

OFFICIAL STATEMENT DATED OCTOBER 28, 2021

NEW ISSUE -- BOOK-ENTRY ONLY

**Moody's Investors Service, Inc.: Aa1
S&P Global Ratings: AA+
(See "Ratings" herein)**

The interest portion of the Contract Payments to be made by the County under the Funding Agreement and to be received by the holders of the Series 2021 Certificates is not excludable from gross income for federal income tax purposes and is not exempt from income taxation by the State of Maryland or by any of its political subdivisions. See "Tax Matters" herein.

**\$98,755,000
MONTGOMERY COUNTY, MARYLAND
Taxable Limited Obligation Certificates**

Consisting of

**\$57,410,000
Taxable Limited Obligation Certificates
(Facility and Residential Development Projects)
Series 2021A**

**\$41,345,000
Taxable Limited Obligation Refunding Certificates
(Facility and Residential Development Projects)
Series 2021B**

Dated: Date of Initial Delivery

Due: As shown on inside front cover

The Taxable Limited Obligation Certificates (Facility and Residential Development Projects), Series 2021A (the "Series 2021A Certificates") and Taxable Limited Obligation Refunding Certificates (Facility and Residential Development Projects), Series 2021B (the "Series 2021B Certificates" and, together with the Series 2021A Certificates, the "Series 2021 Certificates") are being issued by Montgomery County, Maryland (the "County") to (i) finance or refinance certain projects of the Montgomery Housing Initiative established to promote a broad range of housing opportunities in the County, (ii) refund all of the County's outstanding Taxable Limited Obligation Certificates (Facility and Residential Development Projects), Series 2011 and a portion of the County's outstanding Taxable Limited Obligation Certificates (Facility and Residential Development Projects), Series 2013, and (iii) pay the costs of issuance of the Series 2021 Certificates. The Series 2021 Certificates represent proportionate interests in a Funding Agreement dated as of April 1, 2010, as amended and supplemented (the "Funding Agreement"), between the County and U.S. Bank National Association (the "Bank"), and are payable solely from and secured by (i) periodic payments to be made by the County to the Bank pursuant to the Funding Agreement (the "Contract Payments") and (ii) amounts realized pursuant to the exercise of certain remedies under the Trust Agreement (defined herein) and the Funding Agreement upon the occurrence of nonappropriation or certain defaults by the County thereunder.

The Series 2021 Certificates are issued pursuant to a Taxable Limited Obligation Certificate Trust Agreement dated as of April 1, 2010, as amended and supplemented (the "Trust Agreement"), between the County and U.S. Bank National Association, as trustee (the "Trustee") and as the Bank under the Funding Agreement, pursuant to which the County and the Bank have agreed to assign to the Trustee for the benefit of the holders of the Series 2021 Certificates all of the County's and the Bank's right, title and interest under the Funding Agreement, including the Contract Payments to be made by the County, and all amounts on deposit from time to time in the funds and accounts established under the Trust Agreement, as provided thereunder.

Interest on the Series 2021 Certificates is payable on May 1, 2022, and semi-annually on each November 1 and May 1 thereafter until maturity. The Series 2021 Certificates will be issued in registered form in denominations of \$5,000 or any integral multiple thereof. The Series 2021 Certificates will be issued in book-entry only form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), acting as securities depository. So long as the Series 2021 Certificates are registered in the name of Cede & Co., the payments of the principal or redemption price of and interest on the Series 2021 Certificates will be made when due by the Trustee to DTC. See "Appendix D - Book-Entry Only System."

The Series 2021A Certificates which mature on or before November 1, 2029, are not subject to redemption prior to their maturity. Outstanding Series 2021A Certificates maturing on or after November 1, 2030 are subject to redemption prior to maturity, in whole or in part, on November 1, 2029 or at any time thereafter, at the option of the County and in the order of maturity directed by the County. The Series 2021B Certificates will not be subject to optional redemption prior to maturity. See "The Series 2021 Certificates – Redemption Provisions."

The Series 2021 Certificates, and the interest on them, are limited obligations of the County. The principal or redemption price of and the interest on the Series 2021 Certificates shall be payable solely from the Contract Payments and other funds pledged for the payment thereof under the Trust Agreement. All amounts payable by the County under the Funding Agreement, including the Contract Payments, are subject in each year to appropriation by the County Council. The County Council is under no obligation to make any appropriation with respect to the Funding Agreement. The Funding Agreement is not a general obligation of the County and shall never constitute an indebtedness of the County within the meaning of any constitutional or statutory limitation or a charge against the general credit or taxing power of the County.

DELIVERY: The Series 2021 Certificates are offered, when, as and if issued by the County and subject to the approval of legality of McKennon Shelton & Henn LLP, special counsel, and to certain other conditions. It is expected that the Series 2021 Certificates will be available for delivery on or about November 15, 2021.

The date of this Official Statement is October 28, 2021.

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.

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS

\$57,410,000

Taxable Limited Obligation Certificates (Facility and Residential Development Projects) Series 2021A

<u>Maturing November 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Maturing November 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2022	\$2,335,000	2.000%	0.350%	613357CA8	2032	\$2,850,000	2.100%	2.100%	613357CL4
2023	2,380,000	2.000	0.600	613357CB6	2033	2,915,000	2.200	2.200	613357CM2
2024	2,430,000	2.000	0.900	613357CC4	2034	2,980,000	2.300	2.300	613357CN0
2025	2,475,000	2.000	1.150	613357CD2	2035	3,050,000	2.400	2.400	613357CP5
2026	2,525,000	2.000	1.350	613357CE0	2036	3,125,000	2.500	2.500	613357CQ3
2027	2,580,000	2.000	1.500	613357CF7	2037	3,205,000	2.600	2.600	613357CR1
2028	2,630,000	2.000	1.700	613357CG5	2038	3,290,000	2.650	2.650	613357CS9
2029	2,685,000	2.000	1.800	613357CH3	2039	3,380,000	2.700	2.700	613357CT7
2030	2,735,000	2.000	1.900*	613357CJ9	2040	3,475,000	2.750	2.750	613357CU4
2031	2,795,000	2.000	2.000	613357CK6	2041	3,570,000	2.800	2.800	613357CV2

\$41,345,000

Taxable Limited Obligation Refunding Certificates (Facility and Residential Development Projects) Series 2021B

<u>Maturing November 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Maturing November 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2022	\$1,320,000	2.000%	0.400%	613357CW0	2028	\$4,605,000	1.740%	1.740%	613357DC3
2023	1,340,000	2.000	0.550	613357CX8	2029	4,680,000	1.820	1.820	613357DD1
2024	3,150,000	2.000	0.930	613357CY6	2030	4,770,000	1.900	1.900	613357DE9
2025	4,385,000	2.000	1.180	613357CZ3	2031	2,645,000	2.000	2.000	613357DF6
2026	4,460,000	1.400	1.400	613357DA7	2032	2,700,000	2.100	2.100	613357DG4
2027	4,530,000	1.550	1.550	613357DB5	2033	2,760,000	2.200	2.200	613357DH2

The rates shown above are the interest rates payable by the County resulting from the successful bids for the Series 2021 Certificates at public sale on October 28, 2021. The interest rates and yields shown above are furnished by Robert W. Baird & Co., Inc., the successful bidder for the Series 2021A Certificates and Wells Fargo Bank, National Association, the successful bidder for the Series 2021B Certificates (collectively, the "Successful Bidders"). Other information concerning the terms of reoffering of the Series 2021 Certificates, if any, should be obtained from the Successful Bidders and not from the County.

CUSIP (Committee on Uniform Securities Identification Procedures) is a registered trademark of the American Bankers Association. The above CUSIP numbers are provided by CUSIP Global Services which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The County is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of certificate holders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products. The County has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the assigned CUSIP numbers set forth above.

*Yield to call date of November 1, 2029.

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Series 2021B



No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2021 Certificates by any person in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and other sources which are deemed to be reliable but is not guaranteed as to accuracy or completeness.

No quotations from or summaries or explanations of provisions of laws or documents herein purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or owners of any of the Series 2021 Certificates. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The cover page hereof, the inside front cover and the appendices attached hereto are part of this Official Statement.

THE SERIES 2021 CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE TRUST AGREEMENT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE SERIES 2021 CERTIFICATES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

This Official Statement contains statements relating to future events that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect,” “project” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section of this Official Statement. The offering of the Series 2021 Certificates is made only by the means of this entire Official Statement.

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

COUNTY EXECUTIVE

Marc Elrich

COUNTY COUNCIL

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

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

APPOINTED OFFICIALS

Richard S. Madaleno	<i>Chief Administrative Officer</i>
Michael J. Coveyou	<i>Director, Department of Finance</i>
Jennifer Bryant	<i>Director, Office of Management and Budget</i>
Marc P. Hansen	<i>County Attorney</i>
Selena Mendy Singleton	<i>Clerk of the Council</i>

SPECIAL COUNSEL

McKennon Shelton & Henn LLP
Baltimore, Maryland

FINANCIAL ADVISOR

PFM Financial Advisors LLC
Philadelphia, Pennsylvania

VERIFICATION AGENT

Robert Thomas CPA LLC
Overland Park, Kansas

INDEPENDENT PUBLIC ACCOUNTANTS

SB & Company, LLC
Owings Mills, Maryland

TRUSTEE AND ESCROW DEPOSIT AGENT

U.S. Bank National Association
Richmond, Virginia

DEBT MANAGEMENT AND DISCLOSURE INFORMATION

Montgomery County Department of Finance
101 Monroe Street
Rockville, Maryland 20850
240-777-8860
240-777-8857 (Fax)

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

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OFFICIAL STATEMENT

Relating to

\$98,755,000
MONTGOMERY COUNTY, MARYLAND
Taxable Limited Obligation Certificates

Consisting of

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Taxable Limited Obligation Refunding Certificates
(Facility and Residential Development Projects)
Series 2021B

