Agreement dated as of May 1, 2009 (the "Trust Agreement") entered into between the County and U. S. Bank National Association, as trustee (the "Trustee"). The Trustee has a corporate trust office at 1021 E. Cary Street, Suite 1850, Richmond, Virginia 23219. The Trustee may be removed or replaced by the County, pursuant to the terms of the Trust Agreement.

The Series 2009A Bonds are being issued to provide funds to finance and refinance the acquisition, construction and equipping of certain public facilities of the County, more particularly described under the caption "USE OF PROCEEDS,"and to pay certain costs of issuing the Series 2009A Bonds.

Certain terms used in this Official Statement are defined in "APPENDIX C - Definitions of Terms and Summaries of the Trust Agreement and the Continuing Disclosure Agreement." Any capitalized term used in this Official Statement and not defined herein shall have the meaning given such term by the Trust Agreement, except where otherwise indicated or the context clearly indicates otherwise.

The Series 2009A Bonds will be limited obligations of the County, payable solely from the Trust Estate as described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS."

THE COUNTY

The Series 2009A Bonds have been authorized and will be issued by Montgomery County, Maryland (the "County"), a body politic and corporate and a political subdivision of the State of Maryland. The Series 2009A Bonds will be issued under the provisions of the Constitution and laws of the State of Maryland, in particular Sections 5(P)(2) and 5(P)(3) of Article 25A of the Annotated Code of Maryland (2005 Replacement Volume and 2008 Supplement) and the Montgomery County Revenue Bond Act, Article IX of the Montgomery County Code (2004 Edition, as amended) (collectively, the "Revenue Bond Act"), and pursuant to the Resolution and other proceedings of the County.

THE DEPARTMENT

The Montgomery County Department of Liquor Control (the "Department") operates facilities for the wholesale and retail distribution of alcoholic beverages in the County. The Series 2009A Bonds are payable solely from the Trust Estate, the primary component of which is the Pledged Revenues of the Department. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS" below.

Further current and historical information concerning the Department is contained in "APPENDIX A — The Department of Liquor Control" and in "APPENDIX B — Financial Information Regarding the Department Excerpted from the County's Comprehensive Annual Financial Reports for the Fiscal Years Ending June 30, 2008 And 2007." The financial information included in Appendix B has not been audited by the County's auditors.

USE OF PROCEEDS

The proceeds of the Series 2009A Bonds will be used to finance and refinance the acquisition, construction and equipping of certain public facilities (the "Projects"). The Projects include the following:

Department Warehouse Facility

Approximately $32.7 million of the proceeds of the Series 2009A Bonds will be used to purchase an existing warehouse facility (the "Warehouse") to be used in the operations of the Department. The County intends to purchase the Warehouse on or about May 29, 2009. After renovation, the Department will consolidate certain existing warehousing operations and headquarters at the Warehouse. The Department projects that such consolidation will result in net cost savings.

The County expects that completion of the renovation of the Warehouse (including planning, design and renovation) will cost approximately $16.3 million. The County presently intends to finance substantially all of such costs through the issuance of Additional Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS – Additional Bonds" below.

Interchange at Maryland Route 355/Montrose Parkway West

Approximately $14.5 million of the proceeds of the Series 2009A Bonds will be used to finance or refinance the County's share of the cost of the construction of an interchange (the "Interchange") at the intersection of Maryland Route 355 (Rockville Pike) and Montrose Parkway West, in the Bethesda area of the County. The Interchange is being constructed by, and partially funded by, the Maryland State Highway Administration. Construction is underway. The County expects the Interchange to be complete in Fiscal Year 2010, and to have disbursed all of its share of the costs of the Interchange by July 2009.

Estimated Sources and Uses of Funds

The proceeds of the Series 2009A Bonds will be used (i) to finance and refinance a portion of the costs of the Projects, and (ii) to pay costs of issuance of the Series 2009A Bonds (including underwriting, legal, rating agency, printing and other miscellaneous costs allocable to the issuance of the Series 2009A Bonds).

Sources of Funds

Principal Amount of Series 2009A Bonds	$46,765,000.00
Net Original Issue Premium	2,898,394.95
Total Sources of Funds	$49,663,394.95

Uses of Funds

Deposit to Construction Account	$49,200,000.00
Underwriter's Discount	230,856.90
Deposit to Costs of Issuance Account	232,538.05
Total Uses of Funds	$49,663,394.95

THE SERIES 2009A BONDS

General

The Series 2009A Bonds will be dated the date of their delivery, will be issued in authorized denominations of $5,000 or any integral multiple thereof and will bear interest at the rates set forth on the inside front cover page of this Official Statement, payable semi-annually on April 1 and October 1, commencing October 1, 2009, computed on the basis of a 360-day year comprised of twelve 30-day months.

Redemption

In the manner and with the effect provided in the Trust Agreement, the Series 2009A Bonds will be subject to redemption prior to maturity as described below.

Optional Redemption. The Series 2009A Bonds maturing on or before April 1, 2019 are not subject to optional redemption prior to their respective maturities. The Series 2009A Bonds maturing on or after April 1, 2020 are subject to optional redemption by the County, in its sole discretion, in whole at any time, or in part on any Interest Payment Date, on and after April 1, 2019, at a Redemption Price equal to the principal amount thereof, plus accrued interest.

Selection of Series 2009A Bonds for Redemption. If not otherwise provided as described above, whenever less than all the Outstanding Series 2009A Bonds of a maturity are to be redeemed on any one date, the Trustee shall select the Series 2009A Bonds to be redeemed from the Outstanding Series 2009A Bonds of such maturity by lot, or in such other manner as the Trustee deems fair; provided, that the Trustee shall select for redemption Series 2009A Bonds stated to mature in the years selected by the County in its discretion.

Notice of Redemption. Notice of redemption shall be given by mail by the Trustee to the Owners of any Series 2009A Bonds designated for redemption in whole or in part no less than thirty (30) days prior to the Redemption Date. Each notice of redemption shall state the Redemption Date, the redemption place and the redemption price, the maturity dates of the Series 2009A Bonds to be redeemed and shall designate the numbers of the Series 2009A Bonds to be redeemed if less than all of the Outstanding Series 2009A Bonds of a maturity are to be redeemed, shall (in the case of any Series 2009A Bond called for redemption in part only) state the portion of the principal amount thereof which is to be redeemed, and shall state that the interest thereon or portions thereof designated for redemption shall cease to accrue from and after such Redemption Date and that on such Redemption Date there will become due and payable on each of the Series 2009A Bonds or portions thereof designated for redemption the redemption price thereon. The failure to mail such notice with respect to any Series 2009A Bond shall not affect the validity of the proceedings for the redemption of any other Series 2009A Bond with respect to which notice was so mailed.

Redemptions - Book-Entry. During any period in which the Series 2009A Bonds are maintained pursuant to a book-entry system, redemption of the Series 2009A Bonds shall occur in accordance with the Securities Depository's standard procedures for redemption of obligations such as the Series 2009A Bonds.

Book-Entry System

The information under this caption concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from sources believed to be reliable, but the County, the Trustee and the Underwriter take no responsibility for the accuracy or completeness thereof.

DTC will act as Securities Depository for the Series 2009A Bonds. The Series 2009A 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 certificate will be issued for each maturity of the Series 2009A Bonds in principal amount equal to the aggregate principal amount of the Series 2009A 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 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"). DTC has Standard & Poor's highest rating: AAA. 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 Series 2009A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2009A 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 2009A 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 2009A Bonds, except in the event that use of the book-entry system for the Series 2009A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009A 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 2009A 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 2009A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009A 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.

Redemption notices shall be sent to DTC. If less than all of the Series 2009A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2009A Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2009A Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2009A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments and any premium on the Series 2009A 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 Trustee, on 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 Trustee 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 Trustee, 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.

DTC may discontinue providing its services as securities depository with respect to the Series 2009A Bonds at any time by giving reasonable notice to the County or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2009A Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2009A Bond certificates will be printed and delivered.

The information contained herein concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

Neither the Trustee, the County nor the Underwriter will have any responsibility or obligation to such DTC Participants or the persons for whom they act as nominees with respect to the payments to the DTC Participants, the Indirect Participants or Beneficial Owners.

For so long as the Series 2009A Bonds are registered in the name of the Securities Depository or the Securities Depository Nominee, the County and the Trustee will recognize the Securities Depository or the Securities Depository Nominee as the registered owner of the Series 2009A Bonds for all purposes, including notices and voting. Conveyance of notices and other communications by DTC or DTC Participants and DTC Indirect Participants to Beneficial Owners of the Series 2009A Bonds will be governed by arrangements among DTC, DTC Participants, DTC Indirect Participants and Beneficial Owners, subject to any statutory and regulatory requirements as may be in effect from time to time.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS

General

The Series 2009A Bonds and the interest and premium (if any) thereon are payable solely from the Trust Estate. The Trust Estate consists of (1) the Pledged Revenues, as described below, (2) the amounts on deposit under the Trust Agreement (other than amounts on deposit in the Rebate Fund) and (3) any other property rights and interests granted to the Trustee after the date of the Trust Agreement as and for additional security.

The Series 2009A Bonds and the interest and premium (if any) thereon will be special obligations of the County, the principal of and interest and premium (if any) on which will be payable solely from the Trust Estate or from any other moneys made available to the Trustee for such purpose. Neither the Series 2009A Bonds nor the interest or premium (if any) shall ever constitute an indebtedness or a charge against the general credit or taxing powers of the State of Maryland, the County or any other public body within the meaning of any constitutional or charter provision or statutory limitation. The Series 2009A Bonds do not constitute an indebtedness to which the faith or credit of the State of Maryland, the County or any other public body is pledged.

Pledged Revenues

In the Trust Agreement, the County has pledged all right, title and interest in and to the Pledged Revenues in order to secure the payment of the principal of, premium, if any, and interest on the Series 2009A Bonds, and the County's other obligations under the Trust Agreement.

Application of Net Profits. Under applicable State law, the net profits derived by the Department from the sale of alcoholic beverages are applied to maintain a working capital reserve adequate to provide for the continued operation of the dispensary system operated by the Department (the "Working Capital Reserve"). Any such net profits remaining after the deposit to the Working Capital Reserve are transferred to the County's General Fund. The Pledged Revenues will consist of all transfers of such net profits to the County's General Fund.

In the Trust Agreement, the County will covenant not to create or incur any indebtedness payable in whole or in part from any portion of the revenues of the Department, except in accordance with the provisions of the Trust Agreement. See "- Additional Bonds" below.

Working Capital Reserve. Pursuant to State law, the Director of Finance of the County and the Director of the Department, subject to the approval of the County Executive, are required to determine the amount of the Working Capital Reserve, to be in an amount adequate to provide for the continued operation of the dispensary system of the Department. The amount of the Working Capital Reserve for fiscal years 2004 through 2008 is as follows:

Fiscal Year	Amount of Working Capital Reserve
2004	$2,927,196
2005	5,203,674
2006	2,053,806
2007	3,493,000
2008	3,566,000

Source: Department of Liquor Control

Deposit to County's General Fund. All net profits of the Department, after the funding of the Working Capital Reserve, are deposited to the County's General Fund and will be Pledged Revenues. The amount of the deposit to the County's General Fund in fiscal years 2004 through 2009 is as follows:

Fiscal Year	Amount of Deposit to General Fund
2004	$20,501,030
2005	20,503,510
2006	20,698,760
2007	22,149,060
2008	22,168,275
2009 (1)	26,375,850

(1) Budgeted

Source: 2004 – 2008: County Comprehensive Annual Financial Report; 2009: County Department of Finance

Pro Forma Debt Service Coverage

The following table shows historical pro forma debt service coverage on the Series 2009A Bonds for fiscal years 2004 through 2008, as if the Series 2009A Bonds had been issued in 2004:

Fiscal Year	Pledged Revenues (1)	Maximum Annual Debt Service on Series 2009A Bonds	Coverage Ratio
2004	$20,501,030	$3,660,150	5.60
2005	20,503,510	3,660,150	5.60
2006	20,698,760	3,660,150	5.66
2007	22,149,060	3,660,150	6.05
2008	22,168,275	3,660,150	6.06

(1) Source: County Comprehensive Annual Financial Report

Additional Bonds

Pursuant to the terms of the Resolution and the Trust Agreement, the County may from time to time issue Additional Bonds. 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 Bonds then Outstanding. Additional Bonds may be issued initially as Variable Rate Debt, and may be secured by a separate Credit Facility, all as shall be determined by the County in its discretion. See "APPENDIX C - Definitions of Terms and Summaries of the Trust Agreement and the Continuing Disclosure Agreement – Summary of the Trust Agreement – Additional Bonds."

As a condition to the delivery of any such Additional Bonds, the Trustee must receive, among other things, unless such Additional Bonds are being issued solely to (i) refinance, refund or advance refund Outstanding Bonds and/or (ii) to pay the costs of issuing such Additional Bonds, a written certificate of a County Representative to the effect that (A) the amount of the Pledged Revenues for the most recent Bond Year was not less than 150% of the Debt Service Requirements of Outstanding Bonds for such Bond Year plus the Maximum Annual Debt Service for such Additional Bonds, 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 Pledged Revenues as of the last day of each such Bond Year are projected to be not less than 150% of the Maximum Annual Debt Service on the Outstanding Bonds, taking into account the issuance of such Additional Bonds. If such Additional Bonds are being issued solely to (i) refinance, refund or advance refund Outstanding Bonds and/or (ii) to pay the costs of issuing such Additional Bonds, then the Trustee must receive, among other things, either (1) the certificate described in the immediately preceding sentence or (2) a written certificate of a County Representative 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. See "APPENDIX C - Definitions of Terms and Summaries of the Trust Agreement and the Continuing Disclosure Agreement – Summary of the Trust Agreement – Additional Bonds."