INTRODUCTION

The purpose of this Official Statement, which includes the attached appendices, is to provide certain information concerning the sale and delivery of the \$57,410,000 Montgomery County, Maryland Taxable Limited Obligation Certificates (Facility and Residential Development Projects), Series 2021A (the “Series 2021A Certificates”) and the \$41,345,000 Montgomery County, Maryland Taxable Limited Obligation Refunding Certificates (Facility and Residential Development Projects), Series 2021B (the “Series 2021B Certificates”) and, together with the Series 2021A Certificates, the “Series 2021 Certificates”). The Series 2021 Certificates are to be issued pursuant to a Taxable Limited Obligation Certificate Trust Agreement dated as of April 1, 2010 (the “Original Trust Agreement”), as amended and supplemented by the First Supplemental Taxable Limited Obligation Certificate Trust Agreement and Supplemental Funding Agreement dated as of August 1, 2011 (the “First Supplemental Trust and Agreement”), the Second Supplemental Taxable Limited Obligation Certificate Trust Agreement and Supplemental Funding Agreement dated as of December 1, 2013 (the “Second Supplemental Trust and Agreement”), the Third Taxable Limited Obligation Certificate Trust Agreement and Supplemental Funding Agreement to be dated as of November 1, 2018 (the “Third Supplemental Trust and Agreement”) and the Fourth Taxable Limited Obligation Certificate Trust Agreement and Supplemental Funding Agreement to be dated as of November 1, 2021 (the “Fourth Supplemental Trust and Agreement” and, collectively with the First Supplemental Trust and Agreement, the Second Supplemental Trust and Agreement, and the Third Supplemental Trust and Agreement amending the Original Trust Agreement, the “Trust Agreement”), each between Montgomery County, Maryland (the “County”) and U.S. Bank National Association, as trustee (the “Trustee”) and as the Bank under the Funding Agreement dated as of April 1, 2010 between the County and the Bank, as amended and supplemented by the First Supplemental Trust and Agreement, the Second Supplemental Trust and Agreement, the Third Supplemental Trust and Agreement, and the Fourth Supplemental Trust and Agreement (as so amended and supplemented, the “Funding Agreement”). The Series 2021 Certificates are being issued to (i) finance or refinance certain projects of the Montgomery Housing Initiative established by the County to promote a broad range of housing opportunities in the County (the “Projects”), (ii) refund all of the County’s outstanding Series 2011 Certificates (as defined herein) and a portion of the County’s outstanding Series 2013 Certificates (as defined herein) and (iii) pay the costs of issuance of the Series 2021 Certificates. For more information regarding the Projects see “Description of Projects and Refunding.” Pursuant to the Trust Agreement, the County previously issued its (i) \$28,840,000 Montgomery County, Maryland Taxable Limited Obligation Certificates (Facility and Residential Development Projects), Series 2011 (the “Series 2011 Certificates”), (ii) \$38,015,000 Montgomery County, Maryland Taxable Limited Obligation Certificates (Facility and Residential Development Projects), Series 2013 (the “Series 2013 Certificates”) and (iii) \$33,715,000 Montgomery County, Maryland Taxable Limited Obligation Certificates (Facility and Residential Development Projects), Series 2018A and \$22,420,000 Montgomery County, Maryland Taxable Limited Obligation Refunding Certificates (Facility and Residential Development Projects), Series 2018B (collectively, the “Series 2018 Certificates”). For more information regarding the Series 2011 Certificates, the Series 2013 Certificates, and the Series 2018 Certificates, see “The Series 2021 Certificates - Additional Certificates.”

The Series 2021 Certificates represent proportionate interests in the Funding Agreement. The Funding Agreement requires the County to make periodic payments (the “Contract Payments”) in amounts sufficient to pay the scheduled debt service on the Series 2021 Certificates until the County shall pay the principal of and premium, if any, and interest on the Series 2021 Certificates. Payment by the County of amounts owed under the Funding Agreement, including the Contract Payments, is dependent on the appropriation in each year by the County Council (the “County Council”) of funds sufficient for such purpose. The County expects that amounts owed under the Funding Agreement, including the Contract Payments, will be appropriated and paid by the County.

Capitalized terms used in the front part of this Official Statement and not defined herein shall have the meanings given to such terms in Appendix C, “Summary of Principal Legal Documents.”

The Series 2021 Certificates, and the interest on them, are limited obligations of the County. The principal or redemption price of and the interest on the Series 2021 Certificates shall be payable solely from the Contract Payments and all amounts on deposit from time to time in the funds and accounts established under the Trust Agreement, as provided thereunder. All amounts payable by the County under the Funding Agreement, including the Contract Payments, are subject in each year to appropriation by the County Council. The County Council is under no obligation to make any appropriation with respect to the Funding Agreement. The Funding Agreement is not a general obligation of the County and shall never constitute an indebtedness of the County within the meaning of any constitutional or statutory limitation or a charge against the general credit or taxing power of the County.

ESTIMATED SOURCES AND USES

The proceeds of the Series 2021 Certificates are expected to be applied as follows:

SOURCES OF FUNDS:	SERIES 2021A CERTIFICATES	SERIES 2021B CERTIFICATES	TOTAL
Par amount of Series 2021 Certificates	\$57,410,000.00	\$41,345,000.00	\$98,755,000.00
Premium	<u>523,938.05</u>	<u>295,004.10</u>	<u>818,942.15</u>
Total sources of funds	<u>\$57,933,938.05</u>	<u>\$41,640,004.10</u>	<u>\$99,573,942.15</u>
USES OF FUNDS:			
Montgomery Housing Initiative Projects	\$57,000,000.00	-	\$57,000,000.00
Deposit to Escrow Fund	-	\$41,309,066.93	41,309,066.93
Underwriter’s Discount	817,064.75	227,397.50	1,044,462.25
Cost of Issuance ⁽¹⁾	<u>116,873.30</u>	<u>103,539.67</u>	<u>220,412.97</u>
Total uses of funds	<u>\$57,933,938.05</u>	<u>\$41,640,004.10</u>	<u>\$99,573,942.15</u>

⁽¹⁾ Includes certain fees and expenses of special counsel, as well as the financial advisor, the Trustee, the verification agent, printing and delivery of the Official Statement, rating agency fees, and other costs related to the issuance of the Series 2021 Certificates. Table may not add due to rounding.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 CERTIFICATES

The Series 2021 Certificates are limited obligations of the County, the principal or redemption price of or interest on which are payable solely from and secured by (i) the Contract Payments and (ii) amounts realized pursuant to the exercise of certain remedies under the Funding Agreement upon the occurrence of nonappropriation or certain defaults by the County thereunder. Pursuant to the Trust Agreement, in order to provide for the payment of the Series 2021 Certificates and the interest with respect thereto according to their tenor, purport and effect, the County and the Bank have pledged and assigned to the Trustee for the benefit of the Holders, all rights, title and interest of the County and the Bank, respectively, under the Funding Agreement, the right to receive Revenues (as defined herein), and all amounts on deposit from time to time in the funds and accounts established under the Trust Agreement. The “Revenues” include all payments to be made by the County to the Bank pursuant to the Funding Agreement, the proceeds of the Series 2021 Certificates and all amounts from time to time on deposit in the funds and accounts established under the Trust Agreement, and all other revenues derived from the Funding Agreement or from the exercise of remedies under the Trust Agreement. The pledge made under the Trust Agreement is, by its terms, for the equal and ratable benefit of the Holders of all the Certificates (as defined in the Trust Agreement), without any priority of any one Certificate over any other, except as expressly provided in or permitted by the Trust Agreement. See “Summary of Principal Legal Documents - Summary of Certain Provisions of the Trust Agreement” in Appendix C.

ALL AMOUNTS PAYABLE BY THE COUNTY UNDER THE FUNDING AGREEMENT, INCLUDING THE CONTRACT PAYMENTS, ARE SUBJECT IN EACH YEAR TO APPROPRIATION BY THE COUNTY COUNCIL. THE FUNDS FROM WHICH AMOUNTS ARE APPROPRIATED TO PAY

CONTRACT PAYMENTS ARE NOT LIMITED TO ANY PARTICULAR SOURCE OF COUNTY REVENUES. THE COUNTY COUNCIL IS UNDER NO OBLIGATION TO MAKE ANY APPROPRIATIONS WITH RESPECT TO THE FUNDING AGREEMENT. THE AMOUNTS PAYABLE BY THE COUNTY UNDER THE FUNDING AGREEMENT ARE NOT GENERAL OBLIGATIONS OF THE COUNTY AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE COUNTY. THE COUNTY HAS NOT PLEDGED ITS FULL FAITH AND CREDIT OR ITS TAXING POWERS TO THE PAYMENT OF AMOUNTS DUE UNDER THE FUNDING AGREEMENT.

THE FUNDING AGREEMENT MAY BE TERMINATED UPON THE OCCURRENCE OF NONAPPROPRIATION OR AN EVENT OF DEFAULT. IN SUCH EVENT, ALL PAYMENT OBLIGATIONS UNDER THE FUNDING AGREEMENT WILL TERMINATE, AND THE SERIES 2021 CERTIFICATES AND THE INTEREST THEREON WILL BE PAYABLE ONLY FROM AMOUNTS PAYABLE UNDER THE FUNDING AGREEMENT THAT WERE PREVIOUSLY APPROPRIATED AND FROM UNEXPENDED PROCEEDS OF THE SERIES 2021 CERTIFICATES. THERE IS NO ASSURANCE THAT SUCH MONEYS WILL BE SUFFICIENT FOR THE PAYMENT OF THE SERIES 2021 CERTIFICATES OR THE INTEREST THEREON UPON THE OCCURRENCE OF A NONAPPROPRIATION OR AN EVENT OF DEFAULT UNDER THE FUNDING AGREEMENT.

Funding Agreement

The Funding Agreement will remain in effect until the County has paid all Contract Payments required to be paid therein, unless terminated earlier in accordance with the Funding Agreement. The Contract Payments due under the Funding Agreement are sufficient to pay the scheduled debt service on the Series 2021 Certificates and the fees and expenses of the Trustee. The Contract Payments are due and payable on the second business day prior to each May 1 and November 1 of any year and shall be paid by the County in immediately available funds on the second business day prior to each May 1 and November 1.

The ability of the County to pay the Contract Payments is subject to annual appropriation of sufficient funds for such purpose by the County Council. Under the Funding Agreement, the County Executive of the County (the "County Executive") covenants, to the extent permitted by law and subject to applicable public policy, to use best efforts to obtain the authorization and appropriation of such funds, including, without limitation, the inclusion of such funds in the budget of the County to be submitted to the County Council and a request for adequate funds to meet the County's obligations under the Funding Agreement in full in its next fiscal year budget. Notwithstanding the foregoing, the Funding Agreement does not obligate the County Council to make any such appropriation.