RISK FACTORS

General

In considering the matters set forth in this Official Statement, prospective investors should carefully review all investment considerations set forth throughout this Official Statement, and should specifically consider certain investment considerations associated with the Series 2009A Bonds. The material under this heading is a discussion of some, but not necessarily all, of the possible risk factors that should be evaluated carefully by prospective purchasers of the Series 2009A Bonds prior to any investment.

Limited Obligations

The Series 2009A Bonds and the interest and premium (if any) thereon will be special obligations of the County, the principal of and interest and premium (if any) on which will be payable solely from the Trust Estate or from any other moneys made available to the Trustee for such purpose. Neither the Series 2009A Bonds nor the interest or premium (if any) thereon, shall ever constitute an indebtedness or a charge against the general credit or taxing powers of the State of Maryland, the County or any other public body within the meaning of any constitutional or charter provision or statutory limitation. The Series 2009A Bonds do not constitute an indebtedness to which the faith or credit of the State of Maryland, the County or any other public body is pledged.

Results of Operations

Payment of the Series 2009A Bonds will depend on timely collection of Pledged Revenues, which in turn will depend upon the Department's ability to conduct its operations in such a fashion as to generate sufficient net profits. The Department's ability to generate sufficient net profits to pay debt service on the Series 2009A Bonds will depend upon (1) the Department's ability to conduct its operations in an efficient manner, and (2) the level of demand in the County for beverage alcohol.

The Department's ability to conduct efficient operations may be affected by a number of factors, including (without limitation):

- new federal or State regulations affecting the conduct of the Department's operations; and

- policy changes in the Department's mission that increase the emphasis on moderation of consumption over revenue production.

The level of demand in the County for beverage alcohol is subject to a number of factors outside of the control of the County and the Department, including (without limitation):

- general economic and demographic conditions in the County;

- federal and State regulation of the distribution, sale and consumption of beverage alcohol;

- federal and State taxation of the purchase of beverage alcohol; and
- broad societal and cultural trends affecting alcohol consumption patterns.

Changes in any of these factors may have a material adverse affect on the Department's ability to generate Pledged Revenues and, therefore, on the ability of the County to pay debt service on the Series 2009A Bonds.

No Mortgage

Neither the County nor the Department will grant a mortgage or other security interest in any real property, including (without limitation) the Projects. The sole source of security for the Series 2009A Bonds is the Trust Estate.

Additional Bonds Secured by Pledged Revenues

The Trust Agreement permits the issuance of Additional Bonds under certain circumstances which would be equally and ratably secured with the Series 2009A Bonds. Any such Additional Bonds would be entitled to share ratably with the holders of the Series 2009A Bonds in any moneys realized from the exercise of remedies in the event of a default by the County. The Resolution authorizes the issuance of Series 2009A Bonds and Additional Bonds in an aggregate principal amount of $138,000,000. The County presently intends to issue Additional Bonds in such amount through fiscal year 2011.

TAX EXEMPTIONS

In the opinion of Bond Counsel, under existing law, the interest on the Series 2009A Bonds (a) is excludable from gross income for Federal income tax purposes, and (b) is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals and corporations, and such interest is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax.

Under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain requirements that must be met subsequent to the issuance of the Series 2009A Bonds in order for the interest on the Series 2009A Bonds to remain excludable from gross income for Federal income tax purposes, including restrictions that must be complied with throughout the term of the Series 2009A Bonds. Such restrictions include, among other things, limitations on the yield of investments acquired with gross proceeds of the Series 2009A Bonds and the periodic payment to the United States of specified portions of arbitrage profit derived from such investments.

In order to comply with the requirements of the Code, the County has made covenants and agreements that are designed to satisfy the requirements of Section 103 and Sections 141 through 150, inclusive, of the Code, and the income tax regulations issued thereunder. In the opinion of Bond Counsel, these covenants and agreements are sufficient to meet the requirements (to the extent applicable to the Series 2009A Bonds) of Section 103 and Sections 141 through 150 of the Code. However, Bond Counsel assumes no responsibility for, and will not monitor, compliance with these covenants and agreements. In the event of noncompliance with such covenants and agreements, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2009A Bonds from becoming includable in gross income for Federal income tax purposes.

Under the Code, in calculating corporate alternative minimum tax, a corporation is required to increase its alternative minimum taxable income by 75 percent of the amount by which its "adjusted current earnings" exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For this purpose, "adjusted current earnings" would include, among other items, interest on the Series 2009A Bonds. In addition, the Code imposes a branch-level tax on certain earnings and profits of foreign corporations operating branches in the United States, and such earnings and profits would include interest on the Series 2009A Bonds.

Other Federal income tax consequences may arise from ownership of the Series 2009A Bonds and prospective purchasers of the Series 2009A Bonds should be aware that the ownership of the Series 2009A Bonds may result in collateral Federal income tax consequences to various categories of persons, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income", foreign corporations subject to a branch profits tax, life insurance companites, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2009A Bonds. The foregoing is only a general summary of certain provisions of the Code and does not purport to be complete; prospective purchasers and holders of the Series 2009A Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

The initial public offering price of some of the Series 2009A Bonds may be less than the amount payable on those Series 2009A Bonds at maturity. The excess, if any, of the amount payable at maturity of a Series 2009A Bond over the initial public offering price at which a substantial amount of the same maturity of the Series 2009A Bonds was sold constitutes original issue discount for Federal income tax purposes ("OID"). The full amount of OID will accrue over the term of a Series 2009A Bond in accordance with a constant yield method (using semi-annual compounding) which allocates smaller portions of OID to earlier semi-annual compounding periods and larger portions of OID to later semi-annual compounding periods. In the case of an original or a subsequent holder of a Series 2009A Bond, the amount of OID which is treated as having accrued with respect to such Series 2009A Bond during the period that the holder has held it (a) is not included in the gross income of the holder for Federal income tax purposes, and (b) is included in the cost basis of the holder in determining, for Federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). Holders of Series 2009A Bonds should consult their tax advisors with respect to the determination, for Federal income tax purposes, of OID accrued upon the sale, redemption or payment at maturity of such Series 2009A Bonds.

A Series 2009A Bond will be considered to have been issued at a premium if, and to the extent that, the holder's tax basis in the Series 2009A Bond exceeds the amount payable at maturity (or, in the case of a Series 2009A Bond callable prior to maturity, the amount payable on the earlier call date). The holder will be required to reduce his tax basis in the Series 2009A Bond for purposes of determining gain or loss upon disposition of the Series 2009A Bond by the amount of amortizable bond premium that accrues (determined on a constant yield method) during the period of ownership. The amount of the amortizable bond premium offsets and reduces the amount of tax-exempt interest on the Series 2009A Bonds. No deduction (or other tax benefit) is allowable in respect of any amount of amortizable bond premium on the Series 2009A Bonds. Holders of Series 2009A Bonds should consult with their tax advisors with respect to the determination and treatment of premium for Federal income tax purposes.

Prospective purchasers of the Series 2009A Bonds should consider possible state and local, excise, or franchise tax consequences arising from OID on the Series 2009A Bonds. In addition, prospective corporate purchasers of the Series 2009A Bonds should consider possible Federal income tax consequences arising from OID on the Series 2009A Bonds under the alternative minimum tax and the branch profits tax described above.

Legislative proposals presently before Congress or that are introduced after issuance and delivery of the Series 2009A Bonds, if enacted, could alter or amend one or more of the Federal tax matters referred to above and/or adversely affect the market value of the Series 2009A Bonds. It cannot be predicted whether or in what form any such proposal may be enacted, and there can be no assurance that any such proposal would not apply to obligations issued prior to the enactment of such proposal. Accordingly, prospective purchasers of the Series 2009A Bonds should consult with their tax advisors as to the status and potential effect of such proposals.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete; holders of Series 2009A Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

In the opinion of Bond Counsel, under existing law of the State of Maryland, the interest on the Series 2009A Bonds and the profit realized from the sale or exchange of the Series 2009A Bonds is exempt from income taxation by the State of Maryland or by any of its political subdivisions; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes or any other taxes not levied directly on the Series 2009A Bonds or the interest thereon.

Interest on the Series 2009A Bonds may be subject to state and local income taxes in jurisdictions other than the State of Maryland under applicable state or local tax laws. Prospective purchasers of the Series 2009A Bonds should consult their own tax advisors regarding the taxable status of the Series 2009A Bonds in a particular state or local jurisdiction other than the State of Maryland.

LEGAL MATTERS

The validity of the Series 2009A Bonds will be passed upon by Venable LLP, Baltimore, Maryland, Bond Counsel. The form of Bond Counsel's opinion is set forth in Appendix D to this Official Statement.

Certain legal matters will be passed upon for the Underwriter by Ballard Spahr Andrews & Ingersoll, LLP, Washington, D.C.

LITIGATION

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2009A Bonds or questioning or affecting the validity of the Series 2009A Bonds, the Trust Agreement or the proceedings and authority under which the Series 2009A Bonds are to be issued or the pledge of the Pledged Revenues.

UNDERWRITING

The Series 2009A Bonds are being purchased for reoffering by Banc of America Securities LLC (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Series 2009A Bonds at an aggregate purchase price of $49,432,538.05, which reflects net original bond premium of $2,898,394.95, less Underwriter's discount of $230,856.90. The purchase contract between the County and the Underwriter provides that the Underwriter will purchase all of the Series 2009A Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the purchase contract, the approval of certain legal matters by counsel and certain other conditions.

FINANCIAL ADVISOR

Davenport & Company LLC of Towson, Maryland has acted as financial advisor to the County in connection with the issuance of the Series 2009A 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.

RATING

As noted on the cover page of this Official Statement, Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, has given the Series 2009A Bonds the rating of AA-. A rating reflects only the view of the rating organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2009A Bonds.

CONTINUING DISCLOSURE

As a condition to the issuance of the Series 2009A Bonds, the County will execute and deliver a Continuing Disclosure Agreement dated the date of issuance of the Series 2009A 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 Continuing Disclosure Agreement is described in "APPENDIX C - Definitions of Terms and Summaries of the Trust Agreement and the Continuing Disclosure Agreement."

FINANCIAL INFORMATION

The financial information for the Department set forth in Appendix B is extracted from and should be read in conjunction with the Comprehensive Annual Financial Reports of Montgomery County, Maryland for Fiscal Years 2008 and 2007, prepared by the County Finance Department. The financial information included in Appendix B has not been audited by the County's auditors. Copies of the complete Comprehensive Annual Financial Reports of Montgomery County, Maryland for Fiscal Years 2008 and 2007 are available from the County or at http://bonds.montgomerycountymd.gov/.

MISCELLANEOUS

This Official Statement includes descriptions of the terms of the Resolution and the Trust Agreement. Such descriptions do not purport to be complete and all such descriptions and references thereto are qualified in their entirety by references to each such document, copies of which may be obtained from the Trustee.

Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are set forth as such and not as representations of fact.

The attached Appendices A through D are integral parts of this Official Statement and should be read in their entirety together with the foregoing information.

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

MONTGOMERY COUNTY, MARYLAND

By: /s/ ISIAH LEGGETT
County Executive

APPENDIX A

THE DEPARTMENT OF LIQUOR CONTROL

Section Page Number

THE DEPARTMENT OF LIQUOR CONTROL

Introduction

The Montgomery County Department of Liquor Control (the "Department") operates facilities for the wholesale and retail distribution of alcoholic beverages in Montgomery County, Maryland (the "County"). The Department has a complete monopoly on wholesale distribution of all alcoholic beverages in the County, and (subject to one grandfathered exception in Takoma Park, as described below) a monopoly in the County on the retail distribution of distilled beverage spirits for off-site consumption. In addition, the Department conducts retail sales of non-chilled beer, wine, ice, bottled water and some mixers. The County is the only county in the nation that operates monopolies on the wholesale and retail distribution of alcoholic beverages.

History

Upon the repeal of Prohibition in 1933, the regulation of alcoholic beverages reverted to the several states. Two regulatory models emerged: "license states" grant licenses to private entities to sell alcoholic beverages; "control states" conduct the sales themselves, at the wholesale level, the retail level or both. The State of Maryland (the "State") is generally a license state. However, State legislation established the County as a control jurisdiction. On December 5, 1933, the Maryland General Assembly enacted legislation to establish the Liquor Control Board for Montgomery County. For the next 18 years, the Liquor Control Board controlled the sale and distribution of alcoholic beverages in the County and also served as the Board of License Commissioners, granting licenses for the retail sale of liquor, wine, and beer within the County.

The Department was created pursuant to Article 2B of the Annotated Code of Maryland, effective July 1, 1951. This newly-created Department assumed control over all wholesale distribution of beverage alcohol and all retail sales of distilled spirits for off-premise consumption, while the separate Board of License Commissioners retained the authority to issue licenses for the retail sale of liquor, wine, and beer within the County.

In 1997, the portion of the City of Takoma Park that was previously in adjoining Prince George's County, Maryland ("Prince George's County") became a part of the County. This new portion of the County contained one retail establishment that had authority under State and Prince George's County law to sell liquor package goods for off-premise consumption. That establishment retains its authority under a grandfather clause.

On August 8, 2006, the Board of License Commissioners was reorganized into a new division of the Department entitled "Licensure, Regulation and Education." The Board remains an independent body.

Mission

The Department's mission statement is:

> We will provide efficient and quality wholesale and retail sales of beverage alcohol products while promoting moderation and responsible behavior in all phases of distribution and consumption. We will diligently promote and obey all laws and regulations governing beverage alcohol while generating revenue for the benefit of Montgomery County's General Fund.

The Department attempts to conduct its operations in such a fashion as to balance the promotion of moderation in the consumption of alcoholic beverages with the offering of a wide variety of products at reasonable prices while returning a fair profit to the County's General Fund for use in paying for other citizen services.

Statutory Authorization

The Department is a creature of State statute. Pursuant to Article 2B of the Annotated Code of Maryland, the Department is a department of the County government under the general administrative supervision of the Director of the Department, with such powers as are granted it by State law. Those powers consist generally of the power to operate dispensaries, to hire employees, to purchase and sell alcoholic beverages, and to acquire real or personal property for use in Department operations. “Alcoholic beverages” are defined in State law to include any spirituous, vinous, malt or fermented liquor, liquid or compound, by whatever name called, which contains one-half of one percent or more of alcohol by volume, and which is fit for beverage purposes.

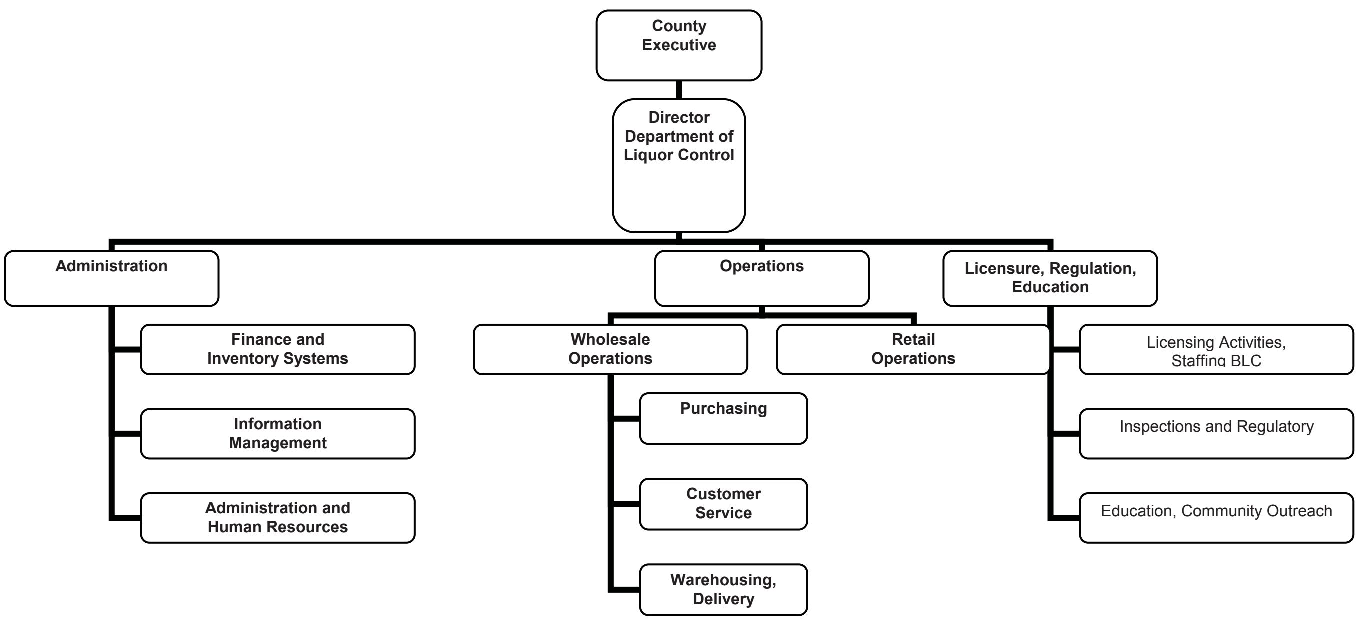
State law does not directly prohibit County residents from transporting beverage alcohol from outside the State into the County for personal consumption. However, the State imposes a tax on any such alcohol (subject to certain *de minimis* exceptions); willful possession or transport of alcoholic beverages subject to tax upon which tax has not been paid is a crime, subject to a fine of up to $10,000 or imprisonment of up to 5 years or both. There are no legal limitations on the ability of County residents to transport beverage alcohol into the County for personal consumption if such alcohol was legally purchased in other Maryland jurisdictions.

State law requires that net profits of the Department be applied first towards the payment of debt service relating to Department facilities, second to the maintenance of a working capital reserve, and third to the County general fund. As of the date hereof, there is no outstanding debt with respect to Department facilities.

Organization and Senior Staff

The Department is a department of County government, under the general supervision of the Director of the Department. The Director is appointed by, and serves at the pleasure of, the County Executive.

Organization. The Department is organized as shown in the following chart:



Senior Staff. The senior staff of the Department consists of the following persons:

George F. Griffin, Director: Mr. Griffin has been the director of the Department since February 2001. Prior to that, he served as an Assistant Chief Administrative Officer of the County. Previously, Mr. Griffin served as special assistant to the County Executive; Executive Director of the Greater Bethesda-Chevy Chase Chamber of Commerce; and as a past president of the Metropolitan Washington, DC, Council of Chambers. He has served on numerous boards including the Washington, DC, Water and Sewer Authority and the Strathmore Halls Arts Foundation, as well as serving as chairman of the board of the NABCA (National Alcohol Beverage Control Association) in 2005-2006. Mr. Griffin graduated from Washington and Lee University with a bachelor’s degree in politics and earned a master’s degree in public policy from the University of Maryland, College Park. He resides in Rockville, Maryland, with his wife and son.

Sunil S. Pandya, Chief of Administration: Mr. Pandya is the Chief of Administration of the Department. He is responsible for the oversight of the administration, finance and information technology functions of the Department. In addition, he serves on the Board of Investment Trustees as the member who is not represented by an employee organization. Previous County government positions held by Mr. Pandya include Budget Manager in the Office of Management and Budget, Administrative Services Coordinator in the Department of Technology Services and Senior Financial Specialist in the Division of Fleet Management, Department of Transportation. Mr. Pandya holds a MBA and Master of Science in Finance from the University of Baltimore and is a Certified Public Accountant (CPA).

Gus Montes de Oca, Chief of Operations: Mr. Montes de Oca is the Chief of Operations for the Department. Mr. Montes de Oca has served in this position for the last five years. Prior to this position, he held the position of Chief of Wholesale Operations for the Department. Mr. Montes de Oca joined the County in 1998 after 22 years in the beer distribution business. He was born in Bahia Blanca, Argentina, and now resides in Kensington, Maryland with his wife and two children.

Kathie Durbin, Chief of Licensure, Regulation and Education: Ms. Durbin began her career as a responsible beverage instructor for the State of Maryland. In addition to her training responsibilities, Kathie spent eight years as a contractor for Montgomery County Health and Human Services actively working on substance abuse prevention techniques with key stakeholders and community organizations. She managed several sizable State grants, a County program of mini-grants and the substance abuse prevention network. As the Executive Director of the Montgomery County Restaurant Association in the early 90's, Ms. Durbin assisted the business community with legislative issues and local policies. Ms. Durbin is a graduate of the University of Maryland with a Bachelor's degree in Social Work/Psychology and is a certified Maryland alcohol server instructor, parent educator/facilitator and is a certified Maryland state prevention professional. She plays leadership roles on local, statewide and national alcohol related boards such as the National Alcohol Beverage Association, Maryland Alcohol Licensing Association, Responsible Hospitality Institute and the Responsible Retailing Forum. Ms. Durbin resides in Silver Spring, Maryland with her husband and three children.

Advisory Board. There is an advisory board, with five members who are appointed by the County Executive with the approval of the County Council; no more than two of the five may hold liquor licenses. The Director of the Department, the superintendent of the County police and the chair of the Board of License Commissioners also serve as *ex officio* members of the advisory board. The duties of the advisory board are to report to the County Executive periodically but at least quarterly on recommendations for the improvement of the alcoholic beverages control and enforcement activities of the County and of the operations of the Department's dispensary and distribution systems from the standpoint of efficiency, service and convenience to the public.

Employees. As of the end of fiscal year 2008, the Department had 260 full-time and 60 part- time positions for a total of 340.6 work years. With the exception of management and some administrative positions, employees of the Department belong to, or are represented by, The United Food and Commercial Workers Local 1994, Municipal and County Government Employees' Organization.

Annual Budget Process. The Department prepares an annual budget in coordination with the County's Office of Management and Budget. The Department projects sales, expenses, capital needs and the resulting gross profit margin. The Department and the County then determine the amount of the Working Capital Reserve (see "Results of Operations – Working Capital Reserve" below). Based on these projections and determinations and considering cash on hand, the Department and the County budget the amount of the transfer to the County's General Fund. These budgeted amounts and the resulting transfer are approved by the County Executive no later than March 15 for the fiscal year beginning on the ensuing July 1. The Department prepares monthly reports to monitor actual performance against budgeted performance; in the event that actual performance deviates from budgeted performance, the difference is made up in the next year's transfer to the General Fund.

Wholesale Operations

Wholesale Facility

The Department's principal wholesale facility is a warehouse (the "Existing Warehouse") owned by the Department and located on Crabbs Branch Way in Derwood, in the central part of the County. The Existing Warehouse has a total of approximately 151,000 square feet of storage space, of which approximately 10,000 square feet is an air-conditioned keg facility.

The Department uses the Existing Warehouse to store approximately 4,000 SKU's stock beer, wine and spirit products for resale to wholesale customers. Stock products are purchased in bulk and stored at the Existing Warehouse for wholesale customers to purchase, and for transfer to the 26 County retail stores. The Department also offers thousands of items as special order and will research any product a customer wants to ascertain price and availability. Special order items are usually not warehoused, but are obtained specifically for both wholesale and retail customers. The procurement process starts once the product is ordered. The Existing Warehouse also houses the Department's administrative activities.

The Projects financed with the proceeds of the Series 2009A Bonds include the acquisition of a warehouse in Gaithersburg, Maryland, to be used as a new wholesale facility and headquarters for the Department. The renovated warehouse will include temperature-controlled storage facilities in accordance with supplier requirements.

Wholesale Customer Base

The Department's wholesale customer base comprises every licensed seller of alcoholic beverages in the County. There are over 900 license holders in the County, including restaurants, carry-out stores, hotels, conference centers, caterers, clubs and lodges. The Department's ten largest wholesale customers in calendar year 2008 were:

Customer	CY 2008 Sales	Percent of Total Wholesale Sales
Shoppers Food Warehouse	$ 3,477,782.30	3.0%
Rodman's Party Boutique	2,165,862.97	1.9
Rodman's Gourmet	2,129,271.00	1.9
Balducci's	1,972,670.22	1.7
Giant Good Store #50	1,730,088.85	1.5
Magruder's	1,519,081.98	1.3
Georgetown Square Wine and Cheese	1,394,657.09	1.2
Long Branch Beer and Wine	1,329,265.90	1.2
Snider's Supermarket	1,156,292.76	1.0
Open Til Midnight	1,022,223.71	0.9
Total	$17,897,196.78	15.6%

Source: Department of Liquor Control

Wholesale Suppliers

The Department is not subject to County procurement laws or regulations. The Department procures its stock from wholesale distributors and, in some instances, direct from breweries, wineries and distillers.

The Department's ten largest wholesale suppliers in calendar year 2008 were:

Supplier	CY 2008 Purchases	Percent of Total Wholesale Purchases
Anheuser Busch	$11,093,320.45	12.54%
Crown Imports	9,550,306.25	10.80
Miller Brewing	8,900,294.62	10.06
Heineken	8,854,993.49	10.01
Premium	3,975,352.71	4.49
E & J Gallo	3,228,031.00	3.65
Constellation	3,073,766.46	3.48
Fosters	2,720,739.04	3.08
Diageo	1,937,154.19	2.19
Boston Beer	1,721,980.69	1.95
Total	$55,055,938.90	62.25%

Source: Department of Liquor Control

Retail Operations

Retail Facilities

The Department operates 26 retail stores located throughout the County, including the Hampden Lane store that opened in February 2009. These stores sell non-chilled beer, wine and liquor, plus ice, bottled water and certain mixers. State law prohibits the Department from selling other products at retail.

The stores vary in size, from approximately 3,900 square feet to over 7,700 square feet. The Department leases the stores. The inventory in each store varies according to sales patterns and available retail space. In fiscal year 2008, no single location accounted for more than 6.7 percent or less than 1.6 percent of total Department retail sales.

Retail Sales

The distribution of sales across the Department's 25 retail facilities that were in operation in fiscal year 2008 was as follows:

[table appears on following page]

Retail Store	FY 2008 Sales	% of Total Retail Sales
Auburn Avenue	$3,948,134	4.1%
Burtonsville	2,788,749	2.9
Cabin John	3,851,130	4.0
Chevy Chase	1,574,305	1.8
Cloverly	2,707,215	2.8
Diamond Square	1,705,054	1.8
Fallsgrove	3,994,364	4.2
Flower Avenue	2,121,300	2.2
Gaithersburg	1,640,740	1.7
Kensington	4,275,482	4.5
Kingsview	3,908,172	4.1
Leisure World	3,547,004	3.7
Milestone	6,403,978	6.7
Montgomery Village	3,110,041	3.3
Montrose	6,205,198	6.5
Muddy Branch	5,900,119	6.2
Olney	5,059,665	5.3
Pike	4,617,642	4.8
Potomac	5,591,622	5.9
Silver Spring	3,922,168	4.1
Twinbrook	2,264,372	2.4
Walnut Hill	3,332,670	3.5
Westwood	6,043,392	6.3
Wheaton	3,356,011	3.5
White Oak	3,548,259	3.7
Total:	$95,416,786	100.0%

Source: Department of Liquor Control

As noted above, there is one private retail facility in Takoma Park with authority to sell distilled spirits beverages for off-site consumption. That facility had estimated sales in calendar year 2008 of approximately $862,950.