In the event that sufficient funds are not appropriated for the payment of the Contract Payments, the County may terminate the Funding Agreement at the end of the last fiscal year or earlier date for which an appropriation is available and the County will not be obligated to make payment of the Contract Payments beyond the last date for which an appropriation is available. In the event the Funding Agreement is terminated for nonappropriation, the County will pay to the Trustee all proceeds of the Series 2021 Certificates not theretofore expended by the County, if any, or such lesser amount as shall be required to pay the outstanding principal of and interest on the Series 2021 Certificates and all other amounts payable under the Funding Agreement after the application to the payment thereof of amounts on deposit in the funds and accounts created by the Trust Agreement. See "Summary of Principal Legal Documents - Summary of Certain Provisions of the Funding Agreement" in Appendix C.

In the event of termination due to the occurrence of an Event of Default under the Funding Agreement, the County shall pay to the Bank all proceeds of the Series 2021 Certificates not theretofore expended by the County, if any, or such lesser amount as shall be required to pay the outstanding principal of and interest on the Series 2021 Certificates and all other amounts payable under the Funding Agreement after the application to the payment thereof of amounts on deposit in the funds and accounts created by the Trust Agreement. The County may be liable for any deficiency, if any, between (i) the amount actually appropriated for the payment of Contract Payments and other amounts payable under the Funding Agreement and unpaid by the County during the current fiscal year and which is therefore payable by the County to the end of the current fiscal year of the County and (ii) the sum of the amounts on deposit in the funds and accounts created by the Trust Agreement and the proceeds of the Series 2021 Certificates not theretofore expended by the County, if any, paid to the Bank, after deducting all the Bank's costs and expenses, including (without limitation) reasonable attorneys' fees and expenses incurred in the enforcement of the Funding Agreement. See "Summary of Principal Legal Documents - Summary of Certain Provisions of the Funding Agreement" in Appendix C.

No Lien on Property

The payment of the Contract Payments by the County is *not* secured by any lien on housing or other assets that may be constructed, acquired or renovated with proceeds of the Series 2021 Certificates.

DESCRIPTION OF PROJECTS AND REFUNDING

Montgomery Housing Initiative

The County has a long-standing tradition of commitment and dedication toward meeting the housing needs of its citizens. Under the leadership of the County Executive, the County has implemented a number of programs and initiatives dedicated to the goal of providing affordable housing in the County. In May 1988, the County Council enacted Section 25B-9 of the Montgomery County Code establishing the Montgomery Housing Initiative to help meet the County's existing and growing affordable housing needs.

Section 25B-9 of the Montgomery County Code requires the County Executive to establish the Montgomery Housing Initiative in order to promote a broad range of housing opportunities in the County. The County Executive utilizes the Montgomery Housing Initiative to assist in alleviating the difficulties of many low and moderate income households in obtaining and maintaining housing at prices that they can afford. The Montgomery Housing Initiative helps the County meet a number of its housing goals including constructing new affordable housing units, renovating distressed properties, preserving housing that might otherwise be removed from the supply of affordable housing, developing special needs housing, helping to create mixed-income communities, making sure that housing programs build neighborhoods and not just housing units and working toward an equitable distribution of affordable housing units.

The County's Department of Housing and Community Affairs ("DHCA") administers the Montgomery Housing Initiative pursuant to regulations adopted by the County Executive, which include the requirement that any investments provide units affordable to households meeting income maximums; currently set at 65% of Area Median Income ("AMI") for non-high rise rental units and 70% of AMI for high rise rental units and all ownership units. DHCA partners with various affordable housing organizations and developers to construct new properties and to acquire and rehabilitate existing properties throughout the County. The County Executive is committed to continuing the tradition of creative action to provide affordable housing in the County, and as the need for affordable housing has increased in the County, the County has taken new approaches to the development of ideas that will meet the challenge. One such approach was the creation of the Montgomery Housing Initiative Fund to expand the Montgomery Housing Initiative.

On February 28, 2007, the County Executive issued Executive Order No. 84-07 forming the Affordable Housing Task Force (the "Task Force"). The Task Force was instructed to develop strategies that would result in more affordable housing in the County. The first priority identified by the Task Force in their findings was to preserve the housing stock. Further, the Task Force recommended creating a property acquisition fund as a tool to enable experienced organizations to purchase-at-risk properties and increase the public and nonprofit ownership of affordable rental housing.

The Montgomery Housing Initiative Fund has included over time County financial resources in addition to proceeds from the Series 2011 Certificates, the Series 2013 Certificates, the Series 2018 Certificates and will include the Series 2021 Certificates. Approximately \$57,000,000 of the proceeds of the Series 2021A Certificates will be used to acquire, construct, purchase and rehabilitate affordable housing units. DHCA's partners for projects financed with the Series 2021A Certificates include various for-profit and non-profit agencies.

The following table provides information regarding actual results for FY2017 through FY2020, estimated results for FY2021 and projections for FY2022 and FY2023, of the total affordable housing unit preservation and production program managed by the DHCA. The numbers of units listed below are funded by various sources including the proceeds of the Series 2021A Certificates, other County resources, as well as Federal and Maryland (the "State") aid.

Affordable Housing Units Produced and Preserved

Preservation	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Estimated	FY2022 Projected	FY2023 Projected
County Funded Units Online	2,814	3,644	6,019	5,811	6,399	6,589	6,786
No-Cost Units Online	41	43	0	0	375	394	406
Preservation Pipeline	96	703	58	41	541	368	379
Total Preservation	2,951	4,390	6,077	5,852	7,314	7,350	7,571

Production	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Estimated	FY2022 Projected	FY2023 Projected
County Funded Units Online	497	468	403	546	786	808	833
No-Cost Units Online	508	98	373	254	100	315	324
Production Pipeline	751	959	847	381	313	323	332
Total Production	1,756	1,525	1,623	1,181	1,199	1,446	1,489

Online unit	A unit that is ready for occupancy.
Preservation	Acquisition and/or rehabilitation of an existing unit with affordability restrictions.
Production	New construction or conversion of a market rate unit as an affordable unit.
Pipeline unit	A unit is considered in the pipeline as soon as the County commits to a project.
No-Cost Units	A unit added to preserved or produced without County capital investment.

The Series 2021A Certificates are anticipated to be used to fund, among others, a portion of the following projects:

- \$28.0 million to construct 332 affordable rental units in Silver Spring.
- \$8.5 million to construct 76 units and renovate 141 units of affordable rental housing in Silver Spring.
- \$9.8 million to rehabilitate 81 affordable rental units located in Takoma Park.
- \$11.6 million to construct 167 affordable senior units, consisting of:
 - \$7.8 million for 111 units located in Gaithersburg; and
 - \$3.8 million for 56 units located in Sandy Spring.

Refunding of Certificates

The County is issuing the Series 2021B Certificates to refund all of the outstanding Series 2011 Certificates (the “Refunded Series 2011 Certificates”) and a portion of the outstanding Series 2013 Certificates (the “Refunded Series 2013 Certificates”) in order to realize savings on debt service costs.

Deposits to Escrow Deposit Fund

A portion of the proceeds of the Series 2021B Certificates will be used to refund the Refunded Series 2011 Certificates on the date on which the Series 2021 Certificates are issued and a portion of the proceeds of the Series 2021B Certificates will be applied to the purchase of direct obligations of, or obligations the timely payment of principal and interest upon which is unconditionally guaranteed by, the United States of America (the “Federal Securities”) and which will be held by U.S. Bank, National Association, Richmond, Virginia (the “Escrow Deposit

Agent”) in the Escrow Deposit Fund established under an Escrow Deposit Agreement by and between the County and the Escrow Deposit Agent (the “Escrow Deposit Agreement”). The Federal Securities on deposit in the Escrow Deposit Fund will mature at stated fixed amounts as to principal and interest at such times as will be sufficient to pay when due the principal of and interest on the Refunded Series 2013 Certificates secured by the Escrow Deposit Agreement and, as applicable, the redemption price of and accrued interest on the Refunded Series 2013 Certificates through and until November 1, 2023, the redemption date for the Refunded Series 2013 Certificates maturing on or after November 1, 2024. The Federal Securities will be pledged only to the payment of the Refunded Series 2013 Certificates and are not available for the payment of principal, premium, if any, or interest on the Series 2021 Certificates.

THE SERIES 2021 CERTIFICATES

The Series 2021 Certificates will be dated the date of delivery, and will mature (subject to the redemption provisions set forth below) on the dates and in the amounts and bear interest as set forth on the inside front cover hereof.

The Series 2021 Certificates will be executed and delivered in fully registered form, without coupons, in denominations of \$5,000 each or any integral multiple thereof. Interest will be payable on the Series 2021 Certificates on each May 1 and November 1 (each an “Interest Payment Date”), beginning May 1, 2022. Interest paid on May 1, 2022 will accrue from the date of delivery of the Series 2021 Certificates. The principal or redemption price of and interest on the Series 2021 Certificates will be paid as described in Appendix D so long as the Book-Entry Only System is maintained. If the Book-Entry Only System is discontinued then the Series 2021 Certificates will be payable at the corporate trust office of the Trustee in Richmond, Virginia and interest will be payable by check mailed by the Trustee to the registered Holders of Series 2021 Certificates as their names and addresses appear in the registration books maintained by the Trustee as of (i) the fifteenth calendar day of the month next preceding each Interest Payment Date or (ii) in the case of the payment of any defaulted interest, the tenth (10th) day before such payment. At the request of a Holder of Series 2021 Certificates in the aggregate principal amount of at least \$100,000, any such payments may be made by wire transfer in accordance with written instructions filed by such Holder with the Trustee. Interest on the Series 2021 Certificates shall be calculated on the basis of a year consisting of 360 days divided into twelve 30-day months.

Authority for the Certificates

The Series 2021 Certificates are issued pursuant to Article 25B-9 of the Montgomery County Code, Resolution No. 16-675 of the County Council adopted on July 29, 2008 and effective on July 31, 2008, as amended by Resolution No. 16-1298 of the County Council adopted on March 23, 2010, Resolution No. 17-227 of the County Council adopted on July 26, 2011 and effective on July 26, 2011, Resolution No. 17-803 of the County Council adopted on July 16, 2013 and effective on July 19, 2013, Resolution No. 18-1181 of the County Council adopted on July 17, 2018 and effective on July 17, 2018, Resolution No. 19-1000 of the County Council adopted and effective on October 5, 2021, Executive Order No. B397-21 of the County Executive executed and delivered as of October 13, 2021 and Executive Order No. B398-21 of the County Executive executed and delivered as of October 28, 2021.