Results of Operations

Annual Operating Results

The Department's annual operating results have consistently created significant net revenues for transfer to the County's general fund. The following chart shows the total operating expenses, total operating revenues and net revenues for fiscal years 2004 through 2008:

[table appears on following page]

Annual Operating Results
(dollars in thousands)

	2004	2005	2006	2007	2008
Sales, net	168,172	177,911	191,333	201,722	211,914
Other operating revenues	15	15	16	15	1,756
Total operating revenues	168,188	177,926	191,349	201,737	213,670
Non-operating revenues	63	51	64	269	(480)
Revenues	168,251	177,977	191,414	202,005	213,190
Expenses	144,823	152,270	168,661	180,189	189,496
Net Income	23,428	25,707	22,753	21,816	23,694

Source: County Comprehensive Annual Financial Report

Sales Allocation

The Department's retail and wholesale sales for fiscal years 2004 through 2008 were as follows:

Fiscal Year	Retail Sales	Warehouse Beer Sales	Warehouse Wine/ Liquor Sales
2008	$95,416,786	$69,301,376	$47,195,840
2007	89,859,669	66,154,446	45,707,474
2006	83,628,976	64,752,051	42,952,388
2005	76,823,377	61,089,995	39,997,803
2004	71,024,249	59,530,471	37,617,516

Source: Department of Liquor Control

Cases Sold from Warehouse

The Department's sales by category for fiscal years 2004 through 2008 were as follows:

Fiscal Year	Case Beer	Keg Beer	Wine	Liquor
2008	73.7%	1.5%	17.9%	6.9%
2007	73.6	1.5	18.0	6.9
2006	74.6	1.5	17.3	6.6
2005	74.8	1.5	17.2	6.5
2004	75.6	1.5	16.6	6.3

Source: Department of Liquor Control

Transfers to the General Fund

By State law, the Department transfers its net revenues, after retention of a working capital reserve, to the County's general fund. The amount of the transfer is budgeted by the Department and the County and approved by the County Executive by March 15 for the fiscal year beginning on the ensuing July 1 (see "Organization and Senior

Staff – Annual Budget Process" above). Transfers are made on on or before September 25, December 25, March 25 and June 25 in each fiscal year. The amounts of such transfers in fiscal years 1999 through 2008 were as follows:

Fiscal Year	Amount of Transfer
2008	$22,168,275
2007	22,149,060
2006	20,698,760
2005	20,503,510
2004	20,501,030
2003	19,078,037
2002	22,334,790
2001	15,435,508
2000	14,590,410
1999	14,328,000

Source: County Comprehensive Annual Financial Report

To date, the Department has transferred $15,205,030 to the General Fund in fiscal year 2009, which represents two of the four quarterly budgeted payments for such year. Unaudited results of operations indicate that the Department's net profits are generally consistent with an expected profit margin of 28%. Based on this level of profitability, the Department and the County have budgeted a fiscal year 2010 transfer of $26,375,850.

Working Capital Reserve

Pursuant to State law, the Department retains a working capital reserve in an amount determined by the Director of the Department and the Director of Finance of the County, subject to the approval of the County Executive. Beginning in fiscal year 2003, the amount of the working capital reserve has been set at the aggregate of (1) one month's operating expenses, (2) the amount of one payroll cycle (currently bi-weekly), (3) $1.5 million for inventory purchase, and (4) major, near-future non-recurring expenses (such as start-up costs for new retail facilities).

The amounts of the working capital reserves in fiscal years 2004 through 2008 were as follows:

Fiscal Year	Amount of Working Capital Reserve
2008	$3,566,000
2007	3,493,000
2006	2,053,806
2005	5,203,674
2004	2,927,196

Source: Department of Liquor Control

Historical Financial Results

The following chart shows the Department's historical financial results for fiscal years 2004 through 2008:

	2004	2005	2006	2007	2008
Operating Revenues					
Sales, net	168,172,236	177,911,175	191,333,415	201,721,589	211.914,002
Other revenues (1)	15,450	15,240	16,050	15,000	1,755,532
Total Operating Revenues	168,187,686	177,926,415	191,349,465	201,736,589	213,669,534
% Change	7.1%	5.8%	7.5%	5.4%	5..9%
Operating Expenses					
Cost of goods sold	119,806,903	125,226,878	139,296,435	145,266,678	152,276,889
Personnel costs	16,124,278	17,492,428	19,081,940	20,441,669	23,053,637
Contractual services	1,618,990	1,744,681	1,693,297	5,571,456	1,779,366
Rentals	3,498,288	3,590,841	3,819,496	4,163,359	4,831,006
Depreciation	657,516	737,777	760,178	774,830	875,849
Maintenance	533,165	474,549	546,479	618,317	776,476
Other expenses	2,583,379	3,003,108	3,463,504	3,353,153	5,902,846
Total Operating Expenses	144,822,519	152,270,262	168,661,329	180,189,462	189,496,069
% Change	6.7%	5.1%	10.8%	6.8%	5.2%
Gain (loss) on disposal of capital assets	84	(15,082)	(4,223)	(22,479)	(721,220)
Investment income	0	53,613	66,119	548,546	645,672
Interest Expense	0	0	0	(265,485)	(445,979)
Other revenue	62,975	12,500	2,534	7,969	41,597
Total Non-Operating Revenue (Expense)	63,059	51,031	64,430	268,551	(479,930)
Net Revenues	23,428,226	25,707,184	22,752,566	21,815,678	23,693,535
Add Back: Depreciation	657,516	737,777	760,178	774,830	875,849
Add Back: Interest Expense	0	0	0	265,485	445,979
Less: Retention of Working Capital	(2,927,196)	(5,203,674)	(2,053,806)	(3,493,000)	(3,566,000)
Net Revenues Available for Debt Service	21,158,546	21,241,287	21,458,938	19,362,993	21,449,363
Existing Debt Service	0	0	0	0	0
Transfer to the General Fund	20,501,030	20,503,510	20,698,760	22,149,060	22,168,275
Ending Cash Position	5,359,247	9,194,751	9,247,172	20,354,500	15,118,005
Unrestricted Net Assets	22,996,754	26,184,698	27,123,361	18,621,800	32,499,074

Source: Department of Liquor Control

Characteristics of the Service Area

The Department serves wholesale and retail customers in the County. The County is located adjacent to the nation's capital, Washington, D.C., and includes 497 square miles of land area. The County is the most populous jurisdiction in Maryland, and the wealthiest by any conventional measure.

The following information describes some of the demographic and economic characteristics of the County.

Population

The population of the County, according to the 2000 Census, was 878,683, an increase of 15.7 percent since the 1990 Census. The Maryland-National Capital Park and Planning Commission (M-NCPPC) population estimate shows 990,000 for the County by July 1, 2010.

	Households	Population	Population Percent Change from Prior Census
2010	351,636	990,000	12.7%
2007	355,425	956,000	8.8
2006	341,438	925,327	5.3
2005	344,038	921,016	4.8
2004	337,838	915,967	4.2
2003	336,613	911,968	3.8
2002	334,500	904,813	3.0
2001	329,000	892,818	1.6
2000 (U.S. Census)	324,565	878,683	15.7
1990 (U.S. Census)	283,400	759,600	31.2
1980 (U.S. Census)	207,195	579,053	10.8
1970 (U.S. Census)	156,674	522,809	53.3
1960 (U.S. Census)	92,433	340,928	107.4
1950 (U.S. Census)	45,264	164,401	--

Note: Data for total population for 2001 to 2006 from the Bureau of Economic Analysis, U.S. Department of Commerce. Data for 2007 and 2010 from the Maryland-National Capital Park and Planning Commission, Research and Technology Center, Round 7.1 Cooperative Estimates (July 2008). Data for households for 2001 and 2002 from *Sales and Marketing Management* issues of "Survey of Buying Power." Data for households in 2003 to 2006 from the American Community Survey, Bureau of the Census, U.S. Department of Commerce, and household data for 2007 and 2010 derived from the Demographic Forecast Model from M-NCPPC (Round 7.1).

	1950	1960	1970	1980	1990	2000
Median Age	29.5	28.1	27.9	32.1	33.9	36.8

Sources: U.S. Bureau of the Census and M-NCPPC Montgomery County Department of Park and Planning, Research and Technology Center, revised May 2001.

Employment

The County's economic structure reveals a diversified economy with a strong service sector. The total private sector (trade, information services, financial activities, professional services, education and health, and hospitality) employed 82.8 percent of the total workforce in 2007, the latest available annual data. The following tables present the County's employment by industrial sector.

Payroll Employment

	1990	2000	2007
TOTAL PRIVATE SECTOR	307,490	365,022	380,492
PUBLIC SECTOR EMPLOYMENT:			
Federal	42,713	39,615	40,319
State	1,634	1,100	1,066
Local	27,011	33,084	37,469
TOTAL PUBLIC SECTOR	71,358	73,799	78,854
GRAND TOTAL	378,848	438,821	459,346

Notes: The following groups are excluded from the payroll count: federal military, self-employed, railroad workers, and domestic employees.

Payroll employment represents the total number of jobs covered by the Maryland unemployment insurance program.

Source: State of Maryland, Department of Labor, Licensing and Regulation.

Payroll Employment Shares by Industry

.	1990	2000	2007
TOTAL PRIVATE SECTOR	81.2%	83.2%	82.8%
PUBLIC SECTOR EMPLOYMENT:			
Federal	11.3	9.0	8.8
State	0.4	0.3	0.2
Local	7.1	7.5	8.2
TOTAL PUBLIC SECTOR	18.8	16.8	17.2
GRAND TOTAL	100.0%	100.0%	100.0%

Source: State of Maryland, Department of Labor, Licensing and Regulation.

Due to reclassification by the Bureau of Labor Statistics, U.S. Department of Commerce, of private-sector industrial categories from the U.S. Standard Industrial Classification (SIC) system to the North American Industrial Classification System (NAICS) beginning with the 2001 employment statistics, there is no longer a historical comparison available within the private sector employment categories for years prior to 2001. The table below provides a comparison of the payroll employment data for 2006 and 2007 based on the new classification system.

Payroll Employment
(NAICS Series)*

	2006	2007	Difference	Percent Change
TOTAL PRIVATE SECTOR	386,583	380,492	(6,091)	-1.6%
GOODS-PRODUCING	45,939	45,818	(121)	-0.3
Natural Resources and Mining	745	806	61	8.2
Construction	30,891	30,449	(442)	-1.4
Manufacturing	14,303	14,563	260	1.8
SERVICE PROVIDING	340,036	334,002	(6,034)	-1.8
Trade, Transportation, and Utilities	64,349	62,631	(1,718)	-2.7
Information	15,208	14,089	(1,119)	-7.4
Financial Activities	35,797	35,371	(426)	-1.2
Professional and Business Services	106,477	103,189	(3,288)	-3.1
Education and Health Services	58,365	58,983	618	1.1
Leisure and Hospitality	37,878	37,614	(264)	-0.7
Other Services	21,962	22,125	163	0.7
UNCLASSIFIED	608	672	64	10.5
PUBLIC SECTOR EMPLOYMENT	78,250	78,854	604	0.8
Federal Government	39,785	40,319	534	1.3
State Government	1,068	1,066	(2)	-0.2
Local Government	37,397	37,469	72	0.2
GRAND TOTAL	464,833	459,346	(5,487)	-1.2

* North American Industrial Classification System.

During first six months of 2008, the County's unemployment rate averaged 2.8 percent. The following table presents the County's labor force, employment and unemployment for the calendar years 1997 through 2007, and annualized data based on the first six months of 2008.

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Montgomery County's Resident Labor Force
Employment & Unemployment*

	Labor Force	Employment	Unemployment	Unemployment Rate
2008**	514,100	499,818	14,282	2.8%
2007	512,310	498,279	14,031	2.7
2006	512,434	498,078	14,356	2.8
2005	507,556	491,643	15,913	3.1
2004	498,237	482,131	16,106	3.2
2003	497,820	481,200	16,620	3.3
2002	496,101	478,782	17,319	3.5
2001	490,213	475,049	15,164	3.1
2000	489,050	476,197	12,853	2.6
1999	478,946	470,018	8,928	1.9
1998	472,944	462,620	10,324	2.2
1997	466,600	455,285	11,315	2.4

Source: State of Maryland, Department of Labor, Licensing and Regulation (DLLR) and the Bureau of Labor Statistics (BLS).

* Data for 2005 through 2007 were revised by DLLR and BLS to incorporate intercensal population controls for 2000.
** Based on the rate of change in the averages of the first six months of 2007 and 2008.

Personal Income

Actual personal income of County residents reached $59 billion in calendar year 2006 and is estimated to total approximately $62.9 billion in 2007 and $65.4 billion in 2008. Income in 2006 experienced a growth rate of 6.1 percent, lower than the nation's growth rate of 7.1 percent, but higher than the State's rate at 5.8 percent. By contrast, growth in 2007 is estimated to increase 6.6 percent then decelerate to 4 percent in 2008, which is well below the seven-year (1999-2006) annual average growth rate of 6.1 percent. The slowdown in resident employment (0.4% increase) for the first nine months of 2008, the latest date for which data are available, compared to the same period in 2007 is the primary reason for the estimated deceleration in personal income growth.

The County, which accounts for just over 16.5 percent of the State's population, accounted for nearly 24 percent of the State's total personal income in 2006, a share that remained virtually unchanged the past ten years.

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Total Personal Income
($ millions)

Calendar Year	Montgomery County	Maryland	U.S.	Montgomery County as Percent of Maryland
2008 (est.)	$65,400	$273,603	$12,125,912	23.9%
2007 (est.)	62,900	262,072	11,631,571	24.0
2006	58,992	246,542	10,977,312	23.9
2005	55,619	232,931	10,252,849	23.9
2004	51,907	219,937	9,711,271	23.6
2003	48,534	205,737	9,150,320	23.6
2002	47,042	198,823	8,872,521	23.7
2001	45,538	191,657	8,718,165	23.8
2000	43,575	181,957	8,422,074	23.9
1999	39,050	167,075	7,796,137	23.4

Notes: Actual data from U.S. Department of Commerce, Bureau of Economic Analysis, revised May 2008 (County). Estimates for Montgomery County (2007-2008) by Montgomery County Department of Finance. Estimates for Maryland (2008) by State of Maryland, Bureau of Revenue Estimates, and the United States (2008) by the Montgomery Department of Finance based on forecasts from Economy.com and Global Insight.

Average Household and Per Capita Personal Income

Per Capita and Average Household Income, 2006

County	Per Capita Income	County	Average Household Income
Marin, CA	$86,062	Marin, CA	$211,419
Fairfield, CT	74,281	Fairfield, CT	203,756
Westchester. NY	70,519	Westchester, NY	200,706
Morris, NJ	67,788	Somerset, NJ	193,476
Somerset, NJ	67,196	Morris, NJ	189,594
San Mateo, CA	66,839	Nassau, NY	187,746
Fairfax, VA	64,698	San Mateo, CA	186,083
Arlington, VA	63,827	Fairfax, VA	184,759
Montgomery, MD	**63,753**	**Montgomery, MD**	**172,776**
Nassau, NY	62,278	Bergen, NJ	164,100
Bergen, NJ	61,264	Santa Clara, CA	163,831
Montgomery, PA	58,451	Rockland, NY	163,673
Norfolk, MA	58,357	Lake, IL	161,857
Collier, FL	57,446	Howard, MD	152,400
Santa Clara, CA	55,735	Montgomery, PA	152,028
Howard, MD	55,730	Chester, PA	151,621
Middlesex, MA	55,555	Norfolk, MA	150,590
Palm Beach, FL	55,311	Arlington, VA	150,384
Chester, PA	54,772	Collier, FL	148,725
Oakland, MI	53,865	Chester, PA	136,110

Notes: A major affluent suburban county is defined as a county in either a Metropolitan Statistical Area (MSA) or a Primary Metropolitan Statistical Area (PMSA) with a population of at least 200,000 where income levels are considerably higher than in the central city and other jurisdictions in the area. These counties are primarily suburban in nature; no city or town accounts for 40 percent or more of the total population.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, "Survey of Current Business", May 2008, for total personal income and per capita data; the Department of Finance used data from the U.S. Department of Commerce, Bureau of the Census, *American Community Survey* for 2006, for the number of households in each county.

New Construction

Between FY99 and FY02, the number of new construction projects increased each year at an average annual rate of 13 percent. At the same time, the value of new construction added to the real property tax base increased at an average of 9 percent per year. However, such increases in new construction were not sustained from FY02 to FY08. In fact, two entirely different patterns occurred. The number of projects declined steadily at an annual average rate of 24.1 percent. Conversely, the value of new construction between FY02 and FY05 increased from $1.5 billion in FY02 to nearly $1.7 billion in FY05, an annual average increase of 3.4 percent. Since that time, the value of new construction declined from $1.7 billion in FY05 to slightly less than $1.5 billion in FY08, an average annual decrease of 3.8 percent. While each category within the tax base exhibited volatility from year to year, such volatility did not affect the growth in new construction between FY99-FY05. However, because of the decline in the construction of apartments in FY06 and FY07 and commercial/industrial properties in FY06, FY07, and FY08, the combined total non-inflation adjusted value of all new construction during those fiscal years were at their lowest levels since FY02.

New Construction Added to Real Property Tax Base
($ millions)

Fiscal Year	Construction Starts	Residential	Apartments	Condominiums	Commercial/ Industrial	All Other	Total
2008	923	$ 882.7	$25.8	$318.5	$256.6	$ 0.0	$1,483.6
2007	985	1,040.1	22.9	211.4	312.6	19.5	1,606.5
2006	1,580	978.3	41.2	132.9	384.6	4.8	1,541.8
2005	2,077	874.2	82.5	121.2	588.4	1.7	1,668.0
2004	2,758	892.4	21.0	176.4	559.1	3.0	1,651.9
2003	4,062	1,023.5	49.9	133.2	426.9	1.2	1,634.7
2002	4,807	896.1	19.4	70.8	520.7	1.3	1,508.3
2001	4,555	878.5	53.7	88.2	276.0	4.4	1,300.8
2000	4,038	843.4	93.8	108.4	233.6	7.5	1,286.7
1999	3,329	787.4	11.0	55.9	287.1	24.5	1,165.9
10-Year Summary		$9,096.6	$421.2	$1,416.9	$3,845.6	$67.9	$14,848.2
Categories as Percent of Total		61.3%	2.8%	9.5%	25.9%	0.5%	100.0%

Notes: Property assessed at full cash value effective in FY2002 with prior years adjusted to full cash value.
Construction starts for fiscal year 2006 are revised.

Source: Dodge Analytics, McGraw-Hill Construction, and Maryland State Department of Assessments and Taxation.

Retail Sales

Retail sales measured by sales tax data collected for the first eight months of 2008, declined in Maryland and Montgomery County based on adjusted data for the rate increase. Compared to the prior year, when retail sales in the County grew 0.1 percent, sales declined 2.8 percent during the first eight months of 2008 compared to the same period in 2007, showing the effect of the slowdown in housing sales (purchases of furniture and appliances declined 15.9 percent and purchases of building and industrial supplies were down 11.1 percent). With consumer confidence during this eight-month period down 44.2 percent for the region compared to the same eight-month period in 2007, retail sales are traditionally one of the first indicators to reflect changes in consumer behavior.

Retail sales in Montgomery County reflect a slightly different spending pattern compared to the State. After retail sales in the County improved in the past few years, growing 6 percent (1999) and 7 percent (2000), with growth in 2000 reaching a six-year high, the growth rate declined to 3.8 percent in 2001, increased a modest 0.9 percent in 2002, grew 4 percent in 2003, and a robust 6.7 percent in 2004, then moderated to 5 percent in 2005 and moderated further to 3.5 percent in 2006, and with a mere 0.1 percent in 2007. The slowdown during 2007 was attributed to decreases in furniture and appliances (8.8%) and building and industrial supplies (15.2%). Purchases of nondurable goods increased 2.8 percent through August 2008, and were attributed mainly to sales of general merchandise and utilities and transportation. Led by the decline in purchases of furniture and appliances and building and industrial supplies, purchases of durable goods were down 11.1 percent during the first eight months of 2008 compared to the same period in 2007.

Sales & Use Tax Receipts
by Principal Business Activity

	Montgomery County						Maryland	
	2006		2007		Jan.-Aug. 2008		Jan.-Aug. 2008	
	Growth(1)	Share of Total	Growth(2)	Share of Total	Growth(3)	Share of Total	Growth(3)	Share of Total
Food and Beverages	2.7%	24.1%	4.1%	24.9%	2.7%	26.4%	0.9%	21.3%
Apparel	2.6	6.1	3.9	6.4	-1.8	6.2	-3.4	4.6
General Merchandise	3.0	17.5	1.1	17.7	1.9	17.2	-0.6	16.9
Automotive	1.4	7.6	-0.7	7.5	-6.6	7.6	-7.4	6.7
Furniture & Appliances	-17.2	8.8	-8.8	8.1	-15.9	7.0	-10.1	9.9
Building & Industrial Supplies	2.9	11.6	-15.2	9.8	-11.1	9.6	-9.3	13.9
Utilities & Transportation	11.0	7.9	7.6	8.5	8.1	9.7	3.5	10.2
Hardware, Machinery & Equipment	-1.7	1.3	3.5	1.4	-9.6	1.4	-4.7	2.7
Miscellaneous	21.9	14.5	1.3	14.7	-5.9	14.3	-0.4	13.5
Other	32.0	0.6	73.1	1.0	-38.9	0.6	-40.0	0.3
Total Retail Sales Tax	3.5%	100.0%	0.1%	100.0%	-2.8%	100.0%	-3.1	100.0%

(1) Growth between 2005 and 2006.
(2) Growth between 2006 and 2007.
(3) Growth between the period January through August 2007, and the same period in 2008.

Source: Maryland Comptroller of the Treasury, Revenue Administration Division.

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APPENDIX B

FINANCIAL INFORMATION REGARDING THE DEPARTMENT EXCERPTED FROM THE COUNTY'S COMPREHENSIVE ANNUAL FINANCIAL REPORTS FOR THE FISCAL YEARS ENDING JUNE 30, 2008 AND 2007

The following financial information for the Montgomery County Department of Liquor Control is extracted from and should be read in conjunction with the Comprehensive Annual Financial Reports of Montgomery County, Maryland for Fiscal Years 2008 and 2007, prepared by the County Finance Department. The financial information included in Appendix B has not been audited by the County's auditors. Copies of the complete Comprehensive Annual Financial Reports of Montgomery County, Maryland for Fiscal Years 2008 and 2007 are available from the County or at http://bonds.montgomerycountymd.gov/.

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MONTGOMERY COUNTY, MARYLAND
DEPARTMENT OF LIQUOR CONTROL
COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30, 2008 vs JUNE 30, 2007

	6/30/08	6/30/07
ASSETS		
Current Assets:		
Equity in pooled cash and investments	$ 15,081,555	$ 9,748,742
Cash	36,450	36,450
Accounts	2,966,464	3,165,485
Inventory of supplies	27,690,983	30,352,675
Prepaids	1,116,885	642,650
Other assets	101,891	135,058
Total Current Assets	46,994,228	44,081,060
Noncurrent Assets:*		
Cash with fiscal agents	-	10,569,308
Restricted Assets	-	10,569,308
Unamortized bond costs	-	9,647
Capital Assets:		
Land, improved and unimproved	481,430	481,430
Buildings	7,388,354	7,388,354
Furniture, fixtures, equipment, and machinery	5,841,880	5,575,224
Automobiles and trucks	3,360,867	3,645,686
Construction in progress	1,487,348	2,202,597
Subtotal	18,559,879	19,293,291
Less: Accumulated depreciation	11,140,022	11,321,337
Total Capital Assets (net of accumulated depreciation)	7,419,857	7,971,954
Total Noncurrent Assets	7,419,857	18,550,909
Total Assets	54,414,085	62,631,969
LIABILITIES		
Current Liabilities:		
Accounts payable	10,350,249	12,095,512
Deposits	311,528	410,756
Accrued liabilities	2,453,577	2,208,105
Due to other funds	355,826	319,168
Due to other governments	569,773	529,278
Capital lease payable	-	1,186,449
Unearned revenue	-	499
Total Current Liabilities	14,040,953	16,749,767
Noncurrent Liabilities:		
Capital lease payable	-	8,846,723
Compensated absences	454,201	422,848
Total Noncurrent Liabilities	454,201	9,269,571
Total Liabilities	14,495,154	26,019,338
NET ASSETS		
Invested in capital, net of related debt	7,419,857	7,421,523
Restricted for debt service	-	10,569,308
Unrestricted	32,499,074	18,621,800
Total net assets	$ 39,918,931	$ 36,612,631

* The Noncurrent Assets shown in Fiscal Year 2007 relate to a tax-exempt privately-placed financing entered into by the Department to finance certain proposed warehouse improvements. After entering into this transaction, the Department determined not to proceed with such proposed improvements because the more-attractive Warehouse site became available. The Restricted Assets in the amount of $10,569,308 were applied to the prepayment in full of such financing on April 15, 2008.