Redemption Provisions

Optional Redemption. The Series 2021A Certificates that mature on or before November 1, 2029, are not subject to redemption prior to their respective maturities. The Series 2021A Certificates that mature on or after November 1, 2030, are subject to redemption beginning November 1, 2029, as a whole or in part at any time thereafter, in any order of their maturities, at the option of the County, at a redemption price for each certificate equal to the principal amount of the certificate to be redeemed, together with interest accrued to the date fixed for redemption, without premium. The Series 2021B Certificates are not subject to optional redemption prior to their respective maturities.

Selection of Series 2021A Certificates to be Redeemed. If fewer than all of the outstanding Series 2021A Certificates of any one maturity are called for redemption, the Trustee shall redeem the Series 2021A Certificates of the maturities directed by the County and by lot in such manner as the Trustee shall determine within any maturity; provided however, that the portion of any Series 2021A Certificate of any one maturity to be redeemed shall be in the principal amount of \$5,000 or any integral multiple thereof and, in selecting Series 2021A Certificates of such maturity for redemption, the Trustee shall treat each Series 2021A Certificate as representing that number of Series 2021A Certificates that is obtained by dividing the principal amount of such Series 2021A Certificate by \$5,000.

Notice of Redemption. The Trustee will mail notice of redemption, by first class mail, not less than 20 days and not more than 60 days before the date of redemption to the registered Holders of the Series 2021A Certificates of the maturity or maturities to be redeemed at their addresses shown on the registration books maintained by the Trustee. Notice having been given and sufficient moneys having been delivered to the Trustee, interest will cease to accrue on the Series 2021A Certificates to be redeemed on and after the redemption date. Any notice of redemption may indicate that such redemption is conditioned upon the deposit of sufficient moneys to effect such redemption on the redemption date. The failure by the Trustee to mail a notice of redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of the Series 2021A Certificates.

Additional Certificates

The County may issue additional parity certificates (the “Additional Certificates”) under the Trust Agreement to provide additional funds to finance the objectives of the Projects and other projects permitted under the Trust Agreement.

The Series 2021 Certificates will be secured equally and ratably on parity with any Additional Certificates and the Contract Payments made pursuant to the Funding Agreement by the County shall be increased in the principal amount equal to such Additional Certificates issued.

The County has previously issued the Series 2011 Certificates, with an aggregate principal amount of \$17,140,000 currently outstanding, the Series 2013 Certificates, with an aggregate principal amount of \$27,450,000 currently outstanding and the Series 2018 Certificates, with an aggregate principal amount of \$48,075,000 currently outstanding. Upon the issuance of the Series 2021 Certificates, the aggregate principal amount of \$39,495,000 of the Series 2011 Certificates and Series 2013 Certificates will be defeased. The Series 2011 Certificates were issued to finance and refinance project costs associated with the Montgomery Housing Initiative and a community and recreational facility. The Series 2013 Certificates were issued to finance and refinance project costs associated with the Montgomery Housing Initiative. The Series 2018 Certificates were issued to finance and refinance project costs associated with the Montgomery Housing Initiative and to refund all of the County’s Taxable Limited Obligation Certificates (Facility and Residential Development Projects), Series 2010A. The Series 2021 Certificates constitute Additional Certificates under the Trust Agreement and will be secured equally and ratably on parity with the outstanding Series 2011 Certificates, the outstanding Series 2013 Certificates and the outstanding Series 2018 Certificates (collectively, the “Parity Certificates”).

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ANNUAL DEBT SERVICE REQUIREMENTS⁽¹⁾

The following table sets forth for each calendar year: (i) the principal becoming due on the Series 2021A Certificates; (ii) interest due on the Series 2021A Certificates; (iii) the total debt service requirements of the Series 2021A Certificates; (iv) the principal becoming due on the Series 2021B Certificates; (v) interest due on the Series 2021B Certificates; (vi) the total debt service requirements of the Series 2021B Certificates; (vii) the total debt service requirements of the Parity Certificates; and (viii) the total debt service requirements of all outstanding Certificates. The table below excludes the Refunded 2011 Certificates and the Refunded 2013 Certificates.

Year	<u>Series 2021A Certificates</u>			<u>Series 2021B Certificates</u>			Total Debt Service on Parity Certificates	Total Debt Service Requirement
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
06/30/2022	-	\$ 605,228	\$ 605,228	-	\$ 351,739	\$ 351,739	\$7,612,351	\$ 8,569,318
06/30/2023	\$2,335,000	1,289,193	3,624,193	\$1,320,000	749,608	2,069,608	6,710,546	12,404,346
06/30/2024	2,380,000	1,242,043	3,622,043	1,340,000	723,008	2,063,008	6,714,295	12,399,345
06/30/2025	2,430,000	1,193,943	3,623,943	3,150,000	678,108	3,828,108	4,916,103	12,368,153
06/30/2026	2,475,000	1,144,893	3,619,893	4,385,000	602,758	4,987,758	4,923,203	13,530,853
06/30/2027	2,525,000	1,094,893	3,619,893	4,460,000	527,688	4,987,688	4,921,125	13,528,706
06/30/2028	2,580,000	1,043,843	3,623,843	4,530,000	461,361	4,991,361	4,915,490	13,530,693
06/30/2029	2,630,000	991,743	3,621,743	4,605,000	386,190	4,991,190	4,918,500	13,531,432
06/30/2030	2,685,000	938,593	3,623,593	4,680,000	303,538	4,983,538	4,916,968	13,524,098
06/30/2031	2,735,000	884,393	3,619,393	4,770,000	215,635	4,985,635	2,546,008	11,151,035
06/30/2032	2,795,000	829,093	3,624,093	2,645,000	143,870	2,788,870	2,545,685	8,958,648
06/30/2033	2,850,000	771,218	3,621,218	2,700,000	89,070	2,789,070	2,546,305	8,956,593
06/30/2034	2,915,000	709,228	3,624,228	2,760,000	30,360	2,790,360	2,542,580	8,957,168
06/30/2035	2,980,000	642,893	3,622,893	-	-	-	2,542,380	6,165,273
06/30/2036	3,050,000	572,023	3,622,023	-	-	-	2,543,220	6,165,243
06/30/2037	3,125,000	496,360	3,621,360	-	-	-	2,544,880	6,166,240
06/30/2038	3,205,000	415,633	3,620,633	-	-	-	2,542,140	6,162,773
06/30/2039	3,290,000	330,375	3,620,375	-	-	-	-	3,620,375
06/30/2040	3,380,000	241,153	3,621,153	-	-	-	-	3,621,153
06/30/2041	3,475,000	147,741	3,622,741	-	-	-	-	3,622,741
06/30/2042	<u>3,570,000</u>	<u>49,980</u>	<u>3,619,980</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>3,619,980</u>
Total	<u>\$57,410,000</u>	<u>\$15,634,454</u>	<u>\$73,044,454</u>	<u>\$41,345,000</u>	<u>\$5,262,932</u>	<u>\$46,607,932</u>	<u>\$70,901,776</u>	<u>\$190,554,162</u>

(1) Table may not add due to rounding.

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THE COUNTY

General

Montgomery County, Maryland is a body politic and corporate and a political subdivision of the State of Maryland. For more information respecting the County and its other obligations, see the County's AIS, which is hereby incorporated by reference and can be found at:

<https://www.montgomerycountymd.gov/BONDS/Resources/Files/AIS2020.pdf>

For information respecting the County's Employees' Retirement System, see the County's Employee Retirement Plans, Comprehensive Annual Financial Report, which is hereby incorporated by reference and can be found at:

<https://www.montgomerycountymd.gov/mcerp/Resources/Files/MCERP/FY20%20CAFR.pdf>

Selected Debt and Financial Schedules

The information (including Tables 1 through 7) presented on the following pages provides current information on the County's financial position as of June 30, 2020, and June 30, 2021, as applicable. The County's most current Fiscal Plan, approved on June 22, 2021, contains updated information concerning the Fiscal Year 2021 results including estimates providing that (i) tax revenues for two major revenue categories, property tax and income tax, that comprise nearly 90% of total tax revenues are expected to exceed the estimates for the Fiscal Year 2021 Approved Budget and meet the County's revised estimate for Fiscal Year 2021, (ii) Fiscal Year 2021 revised tax revenues for real and personal property are estimated to increase by 0.01% from the Fiscal Year 2021 Approved Budget, and (iii) Fiscal Year 2021 revised income tax revenues are estimated to increase by 0.73% from the Fiscal Year 2021 Approved Budget. For more information on the County, and a complete overview of the County's debt and the County's Basic Financial Statements for the year ended June 30, 2020, please see the AIS.

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Table 1
Statement of Direct and Overlapping Debt
As of June 30, 2021 (Unaudited)⁽¹⁾
And Including 2021 General Obligation Bonds⁽²⁾

Direct Debt as of June 30, 2021		
General Obligation Bonds Outstanding ⁽³⁾	\$3,163,445,000	
Short-Term BANs/Commercial Paper Outstanding ⁽⁴⁾	160,000,000	
Series 2021 General Obligation Bonds	335,115,000	
Revenue Bonds Outstanding	<u>165,766,663</u>	
Total Direct Debt		\$ 3,824,326,663
Overlapping Debt as of June 30, 2020		
Washington Suburban Sanitary Commission		
Applicable to Montgomery County	\$2,415,741,953	
Housing Opportunities Commission	1,361,034,104	
Montgomery County Revenue Authority	67,419,826	
Maryland-National Capital Park and Planning Commission		
Applicable to Montgomery County	67,475,000	
Kingsview Village Center Development District	319,855	
West Germantown Development District	8,515,000	
Towns, Cities and Villages within Montgomery County	<u>41,648,343</u>	
Total Overlapping Debt		<u>\$ 3,962,154,081</u>
Total Direct and Overlapping Debt		\$ 7,786,480,744
Less Self-Supporting Debt as of June 30, 2020		
County Government Revenue Bonds (dated June 30, 2021)	\$ 165,766,663	
Washington Suburban Sanitary Commission		
Applicable to Montgomery County	2,415,741,953	
Housing Opportunities Commission	1,361,034,104	
Montgomery County Revenue Authority	67,419,826	
Maryland-National Capital Park and Planning Commission		
Applicable to Montgomery County	-	
Total Self-Supporting Debt		<u>\$ (4,009,962,546)</u>
Net Direct and Overlapping Debt		<u>\$ 3,776,518,198</u>
Ratio of Debt to Estimated June 30, 2021 Assessed Valuation of (100% Assessment):		\$ 201,215,583,000
Direct Debt		1.90%
Net Direct Debt ⁽⁴⁾		1.82%
Direct and Overlapping Debt		3.87%
Net Direct and Overlapping Debt		1.88%
Ratio of Debt to Estimated June 30, 2021 Market Value of:		\$ 209,771,081,772
Direct Debt		1.82%
Net Direct Debt ⁽⁵⁾		1.74%
Direct and Overlapping Debt		3.71%
Net Direct and Overlapping Debt		1.80%

(1) Unaudited numbers for the period ending June 30, 2021.