MONTGOMERY COUNTY, MARYLAND
DEPARTMENT OF LIQUOR CONTROL
COMPARATIVE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FY 2008 vs FY 2007

	FY 2008	FY 2007
OPERATING REVENUES		
Sales - net	$ 211,914,002	$201,721,589
Charges for services	13,110	15,000
Licenses and permits	1,586,703	-
Fines and penalties	155,719	-
Total Operating Revenues	213,669,534	201,736,589
OPERATING EXPENSES		
Cost of goods sold	152,276,889	145,266,678
Personnel costs	23,053,637	20,441,669
Other postemployment benefit contribution	2,226,300	-
Postage	72,336	56,947
Insurance	574,160	590,630
Supplies and materials	455,460	423,589
Contractual services	1,779,366	5,571,456
Communications	514,647	424,732
Transportation	739,980	572,379
Public utility service	753,931	834,909
Rentals	4,831,006	4,163,359
Maintenance	776,746	618,317
Depreciation	875,849	774,830
Other	565,762	449,967
Total Operating Expenses	189,496,069	180,189,462
Operating Income (Loss)	24,173,465	21,547,127
NONOPERATING REVENUES (EXPENSES)		
Gain (loss) on disposal of capital assets	(721,220)	(22,479)
Investment income	645,672	548,546
Interest expense	(445,979)	(265,485)
Other revenue	41,597	7,969
Total Nonoperating Revenues (Expenses)	(479,930)	268,551
Income (Loss) Before Capital Contributions and Transfers	23,693,535	21,815,678
Capital Contributions		
Transfers In (Out):		
Transfers in	1,781,040	-
Transfers out	(22,168,275)	(22,149,060)
Total Transfers In (Out)	(20,387,235)	(22,149,060)
Change in Net Assets	3,306,300	(333,382)
Total Net Assets - Beginning of Year	36,612,631	36,946,013
Total Net Assets - End of Year	$ 39,918,931	$ 36,612,631

MONTGOMERY COUNTY, MARYLAND
DEPARTMENT OF LIQUOR CONTROL
COMPARATIVE STATEMENT OF CASH FLOWS
FY 2008 vs FY 2007

	FY 2008	FY 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 217,616,052	$ 205,508,941
Payments to suppliers	(168,889,384)	(163,526,480)
Payments to employees	(22,739,074)	(20,103,664)
Other revenue	41,597	7,969
Net Cash Provided (Used) by Operating Activities	26,029,191	21,886,766
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers from other funds	1,781,040	
Operating subsidies and transfers to other funds	(22,168,275)	(22,149,060)
Net Cash Provided (Used) by Noncapital Financing Activities	(20,387,235)	(22,149,060)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	-	10,605,352
Proceeds from sale of capital assets	10,642	-
Purchases/disposal of capital assets	(1,055,614)	986,140
Principal paid on capital debt	(10,033,172)	(581,828)
Interest paid on capital debt	(445,979)	(188,588)
Net Cash Provided (Used) by Capital and Related Financing Activities	(11,524,123)	10,821,076
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income from pooled investments	229,803	234,221
Investment income from nonpooled investments	415,869	314,325
Net Cash Provide (Used) by Investing Activities	645,672	548,546
Net Increase (Decrease) in Cash and Cash Equivalents	(5,236,495)	11,107,328
Balances - Beginning of Year	20,354,500	9,247,172
Balances - End ofYear	$ 15,118,005	$ 20,354,500
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ 24,173,465	$ 21,547,127
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	875,849	774,830
Other revenue	41,597	7,969
Changes in assets and liabilities:		
Receivables, net	199,021	(1,085,496)
Inventories, prepaids and other assets	2,230,271	(1,067,778)
Accounts payable and other liabilities	(1,813,637)	1,396,359
Accrued expenses	322,625	313,755
Net Cash Provided (Used) by Operating Activities	$ 26,029,191	$ 21,886,766
Noncash investing, capital and financing activities:		
Capital asset disposals	1,789,026	22,479

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APPENDIX C
DEFINITIONS OF TERMS AND SUMMARIES OF THE TRUST AGREEMENT AND THE CONTINUING DISCLOSURE AGREEMENT

Set forth in this Appendix C are definitions of certain terms used in this Official Statement and summaries of the Trust Agreement and the Continuing Disclosure Agreement. The summaries of the Trust Agreement and the Continuing Disclosure Agreement contained in this Appendix C do not purport to be complete and reference is made to the Trust Agreement and the Continuing Disclosure Agreement for a complete statement of their respective terms. Copies of the Trust Agreement and the Continuing Disclosure Agreement are available from the County or the Trustee.

DEFINITIONS OF TERMS

In addition to terms defined elsewhere in this Official Statement, the following are definitions of certain terms used in this Official Statement. Terms used but not defined herein shall have the meanings set forth in the Trust Agreement.

"Accounts" means, collectively, the Construction Account, the Costs of Issuance Account, the Interest Account, the Principal Account and the Sinking Fund Account created pursuant to the Trust Agreement.

"Additional Bonds" means any issue of Bonds issued subsequent to and on a parity with the Bonds initially issued pursuant to the Trust Agreement.

"Additional Projects" means any projects which may be added to the Projects by Supplemental Trust Agreement, which projects constitute authorized uses of the proceeds of Bonds under the Revenue Bond Act and the Resolution.

"Authorized Denominations" means $5,000 and any integral multiple thereof.

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

"Bond Fund" means the fund created by the Trust Agreement.

"Bonds" means the Bonds, including the Series 2009A Bonds and Additional Bonds that are authenticated and delivered by the Trustee, issued under the Trust Agreement.

"Bond Year" means (i) the period from the Closing Date through and including March 31, 2010, and (ii) the period from and including April 1 of each calendar year thereafter through and including March 31 of the immediately succeeding calendar year.

"Business Day" means a day on which the Trustee or banks or trust companies in New York, New York, are not authorized or required to remain closed and on which the New York Stock Exchange is not closed.

"Closing Date" means May 12, 2009, the date of initial authentication and delivery of the Series 2009A Bonds.

"Code" means the Internal Revenue Code of 1986, as amended.

"Construction Account" means the account by that name created within the Project Fund under the Trust Agreement.

"Costs" means (a) the cost of all land, property, rights, easements, and franchises that are necessary for the construction or improvement of any Project; (b) the cost of all: (i) labor; (ii) materials; (iii) machinery; (iv) equipment; (v) furnishings; (vi) installing any equipment and furnishings; (vii) financing charges; and (viii) interest charged before and during construction, and for one (1) year after completion of construction; and (c) the costs of: (i) engineering; (ii) architectural services; (iii) legal services; (iv) plans; (v) specifications; (vi) surveys; (vii) estimates of costs and of revenues; (viii) determining the feasibility or practicability of construction; (ix) administrative expenses; and (x) any other services that may be necessary or incident to the financing, construction, or improvement of a Project, and of placing a Project in operation.

"Costs of Issuance Account" means the account by that name created within the Project Fund under the Trust Agreement.

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

"County Representative" means the Chief Administrative Officer of the County, the Director of Finance of the County and any other person at the time designated to act on behalf of the County for purposes of the Trust Agreement by a written instrument furnished to the Trustee containing the specimen signature of such person and signed on behalf of the County by any of its officers. The certificate may designate an alternate or alternates.

"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 securing any Bond or held to the credit of any fund or account created by the Trust Agreement. When used with reference to any Bonds, "Credit Facility" means any Credit Facility securing such Bonds.

"Credit Facility Agreement" means the agreement, if any, pursuant to which any Credit Facility is issued. When used with reference to any Bonds, "Credit Facility Agreement" means the Credit Facility Agreement under which any Credit Facility securing such Bonds shall have been issued.

"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 (1) 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 (2) 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 the Bond Fund or the Project Fund. For the purpose of calculating the Debt Service Requirements:

(a) with respect to any Variable Rate Debt:

(i) for the purpose of calculating the principal amount of any such Variable Rate Debt constituting Balloon Debt payable in any Bond Year described in clause (b) below, such Variable Rate Debt 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 Projects 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 at least one of Fitch, Moody's or S&P (each, a "Qualified Hedging Transaction") identified in the records of the County with respect to such Variable Rate Debt at the option of the County, such Variable Rate Debt 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 Variable Rate Debt shall be deemed to bear interest at an annual rate equal to (A) in the case of any period during which such Variable Rate Debt shall have been outstanding, the weighted average interest rate per annum borne by such Variable Rate Debt 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 Projects 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 Variable Rate Debt shall be in effect for the period for which such calculation is to be made, at the option of the County, such Variable Rate Debt 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 be 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 Projects financed or refinanced thereby;

(c) with respect to any Optional Tender Debt, the option of the holder thereof to tender such Indebtedness for purchase or redemption prior to maturity shall be disregarded; and

(d) 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.

"Department" means the Montgomery County Department of Liquor Control, its successors and assigns.

"DLC Revenue Legislation" means Section 15-207(e) of Article 2B of the Annotated Code of Maryland (2005 Replacement Volume and 2008 Supplement), as amended.

"Event of Default" means any occurrence or event specified in and defined by the Trust Agreement.

"Favorable Opinion of Bond Counsel" means, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Counsel, which shall be a Bond Counsel, to the effect that such action is permitted under the Revenue Bond Act and the Trust Agreement and will not impair the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation or the exemption of interest on the Bonds from personal income taxation under the laws of the State (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Bonds).

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

"Funds" shall mean, collectively, the Revenue Fund, the Bond Fund, the Project Fund, the Redemption Fund and the Rebate Fund created pursuant to the Trust Agreement.

"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, applied both to classification of items and amounts.

"Government Obligations" means any of the following securities, if and to the extent the same are non-callable and not subject to redemption at the option of the owners, at the time legal for investment of the County's funds, as determined by the County: direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America and including a receipt, certificate or any other evidence of an ownership interest in an aforementioned obligation, or in specified portions thereof (which may consist of specified portions of interest thereon).

"Indebtedness" means any indebtedness or liability for borrowed money, any installment sale obligation or conditional purchase agreement, 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 wholesale and retail alcoholic beverage distribution or the determination of the economic feasibility of such operation, designated and retained by the County to perform the activities required by the Trust Agreement to be performed by the Independent Consultant.

"Information Services" means any of the following services which has been designated in a certificate of the County delivered to the Trustee: Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services "Called Bond Service," 55 Broad Street, 28th Floor, New York, New York 10004; Moody's "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and Standard & Poor's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or such other services providing information with respect to called bonds as the County may designate in a certificate of the County delivered to the Trustee.

"Interest Account" means the account by that name created within the Bond Fund pursuant to the Trust Agreement.

"Interest Payment Date" means each April 1 and October 1, beginning October 1, 2009.

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

(1) 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;

(2) any obligation for the payment of money under leases that are required to be capitalized under Generally Accepted Accounting Principles, longer than one year; and

(3) 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.

"Moody's" means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

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

"Optional Tender Debt" means any Indebtedness that is subject to optional or mandatory tender by the holder thereof (including, without limitation, any mandatory tender in connection with the expiration of any Credit Facility securing such Indebtedness or any conversion of the interest rate on such Indebtedness) for purchase or redemption prior to the stated maturity date thereof if the purchase or redemption price of such Indebtedness is under any circumstances payable from the Trust Estate.

"Outstanding," when used as of a particular time with reference to Bonds, means (subject to the provisions of the Trust Agreement) all Bonds delivered under the Trust Agreement except:

(i) Bonds cancelled by the Trustee or surrendered to the Trustee for cancellation;

(ii) Bonds paid or deemed to have been paid in accordance with the terms of the Trust Agreement; and

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

"Owner" means the registered owner of a Bond.

"Permitted Investments" means:

(a) an obligation for which the United States has pledged its faith and credit for the payment of the principal and interest;

(b) an obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress;

(c) a repurchase agreement collateralized in an amount not less than 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities, provided the collateral is held by a custodian other than the seller designated by the buyer;

(d) bankers' acceptances guaranteed by a financial institution with a short-term debt rating in the highest letter and numerical rating by at least one Rating Agency;

(e) commercial paper that has received the highest letter and numerical rating by at least one Rating Agency;

(f) money market mutual funds that:

(i) contain only securities of the organizations listed in items (a), (b), and (c) of this subsection;

(ii) are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, 15 U.S.C. § 80(a), as amended; and

(iii) are operated in accordance with Rule 2A-7 of the Investment Company Act of 1940, 17 C.F.R. § 270.2A-7, as amended; and

(g) any investment portfolio created under the Maryland Local Government Investment Pool defined under Article 95, § 22G of the Annotated Code of Maryland, as amended from time to time, that is administered by the Office of the State Treasurer; and

(h) any other investments that are then legal investments of the County under the laws of the State.

"Pledged Revenues" means all revenues of the Montgomery County Department of Liquor Control, as and when transferred to the General Fund of the County pursuant to the provisions of the DLC Revenue Legislation.

"Principal Account" means the account by that name created within the Bond Fund pursuant the Trust Agreement.

"Project Fund" means the fund by that name created pursuant to the Trust Agreement.

"Projects" means the projects listed on Exhibit B to the Trust Agreement.

"Qualified Hedging Transaction" is defined in the definition to "Debt Service Requirements" herein.

"Rating Confirmation Notice" means a notice from Moody's, S&P or Fitch, as appropriate, confirming that the rating on the Bonds will not be withdrawn as a result of the action proposed to be taken.

"Rebate Fund" means the fund by that name created pursuant to the Trust Agreement.

"Record Date" means the fifteenth (15th) day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Trust Agreement.

"Redemption Fund" means the fund by that name created pursuant the Trust Agreement.

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

"Resolution" means Resolution No. 16-676 adopted by the County on July 29, 2008 and amended on February 24, 2009, as further supplemented and amended from time to time.

"Revenue Bond Act" means, collectively, Sections 5(P)(2) and 5(P)(3) of Article 25A of the Annotated Code of Maryland (2005 Replacement Volume and 2008 Supplement) and the Montgomery County Revenue Bond Act, Article IX of the Montgomery County Code (2004 Edition, as amended), as amended and supplemented from time to time.

“Revenue Fund” means the fund by that name created pursuant to the Trust Agreement.

“Securities Depositories” means any of the following registered securities depositories which has been designated in a certificate of the County delivered to the Trustee: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax -516/227-4039 or 4190, (ii) Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax-312/663-2343, and (iii) Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax- 215/496-5058; or, such other securities depositories as the County may designate in a certificate of the County delivered to the Trustee.

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

“Series 2009A Bonds” means the $46,765,000 aggregate principal amount of Montgomery County, Maryland Revenue Bonds (Department of Liquor Control), 2009 Series A.

“Sinking Fund Account” means the account by that name created within the Bond Fund pursuant to the Trust Agreement.

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

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

“State” means the State of Maryland.

“Supplemental Trust Agreement” means an amendment or supplement, executed by the County and the Trustee, to the Trust Agreement.

“Trust Agreement” means the Trust Agreement dated as of May 1, 2009 by and between the County and the Trustee.

“Trustee” means U. S. Bank National Association, a national banking association organized and existing under the laws of the United States, and having a corporate trust office in Richmond, Virginia, or any other bank or trust company duly incorporated and existing under and by virtue of the laws of any state or of the United States of America, which may be substituted in its place as provided in the Trust Agreement.

“Underwriter” means Banc of America Securities LLC in its capacity as the initial purchaser of the Bonds.

“Variable Rate Debt” means any Indebtedness the interest rate(s) on which are not fixed to maturity.

THE TRUST AGREEMENT

The following is a summary of certain provisions of the Trust Agreement. Such summary does not purport to be complete or definitive and reference is made to the Trust Agreement for a full and complete statement of the terms and provisions and for the definition of capitalized terms used in this summary and not otherwise defined under "Definitions of Certain Terms in the Trust Agreement."

Additional Bonds
(Section 2.10)

Additional Bonds may be issued under the Trust Agreement and a Supplemental Trust Agreement for any purpose permitted under the Revenue Bond Act or to refinance all or any portion of the Outstanding Bonds pursuant to applicable law.

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 Bonds then Outstanding.

Additional Bonds may be issued initially as Variable Rate Debt, as shall be determined by the County, in its discretion. Any Supplemental Trust Agreement authorizing the issuance of Additional Bonds shall provide for the creation of a separate Bond Fund for such Bonds if any principal of such Bonds becomes due on a date other than April 1 on or the Interest Payment Dates on such Bonds are not identical to those of the other Outstanding Bonds. The County may provide for the creation of a separate Bond Fund or Redemption Fund and other funds and accounts for any Additional Bonds in other circumstances, 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 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 Bonds, then such Supplemental Trust Agreement shall require that the Pledged Revenues required to be deposited in the Revenue 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 Bonds secured thereby required to be deposited in the Bond Fund for such Bonds on such date. Amounts on deposit in the funds and accounts created for particular 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 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 Owners of other Bonds or the issuer of any Credit Facility securing any other Bonds.

The Supplemental Trust Agreement authorizing the issuance of any Additional Bonds may provide that (i) proceeds realized under any Credit Facility securing the payment of such Additional Bonds shall not be available to pay the principal or Redemption Price of or interest on any other Bonds, and (ii) any proceeds of such Additional Bonds and investment earnings thereon remaining after the completion of the projects financed with the proceeds of such Additional Bonds shall be applied to the payment or redemption of such Additional Bonds.

The Trustee shall not authenticate or deliver any Additional Bonds unless it has received each of the following items (among others):

(a) an opinion of Bond Counsel to the effect that (i) the Additional Bonds constitute the valid and binding special obligations of the County, (ii) the Supplemental Trust Agreement has been duly adopted and constitutes the valid and binding obligation of the County, and (iii) the Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Additional Bonds, of the Trust Estate, subject to the terms of the Trust Agreement;

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

(c) unless such Additional Bonds are being issued solely to (i) refinance, refund or advance refund Outstanding Bonds, or (ii) to pay the costs of issuing such Additional Bonds, a written certificate of a County Representative to the effect that (A) the amount of the Pledged Revenues for the most recent Bond Year was not less than 150% of the Debt Service Requirements of Outstanding Bonds for such Bond Year plus the Maximum Annual Debt Service for such Additional Bonds, 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 Pledged Revenues as of the last day of each such Bond Year are projected to be not less than 150% of the Maximum Annual Debt Service on Outstanding Bonds, taking into account the issuance of such Additional Bonds;

(d) if such Additional Bonds are being issued solely to (i) refinance, refund or advance refund Outstanding Bonds, and (ii) to pay the costs of issuing such Additional Bonds, either (1) the certificate in paragraph (c) above or (2) a written certificate of a County Representative 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;

(e) an opinion of Bond Counsel stating the issuance of the Additional Bonds will not adversely affect the exemption from federal income taxes of interest on the Bonds then Outstanding as set forth in the opinion of Bond Counsel delivered at the time of delivery of the Bonds; and

(f) a Rating Confirmation Notice as to all Outstanding Bonds from each rating agency then maintaining a rating on such Bonds.

Creation of Funds and Accounts to be Held by the Trustee
(Section 4.1)

The following Funds and Accounts within the Funds are created under the Trust Agreement for the Bonds and, with the exception of the Rebate Fund, shall be held and maintained for the holders of Bonds by the Trustee under the Trust Agreement:

Revenue Fund
Project Fund
- Construction Account
- Costs of Issuance Account

Bond Fund
- Interest Account
- Principal Account
- Sinking Fund Account

Redemption Fund
Rebate Fund

Revenue Fund
(Section 4.3)

On or before the 25th day of each March, June, September and December, the County shall pay or cause to be paid to the Trustee, but only from the Pledged Revenues, amounts sufficient to make at least all of the payments required by the Trust Agreement, which amounts shall be deposited by the Trustee into the

Revenue Fund. In accordance with the Trust Agreement, the Trustee shall then transfer amounts in the Revenue Fund to the Bond Fund, to the payment of any fees and expenses of the Trustee then due and any other administrative expenses then due under the Trust Agreement and, if any remaining amount exists, to the Redemption Fund or the Bond Fund or shall be returned to the County, as the County shall direct in writing.

Project Fund
(Section 4.4)

The County shall pay from the Costs of Issuance Account the administrative expenditures relating to the issuance of each Series of Bonds and not otherwise paid. Moneys deposited in the Construction Account shall be used only to finance or refinance the Costs of or relating to the Projects and any Additional Projects. These payments shall be made from the Project Fund pursuant to requisitions of the County.

As soon as practicable after the Completion Date of all of the Projects or any Additional Projects, the County shall deliver to the Trustee a Certificate of the County certifying the balance of moneys then remaining in the Project Fund and shall forthwith pay to the Trustee such balance, less any amounts to be retained in the Project Fund to pay any unpaid Costs of the Project or such Additional Projects. The Trustee shall pay any balance so received to the Redemption Fund or the Bond Fund, as shall be directed in writing by the County.

Bond Fund
(Sections 4.5)

Except as provided in any Supplemental Trust Agreement authorizing any Series of Additional Bonds with respect to any Bond Fund maintained for the Bonds of such Series, amounts on deposit in the Bond Fund shall be applied in accordance with the following:

(a) ***Interest***. On each Interest Payment Date, the Trustee shall apply from the Interest Account the amount required to pay the interest due on the Outstanding Bonds on such date, in accordance with the terms of such Bonds.

(b) ***Principal***. On each date on which the principal of the Outstanding Bonds becomes due, the Trustee shall apply from the Principal Account the amount required to pay the principal due on such date, in accordance with the terms of the Bonds.

(c) ***Sinking Fund Installments***. Moneys in the Sinking Fund Account shall be applied to the purchase or redemption of such Bonds as follows:

(i) Subject to the provisions of paragraph (ii) below, prior to the due date for the payment of each Sinking Fund Installment for such Bonds, the Trustee shall direct the Registrar to call for redemption, in accordance with the Trust Agreement, Outstanding Bonds of such Series subject to redemption from such Sinking Fund Installment in an aggregate principal amount equal to such Sinking Fund Installment, less the amount previously credited against such Sinking Fund Installment in accordance with paragraph (iii) below. On the date fixed for redemption of such Bonds, the Trustee shall make available to the Trustee from the Sinking Fund Account an amount equal to the principal amount of such Bonds so called for redemption, which amount shall be applied by the Trustee to the payment of the Redemption Price of such Bonds in accordance with the terms of such Bonds.

(ii) Upon the direction of the County, the Trustee shall endeavor to purchase Outstanding Bonds of such Series subject to redemption from the Sinking Fund Installment due on any date from amounts on deposit in the Sinking Fund Account at the most advantageous price then obtainable with reasonable diligence. No such purchase shall be made by the Trustee (A) after the earlier of the date on which the Trustee gives notice of the redemption of Bonds of such Series from such Sinking Fund

Installment and the date that is 45 days before the due date for the payment of such Sinking Fund Installment, or (B) at a price, including any brokerage and other charges, greater than the principal amount of such Bonds and accrued interest thereon.

(iii) If (A) the Trustee purchases Bonds from amounts on deposit in the Sinking Fund Account in accordance with paragraph (ii) above, (B) the County delivers to the Trustee for cancellation Bonds subject to redemption from such Sinking Fund Installment on or before the earlier of the date on which the Trustee gives notice of the redemption of any Bonds from such Sinking Fund Installment and the date that is 45 days before the due date for the payment of such Sinking Fund Installment, or (C) Bonds subject to redemption from any Sinking Fund Installment are redeemed at the election of the County, then an amount equal to 100% of the aggregate principal amount of such Bonds so purchased and delivered to the Trustee for cancellation or redeemed (as the case may be) shall be credited against such Sinking Fund Installment.

(iv) If the aggregate principal amount of Bonds purchased or redeemed in any Bond Year is in excess of the Sinking Fund Installment due on such Bonds in such period, the Trustee shall credit the amount of such excess against subsequent Sinking Fund Installments for such Bonds as directed in writing by the County.

Redemption Fund
(Section 4.7)

The Trustee shall deposit in the Redemption Fund any amounts paid to the Trustee for the redemption of Bonds (other than any redemption from the Sinking Fund Installments).

Subject to the provisions below, available moneys in the Redemption Fund shall be applied by the Trustee to the purchase or redemption of Bonds of such Series and maturities as the County shall direct. At the direction of the County, the Trustee shall endeavor to purchase such Bonds at the most advantageous price obtainable with reasonable diligence.

The County may set aside any available amount on deposit in the Redemption Fund for the redemption of particular Bonds by the delivery of irrevocable written instructions to the Trustee directing the Trustee to set aside such amount for such purpose, in which event all of the provisions of the Trust Agreement with respect to defeasance of the Bonds shall be applicable to such Bonds and the amounts set aside for the payment of such Bonds. Amounts set aside for the redemption of Bonds and investment earnings on such amounts shall be applied to the payment of the interest due on such Bonds on or prior to the redemption date of such Bonds to the extent provided in such instructions.

Moneys set aside to pay the Redemption Price of any Bonds theretofore called for redemption shall not be deemed to be available for application as provided in the Trust Agreement.

Investments
(Section 4.8)

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 the Trust Agreement as directed by a County Representative.

Subject to the further provisions of the Trust Agreement, 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 (a) investments and accrued interest thereon shall be deemed a part thereof, and (b) investments shall be valued at the current market value thereof.

The Trustee shall not 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 the Trust Agreement, or for any loss arising from any investment permitted therein. The investments authorized by the Trust Agreement shall at all times be subject to the provisions of Applicable Law.

Covenants of the County
(Article V)

The County makes the following representations and covenants in the Trust Agreement:

Payment of Bonds. The County will promptly pay the principal of and premium, if any, and interest on the Bonds on the dates and in the manner provided in the Bonds, but only from the sources available therefor under this Trust Agreement. The County will provide the Trustee sufficient moneys to enable the Trustee to make deposits required under this Trust Agreement and to make all payments of principal of, and premium, if any, and interest on, the Bonds.

Representations of the County. The County represents and covenants that: (a) it is duly authorized under the Constitution and laws of the State, particularly the Revenue Bond Act, to issue the Bonds, to enter into the Trust Agreement and to pledge the Trust Estate in the manner and to the extent set forth in the Trust Agreement, (b) all action on its part for the issuance of the Bonds has been duly and effectively taken, and (c) the Bonds when issued in accordance with the Trust Agreement will be valid and binding obligations of the County.

Results of Operations. The County shall at all times maintain or cause the Department to maintain adequate accounting and management procedures to provide for the periodic review of the Department's results of operations in order to determine the need for any change therein or modification thereof and to permit such change or modification to be implemented within the period required to enable the County to comply with the Trust Agreement.

Accounts and Audits. The County shall keep or cause the Department to keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions with respect to the Pledged Revenues. Such books and accounts shall be subject to the inspection of the Trustee (at reasonable hours and subject to the reasonable rules and regulations of the County).

Additional Indebtedness. The County shall not create or incur any Indebtedness payable in whole or in part from any portion of the revenues of the Department, except: (a) any Additional Bonds issued in accordance with the Trust Agreement; (b) any Indebtedness secured by a pledge of all or any portion of the Trust Estate junior and subordinate to the pledge of such portion of the Trust Estate securing the Bonds ("Subordinate Obligations"); (c) any unsecured Indebtedness ("Unsecured Obligations"); and (d) temporary, short-term loans incurred in accordance with this Section ("Temporary Loans").

If the cash requirements of any portion of the Projects from time to time exceed the funds available therefor as a result of any delay in receipt of any grant payments or other Pledged Revenues, the

County may obtain Temporary Loans in anticipation of such payments or revenues. Temporary Loans may be secured by a first lien on any grant payments in anticipation of which such Temporary Loans are incurred, or other revenues of the County that do not constitute Pledged Revenues, but shall be subordinate to all outstanding Bonds with respect to the balance of the Trust Estate.

No payments shall be made with respect to the principal of or interest on any Subordinate Obligation or any Unsecured Obligation during any period in which (i) any Event of Default shall have occurred and be continuing, or (ii) any deposit required to be made under Section 4.3 of the Trust Agreement remains unpaid. During any other period, the County may pay or prepay, or authorize the payment or prepayment of, the principal of and interest on any Subordinate Obligation or any Unsecured Obligation and no recourse shall be had by the Trustee or any Owner against the person to whom any such payment shall have been made unless such person shall have had, at the time of receipt of such payment, actual knowledge of the occurrence of an Event of Default.

No Disposition of Trust Estate. Except as permitted by the Trust Agreement, the County shall not sell, lease, pledge, assign or otherwise dispose of, and shall neither create nor suffer to remain any lien, encumbrance or charge upon, its interest in 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 Bonds issued within the limitations of the Trust Agreement. The County from the Pledged Revenues will cause to be discharged, or will make adequate provisions to satisfy and discharge, within 60 days after the same shall accrue, all lawful claims and demands that, if unpaid, might by law become such a lien upon its interest in the Trust Estate*, provided* that the County is not required to pay or cause to be discharged, or make provision for, any such lien, encumbrance or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Events of Default
(Section 6.1)

Each of the following shall constitute an Event of Default under the Trust Agreement:

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

(b) Default in the due and punctual payment of the principal of or premium, if any, on any Bond when the same shall become due and payable, at maturity, upon redemption, or otherwise; or

(c) The County shall fail to observe or perform in any material way any covenant, condition, agreement or provision contained in the Bonds or in the Trust Agreement on the part of the County to be performed other than with respect to the payment of principal of and premium, if any, and interest on the Bonds, and such failure shall continue for sixty (60) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the County by the Trustee, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of all Bonds then Outstanding.