(2) Includes the County's \$335,115,000 Consolidated Public Improvement Project and Refunding Bonds of 2021, Series A issued and delivered on September 8, 2021 (the "Series 2021 Bonds").

(3) This amount has been reduced by \$25,965,000, the amount of the bonds refunded with proceeds of the Series 2021 Bonds.

(4) Net of amount retired with proceeds of the Series 2021 Bonds.

(5) Net Direct Debt of \$3,658,560,000 is derived by subtracting direct self-supporting debt, which consists only of County Government Revenue Bonds in the amount of \$165,766,663 from Total Direct Debt.

Table 2
Statement of Legal Debt Margin
As of June 30, 2021 (Unaudited)
And Including 2021 General Obligation Bonds⁽¹⁾

June 30, 2021 Assessed Valuation - Real Property (Estimated)	\$ 197,017,000,000
Debt Limit (% of Assessed Valuation)	<u>6.00%</u>
Subtotal Limitation - Real Property	<u>\$ 11,821,020,000</u>
June 30, 2021 Assessed Valuation - Personal Property (Estimated)	\$4,198,583,000
Debt Limit (% of Assessed Valuation)	<u>15.00%</u>
Subtotal Limitation - Personal Property	<u>\$ 629,787,450</u>
Total Assessed Valuation - Real and Personal Property (Estimated)	\$ 201,215,583,000
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds	\$ 12,450,807,450
Less Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds Outstanding ⁽²⁾	\$3,163,445,000
Series 2021 General Obligation Bonds	335,115,000
Short-Term BANs/Commercial Paper Outstanding ⁽³⁾	160,000,000
Net Direct Debt	<u>\$ 3,658,560,000</u>
Legal Debt Margin	<u>\$ 8,792,247,450</u>
Net Direct Debt as a Percentage of Assessed Valuation	1.82%

- (1) Includes the County's \$335,115,000 Consolidated Public Improvement Project and Refunding Bonds of 2021, Series A issued and delivered on September 8, 2021 (the "Series 2021 Bonds").
- (2) This amount has been reduced by \$25,965,000, the amount of the bonds refunded with proceeds of the Series 2021 Bonds.
- (3) Net of amount retired with proceeds of the Series 2021 Bonds.

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Table 3
General Obligation Debt of the County
As of June 30, 2020 (Audited) and
June 30, 2021 (Unaudited)
And Including 2021 General Obligation Bonds

<u>Issue</u>	<u>Dated Date</u>	<u>Original Issue Size</u>	<u>Original Coupon Rates</u>	<u>TIC ⁽¹⁾</u>	<u>Maturity</u>	<u>Principal Outstanding June 30, 2020 (Audited)</u>	<u>Principal Outstanding June 30, 2021 (Unaudited)⁽³⁾</u>
GO Refunding Bonds	11/17/2009	\$ 161,755,000	2.00-5.00	2.6487	2011-20	\$ 23,160,000	-
GO Bonds	07/26/2010	195,000,000	2.00-5.00	2.2596	2011-22	16,250,000	-
GO Bonds	07/26/2010	130,000,000	4.75-5.40	5.0708	2023-30	130,000,000	-
GO Refunding Bonds	08/11/2011	237,655,000	2.00-5.00	1.9896	2012-22	80,080,000	\$ 38,655,000 ⁽⁴⁾
GO Bonds	10/24/2012	295,000,000	2.50-5.00	2.2599	2013-32	88,500,000	-
GO Bonds	11/26/2013	295,000,000	3.00-5.00	3.1270	2014-33	177,000,000	44,250,000
GO Refunding Bonds	11/26/2013	24,915,000	5.00	2.7745	2023-24	24,915,000	24,915,000
GO Bonds	11/19/2014	500,000,000	4.00-5.00	2.7745	2015-32	325,000,000	100,000,000
GO Refunding Bonds	11/19/2014	297,990,000	5.00	2.3437	2016-28	270,395,000	258,475,000
GO Refunding Bonds	04/09/2015	58,520,000	5.00	1.2264	2018-21	22,585,000	7,700,000
GO Bonds	12/01/2015	300,000,000	3.00-5.00	2.8036	2016-35	240,000,000	225,000,000
GO Bonds	12/13/2016	340,000,000	3.00-5.00	3.2816	2017-37	289,000,000	272,000,000
GO Bonds	11/15/2017	170,000,000	5.00	1.7265	2018-27	136,000,000	119,000,000
GO Refunding Bonds	11/15/2017	78,270,000	5.00	1.6316	2018-26	53,900,000	45,585,000
GO Refunding Bonds	11/15/2017	294,625,000	3.00-5.00	2.0707	2019-31	285,695,000	272,650,000
GO Refunding Bonds	11/15/2017	143,830,000	3.00-4.00	2.1002	2020-29	143,830,000	129,420,000
GO VRDO ⁽²⁾	12/19/2017	170,000,000	Variable	Variable	2028-37	170,000,000	170,000,000
GO Bonds	11/08/2018	330,000,000	3.50-5.00	3.2797	2019-38	313,500,000	297,000,000
GO Bonds	11/07/2019	320,000,000	3.00-5.00	2.2108	2020-40	320,000,000	304,000,000
GO Bonds	08/05/2020	320,000,000	1.75-4.00	1.4217	2021-40	-	320,000,000
GO Refunding Bonds	08/05/2020	163,950,000	4.00	0.7391	2023-32	-	163,950,000
GO Refunding Bonds	08/05/2020	370,845,000	0.50-1.85	1.4768	2023-34	-	370,845,000
GO Project and Refunding Bonds	09/08/2021	<u>335,115,000</u>	2.00-5.00	1.4717	2022-41	-	<u>335,115,000</u>
Total		<u>\$5,532,450,000</u>				<u>\$3,109,810,000</u>	<u>\$3,498,560,000</u>

(1) True Interest Cost.

(2) Variable Rate Demand Obligations.

(3) Principal outstanding as of June 30, 2021 (\$3,498,560,000) is adjusted to include the \$335,115,000 Consolidated Public Improvement Project and Refunding Bonds of 2021, Series A (the "Series 2021 Bonds"), issued and delivered by the County on September 8, 2021 (net of amount of bonds refunded with proceeds of the Series 2021 Bonds).

(4) Represents principal amount that was paid by the County on July 1, 2021.

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Table 4
General Obligation Bonds Authorized - Unissued
As of June 30, 2021 (Unaudited)

<u>Purpose</u>	<u>Chapter</u>	<u>Act</u>	<u>Amount</u>	<u>Amount Unissued</u>
General County, Parks, and Consolidated Fire Tax District	26	2013	\$ 331,600,000	-
	31	2014	167,400,000	\$127,015,353
	49	2015	148,100,000	148,100,000
	26	2018	28,100,000	28,100,000
	22	2019	5,600,000	5,600,000
			<u>\$ 680,800,000</u>	<u>\$308,815,353</u>
Road & Storm Drainage	49	2015	-	-
	26	2018	\$ 37,900,000	-
	22	2019	88,600,000	\$ 43,105,488
			<u>\$ 126,500,000</u>	<u>\$ 43,105,488</u>
Public Schools and Community College	49	2015	\$ 267,200,000	-
	26	2018	38,400,000	-
	22	2019	245,000,000	\$136,592,874
			<u>\$ 550,600,000</u>	<u>\$136,592,874</u>
Mass Transit	49	2015	\$ 34,200,000	-
	26	2018	51,500,000	\$ 39,189,285
			<u>\$ 85,700,000</u>	<u>\$ 39,189,285</u>
Public Housing	22	2009	\$ 1,000,000	\$ 1,000,000
	54	2010	46,400,000	46,400,000
			<u>\$ 47,400,000</u>	<u>\$ 47,400,000</u>
Easements				
Agricultural Easements	24	2011	\$ 2,000,000	\$ 2,000,000
Façade Easements	24	2011	1,100,000	1,100,000
	26	2013	2,200,000	2,200,000
			<u>\$ 5,300,000</u>	<u>\$ 5,300,000</u>
Total General Obligation Bonds			<u>\$1,496,300,000</u>	<u>\$580,403,000</u>

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

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Table 5
Bond Anticipation Notes Outstanding
As of June 30, 2021 (Unaudited)
And Including 2021 General Obligation Bonds

<u>Issue</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>BANs Retired</u>	<u>BANs Issued</u>	<u>Total BANs</u> <u>Outstanding as of</u> <u>June 30, 2021⁽¹⁾</u>	<u>BANs Retired⁽²⁾</u>	<u>Balance</u>
BAN 2009-A	\$100,000,000	\$ 22,500,000	\$ 7,500,000	\$85,000,000	-	-
BAN 2009-B	100,000,000	22,500,000	7,500,000	85,000,000	-	-
BAN 2010-A	150,000,000	150,000,000	150,000,000	150,000,000	-	-
BAN 2010-B	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>	-	-
Total	<u>\$500,000,000</u>	<u>\$345,000,000</u>	<u>\$315,000,000</u>	<u>\$470,000,000</u>	<u>\$310,000,000</u>	<u>\$160,000,000⁽³⁾</u>

⁽¹⁾ Unaudited.