Acceleration; Other Remedies
(Sections 6.2 and 6.3)

If, under the Trust Agreement, an Event of Default occurs and is continuing or, when a Credit Facility is not in effect, an Event of Default occurs under paragraph (c) above, the Trustee by notice to the County, or the Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding by notice to the County and the Trustee, may declare the principal of and accrued interest on the Outstanding Bonds to be due and payable immediately. Upon any such declaration the principal of and accrued interest on the Outstanding Bonds shall be due and payable immediately. When a Credit Facility is in effect, the Trustee shall, immediately upon a declaration of acceleration, draw upon the Credit Facility to pay the principal of and interest on the Outstanding Bonds then covered by the Credit Facility. The Trustee may rescind an acceleration and its consequences if (1) any payment default has been cured, (2) the Owners have not been notified of the acceleration, and (3) the amount available to be drawn under the Credit Facility has been reinstated so as to be available in an amount equal to the principal amount of the Bonds Outstanding then covered by the Credit Facility, plus the applicable interest amount. Except as provided above, the Trustee shall not declare the Bonds to be due and payable.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the principal of and premium, if any, or interest on the Bonds or to enforce the performance of any provision of the Bonds and the Trust Agreement.

The Trustee may maintain a proceeding even if it does not possess any of the Bonds or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Owner in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Waiver of Past Defaults
(Section 6.4)

A majority in principal amount of the Outstanding Bonds by notice to the County and the Trustee may waive an existing Event of Default and its consequences. When an Event of Default is waived, it is cured and stops continuing, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent to it.

Control
(Section 6.5)

The Owners of a majority in aggregate principal amount of Bonds Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to Owners.

Rights of Owners to Receive Payment
(Section 6.6)

Notwithstanding any other provision of the Trust Agreement, the right of any Owner to receive payment of principal of, premium, if any, and interest on a Bond, on or after the due dates expressed in the Bond, or to bring suit for the enforcement of any such payment on or after such dates, shall not be impaired or affected without the consent of the Owner.

Priorities
(Section 6.7)

If the Trustee collects any money pursuant to the Trust Agreement, it shall pay out the money in the following order: first to the Trustee for amounts to which it is entitled under the Trust Agreement; second to Owners for amounts due and unpaid on the Bonds for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Bonds for principal, premium and interest, respectively; and third to the County.

The Trustee may fix a payment date for any payment to the Owners.

Removal and Resignation of Trustee; Appointment of Successor
(Sections 7.2)

The Trustee may resign by notifying the County. The Owners of a majority in principal amount of the Outstanding Bonds may remove the Trustee by notifying the Trustee and may appoint a successor

Trustee with the consent of the County. The County will remove the Trustee by notifying the Trustee if (a) the Trustee fails to comply with the penultimate sentence of the Trust Agreement, (b) the Trustee is adjudged a bankrupt or an insolvent, (c) a receiver or other public officer takes charge of the Trustee or its property or (d) the Trustee otherwise becomes incapable of acting. Upon any such removal or resignation, the County shall promptly appoint a successor Trustee by an instrument in writing, which successor Trustee shall give notice of such appointment to all Owners as soon as practicable; provided, that in the event the County does not appoint a successor Trustee within sixty (60) days following the giving of any such notice of removal or the receipt of any such notice of resignation, the removed or resigning Trustee may petition any appropriate court having jurisdiction to appoint a successor Trustee. Any successor Trustee shall be a bank with trust powers, national banking association with trust powers or trust company doing business and having a principal corporate trust office in New York, New York, having a combined capital (exclusive of borrowed capital) and surplus of at least one hundred million dollars ($100,000,000) and subject to supervising or examination by state or national authorities. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of the Trust Agreement the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

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

Modification or Amendment of Trust Agreement
(Section 8.1)

Amendment or Supplement by Consent of Owners. The Trust Agreement, the Bonds and the rights and obligations of the County, the Trustee and the Owners under the Trust Agreement may be amended or supplemented at any time by an amendment thereof or supplement thereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Trust Agreement, are filed with the Trustee, together with a Favorable Opinion of Bond Counsel. No such amendment or supplement shall (a) reduce the rate of interest on any Bond or extend the time of payment thereof or reduce the amount of principal or redemption premiums, if any, on any Bond or extend the Principal Payment Date thereof without the prior written consent of the Owner of the Bond so affected, or (b) reduce the percentage of Owners whose consent is required for the execution of any amendment of the Trust Agreement or supplement to the Trust Agreement, or (c) modify any of the rights or obligations of the Trustee without its prior written consent thereto.

Amendment or Supplement Without Consent of Owners. The Trust Agreement, the Bonds and the rights and obligations of the County, the Trustee and the Owners under the Trust Agreement may also be amended or supplemented at any time by an amendment thereof or supplement thereto which shall become binding upon execution without the written consent of any Owners, and (if the amendment or supplement modifies any of the rights or obligations of the Trustee under the Trust Agreement) with the written consent of the Trustee, only after receipt of a Favorable Opinion of Bond Counsel and only for any one or more of the following purposes:

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

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

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

(d) to provide Additional Projects to be funded with the proceeds of the Bonds;

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

(f) to provide for the issuance of Additional Bonds.

Defeasance
(Section 9.1)

If and when the Bonds secured under the Trust Agreement shall become due and payable in accordance with their terms or through redemption proceedings as provided in the Trust Agreement, or otherwise, and the whole amount of the principal, or redemption price and the interest so due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable under the Trust Agreement by the County, including all fees and expenses of the Trustee, then and in that case, the Trust Agreement and the lien created hereby shall be discharged and satisfied and the County shall be released from the covenants, agreements and obligations of the County contained in the Trust Agreement, and the Trustee shall assign and transfer to or upon the order of the County all property (in excess of the amounts required for the foregoing) then held by the Trustee free and clear of any encumbrances and shall execute such documents as may be reasonably required by the County in this regard.

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

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

THE CONTINUING DISCLOSURE AGREEMENT

The following is a summary of certain provisions of the Continuing Disclosure Agreement. Such summary does not purport to be complete or definitive and reference is made to the Continuing Disclosure

Agreement for a full and complete statement of the terms and provisions and for the definition of capitalized terms used in this summary and not otherwise defined herein.

Undertaking

Pursuant to the Continuing Disclosure Agreement, the County undertakes, until the earlier to occur of the legal defeasance or payment in full of the Series 2009A Bonds, to disseminate to each nationally recognized municipal securities information repository ("NRMSIR") then recognized by the Securities and Exchange Commission for purposes of Rule 15c2-12 (the "Rule") under the Securities Exchange Act of 1934, as amended, and to any state-based information depository ("SID") existing at the time in Maryland then recognized by the Securities and Exchange Commission for purposes of the Rule, if any, (i) not later than 270 days after the end of each Fiscal Year beginning with the Fiscal Year ending June 30, 2009, annual financial statements of the County, as prepared in accordance with generally accepted accounting principles in effect from time to time consistently applied and which are audited by an independent certified public accountant or firm of such accountants, and an annual bond disclosure report (A) containing current information to update the information contained in this Official Statement in Appendix B, Financial Information Regarding the Department Excerpted from the County's Comprehensive Annual Financial Reports for the Fiscal Years Ending June 30, 2008 and 2007, (B) setting forth any material changes to the DLC Revenue Legislation as the same may affect the Series 2009A Bonds, and (C) updating the information contained in this Official Statement under the heading "Security and Sources of Payment for the Series 2009A Bonds" and in Appendix A, The Department of Liquor Control, and (ii) notice in a timely manner, of the following events with respect to the Series 2009A Bonds: (A) principal and interest payment delinquencies; (B) non-payment related defaults; (C) unscheduled draws on debt service reserves reflecting financial difficulties; (D) unscheduled draws on credit enhancements reflecting financial difficulties; (E) substitution of credit or liquidity providers, or their failure to perform; (F) adverse tax opinions or events affecting the tax-exempt status of interest on the Series 2009A Bonds; (G) modifications to rights of bondholders; (H) bond calls; (I) defeasances; (J) release, substitution, or sale of property securing repayment of the Series 2009A Bonds; and (K) rating changes.

If the County fails to disseminate the information specified above as required, it must give notice of such failure to each NRMSIR and SID, if any.

Termination

The obligations of the County will terminate upon the earlier of the payment in full or defeasance of the Series 2009A Bonds.

Dissemination

The County may appoint or engage a dissemination agent to assist it in carrying out its undertaking under the Continuing Disclosure Agreement.

Amendment

The undertaking of the County may only be amended if (i) the amendment is made in connection with a change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature or status of the obligated person or type of business conducted; (ii) such undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Series 2009A Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interest of the holders of the Series 2009A Bonds, as determined either by parties unaffiliated with either County or by approving vote of the holders of the Series 2009A Bonds.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

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

Ladies and Gentlemen:

We have examined certified copies of the legal proceedings and other proofs submitted relative to the authorization of the issuance of $46,765,000 Montgomery County, Maryland Revenue Bonds (Department of Liquor Control), 2009 Series A (the "Series 2009A Bonds"), by Montgomery County, Maryland (the "County"). The Series 2009A Bonds are issued under and pursuant to the Montgomery County Charter (the "Charter"), Sections 5(P)(2) and 5(P)(3) of Article 25A of the Annotated Code of Maryland (2005 Replacement Volume and 2008 Supplement) and Sections 20-47 through 20-54 of Chapter 20 of the Montgomery County Code (2004 Edition, as amended) (collectively, the "Authorizing Legislation"), the terms of Resolution No. 16-676 adopted by the County on July 29, 2008 and amended on February 24, 2009 (as amended, the "Resolution") and the Trust Agreement dated as of May 1, 2009 (the "Trust Agreement") by and between the County and U. S. Bank National Association, as Trustee (the "Trustee"). The terms of the Series 2009A Bonds are specified in the Resolution and the Trust Agreement.

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

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any change in law that may hereafter occur.

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

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

We express no opinion as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2009A Bonds.

Based on the foregoing, it is our opinion that, under existing law:

(a) The Series 2009A Bonds have been duly authorized and legally issued in accordance with the Constitution and Public Laws of the State of Maryland, the Charter, the Authorizing Legislation, the Resolution and the Order.

(b) The Resolution has been duly and properly adopted by the County Council of the County, and is valid and binding on the County. The Trust Agreement has been duly and properly authorized, executed and delivered by the County and, assuming the due authorization, execution and delivery thereof by the Trustee, is a valid and binding obligation of the County, enforceable in accordance with its terms. The Resolution and the Trust Agreement create the valid pledge of and lien on the Trust Estate that they purport to create, subject only to the provisions thereof permitting the withdrawal, payment, setting apart or appropriation thereof for or to the purposes and on the terms and conditions set forth therein.

(c) The Series 2009A Bonds are valid and legally binding special obligations of the County payable solely from the Trust Estate. The Resolution and the Trust Agreement contain provisions permitting the issuance of certain additional County bonds on an equal basis with the Series 2009A Bonds (the "Additional Bonds"). The Pledged Revenues are pledged under and as set forth in the Resolution and the Trust Agreement for the equal and ratable benefit of the Owners from time to time of the Series 2009A Bonds and, to the extent provided in the Resolution and the Trust Agreement, any Additional Bonds. The Series 2009A Bonds and any Additional Bonds issued within the limitations and provisions of the Resolution and the Trust Agreement are entitled to the benefit and security of the Resolution and the Trust Agreement as provided therein.

(d) The Series 2009A Bonds do not constitute a general obligation or a pledge of the faith and credit of the County. The County is not obligated to pay the Series 2009A Bonds or the interest thereon except from the Trust Estate to the extent provided in the Resolution and the Trust Agreement.

(e) Under existing law, the interest on the Series 2009A Bonds (i) is excludable from gross income for Federal income tax purposes, and (ii) is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals and corporations, and such interest is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax.

In rendering the opinion expressed above in this paragraph (e), we have assumed continuing compliance with the covenants and agreements set forth in the Tax Certificate and Compliance Agreement of even date herewith executed and delivered by the County (the "Tax Agreement"), which covenants and agreements are designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the income tax regulations issued thereunder (the "Regulations") that must be satisfied subsequent to the issuance of the Series 2009A Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal tax purposes. In our opinion, the covenants and agreements in the Tax Agreement are sufficient to meet such requirements (to the extent applicable to the Series 2009A Bonds) of the Code and Regulations. However, we assume no responsibility for, and will not monitor, compliance with the covenants and agreements in the Tax Agreement. In the event of noncompliance with such covenants and agreements, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2009A Bonds from becoming includible in gross income for Federal income tax purposes, retroactive to the date of issuance of the Series 2009A Bonds.

(f) Under existing law of the State of Maryland, the interest on the Series 2009A Bonds and profit realized from the sale or exchange of the Series 2009A Bonds is exempt from income taxation by the State of Maryland or by any of its political subdivisions; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes, or any other taxes not levied directly on the Series 2009A Bonds or the interest thereon.

Other than as set forth in the preceding paragraphs (e) and (f), we express no opinion regarding the federal or state income tax consequences arising with respect to the Series 2009A Bonds.

It is to be understood that the rights of the owners of the Series 2009A Bonds and the enforceability of the Series 2009A Bonds, the Resolution and the Trust Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other laws or equitable principles relating to or limiting creditor's rights generally, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases.

Very truly yours,

[to be signed "Venable LLP"]

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