⁽²⁾ The aggregate principal amount of \$310,000,000 of Bond Anticipation Notes was retired in September 2021.

⁽³⁾ \$24,000,000 of the 2010-A Bond Anticipation Notes will be retired on November 4, 2021, and \$25,000,000 of the 2010-B Bond Anticipation Notes will be retired on November 30, 2021, making the balance of Bond Anticipation Notes outstanding as of November 30, 2021, \$111,000,000.

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Table 6
Montgomery County, Maryland
Schedule of General Fund Revenues, Expenditures, & Transfers In (Out)

	Fiscal Year Ending June 30 ⁽¹⁾⁽³⁾			Approved Budget ⁽²⁾⁽³⁾⁽⁴⁾
	2018	2019	2020	2021
Revenues:				
Taxes:				
Property, including interest & penalty	\$ 1,268,805,073	\$ 1,292,155,658	\$ 1,268,904,164	\$ 1,246,241,020
Transfer tax and recordation tax	158,587,905	168,192,023	173,412,108	181,575,261
County income tax	1,469,251,059	1,531,219,289	1,700,584,075	1,695,360,735
Other taxes	<u>274,215,416</u>	<u>273,354,916</u>	<u>259,686,972</u>	<u>273,568,383</u>
Total Taxes	3,170,859,453	3,264,921,886	3,402,587,319	3,396,745,399
Licenses and permits	11,256,621	11,747,328	10,880,889	13,465,465
Intergovernmental revenue	64,287,818	66,502,144	75,407,920	75,671,630
Charges for services	12,494,474	30,198,205	24,159,285	13,162,131
Fines and forfeitures	29,660,682	31,495,317	29,516,285	45,155,800
Investment income	3,595,298	8,583,321	2,622,856	5,167,950
Miscellaneous	<u>9,241,500</u>	<u>16,930,457</u>	<u>10,570,798</u>	<u>18,165,759</u>
Total Revenues	<u>3,301,395,846</u>	<u>3,430,378,658</u>	<u>3,555,745,352</u>	<u>3,567,534,134</u>
Expenditures (including encumbrances):				
General County:				
General government	386,666,899	389,073,054	482,163,029	482,702,587
Public safety	392,519,611	402,853,522	423,392,675	420,095,375
Public works and transportation	70,864,322	60,922,654	48,151,831	46,518,227
Health and human services	249,913,897	254,956,656	262,278,944	251,454,732
Culture and recreation	47,205,792	50,137,324	50,308,512	47,632,812
Housing and community development	13,321,644	14,056,063	14,449,684	11,382,074
Environment	2,534,498	2,107,892	3,033,009	3,358,531
Education	<u>1,850,884,306</u>	<u>1,885,648,526</u>	<u>1,910,678,276</u>	<u>1,920,965,816</u>
Total Expenditures	<u>3,013,910,969</u>	<u>3,059,825,691</u>	<u>3,194,455,960</u>	<u>3,184,110,154</u>
Transfers In (Out):				
Transfers In:				
General Funds	-	-	-	-
Special Revenue Funds	44,511,302	28,757,130	29,757,250	26,055,305
Enterprise Funds	38,549,431	41,504,274	46,355,930	44,568,663
Internal Service Funds	27,359,360	11,537,012	-	3,713,312
Capital Projects Fund	-	5,500,000	5,500,000	-
Component Units	-	-	-	-
Total Transfers In	<u>110,420,093</u>	<u>87,298,416</u>	<u>81,613,180</u>	<u>74,337,280</u>
Transfers Out:				
General Funds	-	-	-	-
Special Reserve Funds	(24,494,654)	(42,135,619)	(27,133,885)	(21,603,055)
Debt Service Fund	(312,020,121)	(329,700,927)	(341,615,901)	(357,573,250)
Capital Projects Fund	(46,703,653)	(47,326,269)	(46,177,189)	(41,177,000)
Enterprise Funds	(25,000)	(25,800)	(25,000)	(25,000)
Internal Service Funds	<u>(609,198)</u>	<u>(857,758)</u>	<u>(4,773,319)</u>	<u>-</u>
Total Transfers Out	<u>(383,852,626)</u>	<u>(420,045,573)</u>	<u>(419,725,294)</u>	<u>(420,378,305)</u>
Net Transfers In (Out)	<u>(273,432,533)</u>	<u>(332,747,157)</u>	<u>(338,112,114)</u>	<u>(346,041,025)</u>
Other Financing Sources	<u>367</u>	<u>8,655</u>	<u>359</u>	<u>-</u>
Net Change in Fund Balance	<u>14,052,711</u>	<u>37,814,465</u>	<u>23,177,637</u>	<u>37,382,955</u>
Fund Balances, Beginning of Year	<u>506,971,795</u>	<u>521,024,506</u>	<u>558,838,972</u>	<u>582,016,609</u>
Fund Balance, End of the Year	<u>\$ 521,024,506</u>	<u>\$ 558,838,971</u>	<u>\$ 582,016,609</u>	<u>\$ 619,399,564</u>

(1) Source: County Comprehensive Annual Financial Reports. Audited.

(2) Source: County Fiscal Year 2021 Approved Budget.

(3) For financial reporting purposes, the amounts include the General Fund, Urban Districts, Economic Development and the Revenue Stabilization Fund.

(4) The County's most current Fiscal Plan for Fiscal Year 2021 projects Revenue Stabilization Fund and Unassigned General Fund balances of \$403.8 million and \$82.1 million, respectively, for total estimated budgetary reserves of \$485.9 million. The Fiscal Plan, approved on June 22, 2021, incorporates the most recent revenue and expenditure estimates.

Table 7
General Fund
Schedule of Actual and Estimated
GAAP Fund Balances

	Fiscal Year Ending June 30 ⁽¹⁾				Approved Budget ⁽²⁾⁽⁴⁾⁽⁵⁾
	2017	2018	2019	2020	2021
Restricted - Revenue Stabilization Fund ⁽³⁾	\$280,660,259	\$308,695,745	\$341,545,046	\$ 376,281,822	\$384,865,242
Components of General Fund Reported Fund Balance (Net of RSF) ⁽¹⁾⁽³⁾					
Nonspendable	\$ 8,797,529	\$ 6,755,806	\$ 12,137,808	\$ 10,198,747	\$ 9,472,473
Restricted - Other	11,784,991	13,639,668	10,219,326	6,861,399	10,626,346
Committed	60,445,573	62,163,634	59,837,927	42,854,105	56,325,310
Assigned	26,916,962	27,071,892	31,782,165	48,141,465	33,478,121
Unassigned	118,366,481	102,697,761	103,316,699	97,679,071	124,632,072
Subtotal	226,311,536 ⁽¹⁾	212,328,761	217,293,925	205,734,787	234,534,322
Total Reported General Fund	\$ 506,971,795 ⁽²⁾	\$ 521,024,506	\$ 558,838,971	\$ 582,016,609	\$ 619,399,564

(1) Source: County Comprehensive Annual Financial Reports. Audited.

(2) Source: County Fiscal Year 2021 Approved Budget.

(3) Per Section 20-64 through 20-72, inclusive of the County Code, use of the resources in the Revenue Stabilization Fund is restricted. For financial reporting purposes, the fund is reported as part of the General Fund.

(4) For GAAP financial reporting purposes, the Economic Development Fund and Urban District Funds are required to be reported as part of the General Fund.

(5) The County's most current Fiscal Plan for Fiscal Year 2021 projects Revenue Stabilization Fund and Unassigned General Fund balances of \$403.8 million and \$82.1 million, respectively, for total estimated budgetary reserves of \$485.9 million. The Fiscal Plan, approved on June 22, 2021, incorporates the most recent revenue and expenditure estimates.

Revenue Stabilization Fund

The State of Maryland (the "State") enacted legislation in 1992 authorizing political subdivisions in the State to establish "rainy day" or reserve funds to accommodate future funding shortfalls. Pursuant to this State law, the County, under Section 20-64 of Article XII of the County Code, established a Revenue Stabilization Fund (the "Fund") effective July 1, 1994. The Fund supplements the reserve or operating margin the County annually sets aside and provides a mechanism to level out the revenue stream by adjusting for year-to-year fluctuations beyond a certain baseline level.

Effective fiscal year 2011, the mandatory annual contribution to the Fund must equal the greater of 50 percent of any excess revenue or an annual amount equal to the lesser of 0.5 percent of the Adjusted Governmental Revenues ("AGR") or the amount needed to obtain a total reserve of 10 percent of the Adjusted Governmental Revenues. Excess revenue is the amount, if positive, by which total revenues from the income tax, real property, transfer tax, recordation tax, and investment income for the General Fund for the fiscal year exceed the original projections for these amounts. Adjusted Governmental Revenues means tax-supported County Governmental Funds revenues, plus revenues of the County Grants Fund, County Capital Projects Fund, tax-supported funds of the Montgomery County Public Schools, not including the County's local contribution, tax-supported funds of Montgomery College, not including the County's local tax contribution, and tax-supported funds of the County portion of the Maryland-National Capital Park and Planning Commission.

In fiscal year 2014, the fund balance in the Fund was combined with the General Fund in the Comprehensive Annual Financial Report. This amount is reported as restricted fund balance in the General Fund. The County's reserve policy target is 10 percent of AGR and the Fiscal Year 2020 and Fiscal Year 2021 approved budgets planned a reserve at 10 percent of AGR. Due to the County's response to the COVID-19 pandemic, Fiscal Year 2020 reserves were at 8.9% of AGR and Fiscal Year 2021- Fiscal Year 2023 reserves are estimated to be lower than the 10 percent policy target. When emergencies require reserves to dip below the 10 percent policy target, it is the County's policy to ensure that reserves achieve the policy target within three fiscal years. The County's Fiscal Plan shows reserves increasing to 9.0 percent in Fiscal Year 2021, 9.6 percent in Fiscal Year 2022, 9.8 percent in Fiscal Year 2023 and 10.0 percent in Fiscal Year 2024.

Table 8
Revenue Stabilization Fund
Transfers In and Fund Balance
(in Millions)

Fiscal Year ⁽¹⁾	Transfers	Fund Balance
2021	\$27.1	\$403.8
2020	26.8	376.3
2019	25.6	341.5
2018	24.9	308.7
2017	24.7	280.7
2016	23.2	254.4

(1) Amounts for Fiscal Year 2016-Fiscal Year 2020 are audited. Amounts for Fiscal Year 2021 are Fiscal Plan estimates.

Financial Impact of COVID-19

The information in this section provides an overview of the County’s actions taken in responding to the public health crisis caused by the new strain of coronavirus and associated illness called COVID-19 (“COVID-19”). Following the initial events of the 2020 when (i) on January 31, 2020 the United States Department of Health and Human Services declared a public health emergency for the United States, (ii) the World Health Organization (“WHO”) and the Centers for Disease Control and Prevention declaring COVID-19 to be a “public health emergency of international concern”, (iii) on March 11, 2020 the WHO declared the COVID-19 outbreak to be a global pandemic and (iv) on March 13, 2020, the President of the United States declared a national state of emergency; both the State of Maryland and Montgomery County each took various actions to mitigate the spread of COVID-19. In the period of time (18 months) following these events, various executive orders have been issued by federal, state, and local entities focusing on mitigating COVID-19 and then transitioning to reopening the economy.

The County on May 28, 2021, moved to the next phase of reopening from the COVID-19 health crisis since at that time more than 60 percent of County residents had received at least one vaccine, and more than 50 percent had been fully vaccinated. Due to the spread of the contagious delta variant of COVID-19, on August 5, 2021, the County Council approved a new Board of Health regulation to reinstate indoor masking as the County exceeded the substantial COVID-19 transmission threshold as defined by the Centers for Disease Control and Prevention (“CDC”). The mask mandate went into effect on August 7, 2021 and will remain in effect until the County returns to moderate or low transmission rates for 7 consecutive days, as defined under CDC guidelines. Additionally, the County follows State of Maryland and Maryland Department of Health COVID-19 requirements as they are promulgated, which may result in the implementation of various additional safety protocols from time to time. Businesses and workplaces may set their own additional requirements. See website for further details. (montgomerycountymd.gov/covid19/).

Over the past year, the County made many difficult financial decisions to adjust to unprecedented times. Federal and State partners have provided some much-needed assistance, and the County’s revenue forecasts have greatly improved compared to initial projections. The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided the County with \$183.3 million in flexible aid to help address many of the most pressing expenditure challenges. In addition, the County received funds in the amount of \$30.2 million to help maintain our transit system that experienced record lows in ridership due to stay-at-home orders, business shutdowns, physical distancing requirements, and other societal shifts brought on by the virus. Under the Consolidated Appropriations Act, 2021 passed by the United States Congress on December 27, 2020, the County also received \$31.4 million in federal funding to be used for rental and utility assistance within the County. The State provided the County with funds to help its restaurants when the pandemic was in its most extreme phase. Most recently, with the enactment of President Biden’s American Rescue Plan Act (“ARPA”), the County government was allocated \$204.1 million in Federal aid that will be used over the coming months and years to replace revenue losses that occurred during the pandemic and provide economic assistance to the County’s residents and businesses. In addition, this funding will ensure that the County government recovers from the pandemic stronger and more resilient. On May 10, 2021, the U.S. Department of the Treasury issued interim guidance on the usage of funds the County will receive under the Coronavirus State and Local Fiscal Recovery Funds included in ARPA. On June 1, 2021, the County received the first tranche of \$102.1 million ARPA funding.

The County Executive recommended, and the County Council approved two Fiscal Year 2021 operating budget mid-year Savings Plans totaling \$44.4 million for Montgomery County Government. The two Fiscal Year 2021 mid-year Savings Plans also included reductions in the CIP including a reduction to PAYGO of \$32 million. The Fiscal Year 2022 budget and Fiscal Plan presents a plan to restore the reserves which were reduced below the policy level in fiscal 2020, to our policy level of ten percent within three fiscal years (Fiscal Year 2024).

On May 27, the Montgomery County Council formally approved a \$6 billion Fiscal Year 2022 Operating Budget that greatly reflects the recommended budget of County Executive Marc Elrich focusing on “response, recovery, and resilience” following the COVID-19 health crisis. During the budget review and approval process, the Council agreed to 99.85 percent of all spending proposals the County Executive had in his recommended budget. Additionally, the Federal Emergency Management Agency (FEMA) also provided the County with \$36.2 million in reimbursements for eligible expenditures.

The Fiscal Year 2022 total approved operating budget is \$6 billion - a 2.3 percent increase over Fiscal Year 2021. The Fiscal Year 2022 tax supported budget is \$5.1 billion and is a 1.0 percent increase over Fiscal Year 2021. The approved budget does not include an increase to the property tax rate and is consistent with the amended Charter Limit.

As a result of the Pandemic, the County has and will continue to experience an increase in expenses for emergency preparedness, public health and personnel costs. The County cannot determine at this time the full extent of the expenses it will incur as a result of the Pandemic. The County has the ability to modify its Fiscal Year 2022 operating budget (i.e., additional Savings Plan) and adjust its cash spending in the Capital Improvement Program to help the operating budget. Moreover, the County maintains an unrestricted General Fund reserve to pay for unanticipated increased expenses and, if necessary, can access the Revenue Stabilization Fund in the event that current year appropriations become unfunded and can utilize lines of credit for short-term borrowing in response to the delayed payment of taxes and other anticipated revenues.

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

TAX MATTERS

State of Maryland Taxation

Under existing law of the State of Maryland, the interest portion of the Contract Payments to be made by the County under the Funding Agreement and to be received by the holders of the Series 2021 Certificates is not exempt from income taxation by the State of Maryland or by any of its political subdivisions.

Interest on the Series 2021 Certificates may be subject to state or local income taxes in jurisdictions other than the State of Maryland under applicable state or local tax laws. Holders or prospective purchasers of the Series 2021 Certificates should consult their tax advisors regarding the taxable status of the Series 2021 Certificates in a particular state or local jurisdiction other than the State of Maryland.

United States Federal Income Taxation

A holder or prospective purchaser of the Series 2021 Certificates should seek advice based on the holder's or prospective purchaser's particular circumstances from an independent tax advisor.

General. The interest on the Series 2021 Certificates *will* be includable in gross income for United States federal income tax purposes.

Certain Other Federal Tax Consequences Pertaining to Series 2021 Certificates. Many factors may impact the application of federal income tax laws pertaining to the Series 2021 Certificates and the receipt of interest on the Series 2021 Certificates, including the status of the beneficial owner of the Series 2021 Certificates as a United States holder or non-United States holder under applicable rules, whether the Series 2021 Certificates are held as capital assets or in some other context, and whether the status of the beneficial owner or the financial context in which it is operating represents a special tax situation, such as an S corporation, insurance company, tax-exempt

organization, financial institution, regulated investment company, real estate investment trust, or broker-dealer and trader in securities. Persons considering the purchase of the Series 2021 Certificates should consult their own tax advisors concerning the application of federal income tax laws to their particular situations as well as any consequences arising from the federal alternative minimum tax or the federal estate tax or under the laws of any other taxing jurisdiction.

The following is a summary of certain United States federal income tax consequences of the ownership of the Series 2021 Certificates held as capital assets by United States holders. The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations, rulings and judicial decisions as of the date of this Official Statement. Those provisions may be changed, in some cases retroactively, so as to result in United States federal income tax consequences different from those discussed below.

As used herein, “United States holder” means a beneficial owner of a Series 2021 Certificate who or that, for United States federal income tax purposes, is (i) a citizen or resident of the United States, (ii) an entity taxable as a corporation created or organized in or under the laws of the United States or any political subdivision of the United States, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust if it is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or if it has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

If a partnership, or other entity classified as a partnership for federal income tax purposes, holds Series 2021 Certificates, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. A partner of a partnership holding Series 2021 Certificates should consult its tax advisor.

Payment of Interest. Interest on a Series 2021 Certificate will be taxable to a United States holder as ordinary interest income at the time it is accrued or is paid in accordance with the United States holder’s method of accounting for tax purposes.

Tax Accounting Treatment of Discount Certificates. Certain maturities of the Series 2021 Certificates may be issued at an initial public offering price which is less than the stated redemption price at maturity of such Series 2021 Certificates (the “Discount Certificates”). If the stated redemption price at maturity of Discount Certificates of a particular maturity exceeds the first price at which a substantial amount of such Discount Certificates was sold for money (excluding sales to bond houses, brokers or similar persons acting as underwriters, placement agents or wholesalers) by more than a *de minimis* amount, the Discount Certificates will be treated as having original issue discount. A holder of Discount Certificates (whether a cash or accrual method taxpayer) is required to include in gross income as interest the amount of such original issue discount which is treated as having accrued during a taxable year with respect to such Discount Certificates, in advance of the receipt of some or all of the related cash payments. Accrued original issue discount is added to the original cost basis of the holder in determining, for federal income tax purpose, gain or loss upon disposition (including sale, early redemption or repayment at maturity).

Original issue discount on Discount Certificates will be attributed to permissible compounding periods during the life of any Discount Certificates in accordance with a constant rate of interest accrual method. The yield to maturity of the Discount Certificates of each maturity is determined using permissible compounding periods. In general, the length of a permissible compounding period cannot exceed the length of the interval between debt service payments on the Discount Certificates and must begin or end on the date of such payments. The amount of original issue discount allocable to any compounding period is equal to the excess, if any, of (a) the Discount Certificate’s adjusted issue price at the beginning of the compounding period multiplied by its yield to maturity, determined on the basis of compounding at the close of each compounding period and properly adjusted for the length of the compounding period, over (b) the aggregate of all qualified stated interest allocable to the compounding period. Original issue discount allocable to a final compounding period is the difference between the amount payable at maturity, other than a payment of qualified stated interest, and the adjusted issue price at the beginning of the final compounding period. Special rules apply for calculating original issue discount for an initial short compounding period. The “adjusted issue price” of a Discount Certificate at the beginning of any compounding period is equal to its issue price increased by the accrued original issue discount for each prior compounding period (determined without regard to the amortization of any acquisition or Series 2021 Certificate

premium, as described below) and reduced by any payments made on the Discount Certificate (other than qualified stated interest) on or before the first day of the compounding period. Under these rules, a holder of a Discount Certificate will have to include in income increasingly greater amounts of original issue discount in successive compounding periods. The amount of original issue discount accrued on Discount Certificates held of record by persons other than corporations and other exempt holders will be reported to the Internal Revenue Service. If a Discount Certificate is sold or otherwise disposed of between compounding dates, then interest which would have accrued for that compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

The term “qualified stated interest” means stated interest that is unconditionally payable in cash or in property, other than debt instruments of the issuer, if the interest to be paid is payable at least once per year, is payable over the entire term of the Discount Certificate and is payable at a single fixed rate or, subject to certain conditions, based on one or more interest indices.

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

The yields (and related prices) furnished by the successful bidders for the Series 2021 Certificates as shown on the inside cover of this Official Statement may not reflect the initial issue price for the purposes of determining the original issue discount for federal income tax purposes.

The foregoing summarizes certain federal income tax consequences of original issue discount with respect to the Discount Certificates but does not purport to deal with all aspects of federal income taxation that may be relevant to particular investors or circumstances, including those set out above. Prospective purchasers of Discount Certificates should consider possible State and local income, excise or franchise tax consequences arising from original issue discount on Discount Certificates. In addition, prospective foreign corporate purchasers should consider possible federal tax consequences arising from original issue discount on such Discount Certificates under the branch profits tax. The amount of original issue discount considered to have accrued may be reportable in the year of accrual for State and local tax purposes or for purposes of the branch profits tax without a corresponding receipt of cash with which to pay any tax liability attributable to such discount. Purchasers with questions concerning the detailed tax consequences of transactions in the Discount Certificates should consult their tax advisors.

Purchase, Sale and Retirement of Certificates. Except as noted below in the case of market discount, the sale or other disposition of a Series 2021 Certificate will normally result in capital gain or loss. A United States holder’s initial tax basis in a Series 2021 Certificate will be its cost. Upon the sale, redemption or retirement of a Series 2021 Certificate, for federal income tax purposes, a United States holder will recognize capital gain or loss upon the disposition of such security (including sale, early redemption or payment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition (less an amount equal to any accrued qualified stated interest, which will be treated as a payment of interest) and (b) the tax basis in such Series 2021 Certificate, determined by adding to the original cost basis in such Series 2021 Certificate the amount of any original issue discount and any market discount previously included in such holder’s income, and by subtracting any amortized premium and any cash payments on the Series 2021 Certificate other than qualified stated interest, as more fully described above under “Tax Accounting Treatment of Discount Certificates”. Such gain or loss will be long-term capital gain or loss if at the time of the sale, redemption or retirement the Series 2021 Certificate has been held for more than one year. Under present law, both long and short-term capital gains of corporations are taxed at the rates applicable to ordinary income. For noncorporate taxpayers, however, short-term capital gains are taxed at the rates applicable to ordinary income, while net capital gains are taxed at lower rates. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses.

Market Discount. If a United States holder acquires a Series 2021 Certificate after its original issuance at a cost which is less than its stated redemption price at maturity (or, in the case of a Series 2021 Certificate having original issue discount, its revised issue price) by more than a certain *de minimis* amount, such holder will be

deemed to have acquired the Series 2021 Certificate at “market discount.” The amount of market discount treated as having accrued will be determined either on a ratable basis, or, if the holder so elects, on a constant interest method. Upon any subsequent disposition (including a gift, redemption or payment at maturity) of such Series 2021 Certificate (other than in connection with certain nonrecognition transactions), the lesser of any gain on such disposition (or appreciation, in the case of a gift) or the portion of the market discount that accrued while the Series 2021 Certificate was held by such holder will be treated as ordinary income at the time of the disposition. In lieu of including accrued market discount in income at the time of disposition, a holder may elect to include market discount in income currently. Unless a holder so elects, a holder may be required to defer deductions for a portion of such holder’s interest expenses with respect to any indebtedness incurred or maintained to purchase or carry such Series 2021 Certificate until the holder disposes of the Series 2021 Certificate. The election to include market discount in income currently, once made, is irrevocable and applies to all market discount obligations acquired on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the Internal Revenue Service.

Acquisition Premium. A subsequent United States holder of a Series 2021 Certificate is generally subject to rules for accruing original issue discount described above. However, if such holder’s purchase price for the Series 2021 Certificate exceeds the adjusted issue price (the sum of the issue price of the Series 2021 Certificate and the aggregate amount of the original issue discount includable in the gross income of all holders for periods before the acquisition of the Series 2021 Certificate by such holder and reduced by any payment previously made on the Series 2021 Certificate other than a payment of qualified stated interest) the excess (referred to as “acquisition premium”) is offset ratably against the amount of original issue discount otherwise includable in such holder’s taxable income (*i.e.*, such holder may reduce the daily portions of original issue discount by a fraction, the numerator of which is the excess of such holder’s purchase price for the Series 2021 Certificate over the adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Series 2021 Certificate after the purchase date other than qualified stated interest over the Series 2021 Certificates’ adjusted price).

Amortizable Certificate Premium. If the United States holder’s basis in a Series 2021 Certificate exceeds the sum of all amounts payable on the Series 2021 Certificate after the date on which the holder acquires it other than qualified stated interest, such excess will constitute amortizable premium with respect to the Series 2021 Certificate and, in the case of a Discount Certificate, such holder will not have to account for original issue discount with respect to such Series 2021 Certificate. The holder of a Series 2021 Certificate having amortizable premium generally may elect to amortize the premium over the remaining term of the Series 2021 Certificate on a constant yield method as an offset to interest when includable in income under its regular accounting method. In the case of instruments that provide for alternative payment schedules, premium is calculated by assuming that (a) the holder will exercise or not exercise options in a manner that maximizes its yield and (b) the issuer will exercise or not exercise options in a manner that minimizes its yield (except that the issuer will be assumed to exercise call options in a manner that maximizes the holder’s yield). If the holder does not elect to amortize premium, that premium will decrease the gain or increase the loss that would otherwise be recognized on disposition of the Series 2021 Certificate. An election to amortize premium on a constant yield method will also apply to all debt obligations held or subsequently acquired by the holder on or after the first day of the first taxable year to which the election applies. The holder may not revoke the election without the consent of the Internal Revenue Service. Holders of Series 2021 Certificates having amortizable premium should consult with their own tax advisors before making this election.

Election to Use Original Discount Method with Respect to a Certificate. The holder of a Series 2021 Certificate may elect to treat all interest on the Series 2021 Certificate as original issue discount and calculate the amount includable in gross income under the constant yield method described above. For the purposes of this election, interest includes stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable premium or acquisition premium. The holder must make this election for the taxable year in which the Series 2021 Certificate is acquired and may not revoke the election without the consent of the Internal Revenue Service. Holders of Series 2021 Certificates should consult with their own tax advisors about this election.

Medicare Tax. Interest income from the Series 2021 Certificates and net gain realized on the sale or other disposition of property such as the Series 2021 Certificates generally must be taken into account when computing the 3.8% Medicare tax with respect to net investment income or undistributed net investment income, as applicable,

imposed on certain high income individuals and specified trusts and estates. Holders of the Series 2021 Certificates should consult their tax advisors concerning this additional tax as it may apply to the purchase, holding and disposition of the Series 2021 Certificates.

Consequences of Defeasance. The Series 2021 Certificates may be defeased prior to maturity at the option of the County. Holders of the Series 2021 Certificates should be aware that under applicable Treasury Regulations, any such defeasance may be treated as a sale or retirement and subsequent reissuance of the Series 2021 Certificates for tax purposes with the result that such holders would be required to recognize capital gain or loss for federal income tax purposes at the time of such defeasance.

U.S. Federal Information Reporting and Backup Withholding. Under current United States federal income tax law, a 24% backup withholding tax requirement may apply to certain payments of interest and original issue discount on, and the proceeds of the sale, exchange or redemption of, the Series 2021 Certificates if the holder fails to satisfy applicable IRS information reporting requirements. In addition, certain persons making such payments are required to submit information returns (i.e., IRS Forms 1099) to the IRS with regard to those payments. Backup withholding and information reporting will generally not apply with respect to payments made to certain exempt recipients such as corporations or certain exempt entities.

Foreign Investors. Subject to the discussion in the following paragraph, payments with respect to the Series 2021 Certificates to a non-United States holder that has no connection with the United States other than holding its Series 2021 Certificates generally will be exempt from United States income tax and will be made free of withholding tax, as long as that holder has complied with certain tax identification and certification requirements. Non-United States holders should consult their tax advisors regarding the possible United States income tax implications of their ownership and disposition of the Series 2021 Certificates.

Sections 1471 through 1474 of the Code and related federal income tax guidance, collectively referred to as FATCA, generally impose United States federal withholding tax at a rate of 30% on certain types of payments to certain foreign entities, unless various information reporting and diligence requirements are satisfied. This tax generally would apply in the case of Series 2021 Certificates held through foreign financial institutions that do not satisfy such requirements. Generally, the 30% United States federal withholding tax under FATCA will apply to United States-sourced interest (such as interest and original issue discount on the Series 2021 Certificates) and, under current guidance, would apply to certain “passthru” payments no earlier than the date that is two years after the publication of final regulations defining the term “foreign passthru payment.” Non-United States holders should consult their tax advisors regarding the possible implications of FATCA on their ownership and disposition of the Series 2021 Certificates.

Future Tax Developments. Future legislation or regulatory actions and proposals may affect the federal or State income tax consequences of owning the Series 2021 Certificates or the market value of the Series 2021 Certificates. Prospective holders of the Series 2021 Certificates should consult their own independent tax advisors regarding any pending or proposed federal or State tax legislation, regulations, rulings or litigation as to which McKennon Shelton & Henn LLP, special counsel, expresses no opinion.

The foregoing discussion does not discuss all aspects of federal income taxation that may be relevant to a particular holder of Series 2021 Certificates in light of his or her particular circumstances and income tax situation. Each holder of Series 2021 Certificates should consult such holder’s tax advisor as to the specific tax consequences to such holder of the ownership and disposition of the Series 2021 Certificates, including the application of State, local, foreign and other tax laws.

LITIGATION

The County is currently processing numerous claims for damages and is also a defendant in a number of lawsuits which are expected to be paid, when applicable, through its self-insurance program. In addition to those suits in which claims for liability are adequately covered by insurance, the County is a defendant in various suits involving tort claims, violations of civil rights, breach of contract, inverse condemnation, and other suits and actions arising in the normal course of business. In the opinion of the County Attorney, the possible liability of the County in the resolution of these cases will not materially affect the County’s ability to perform its obligations to the holders of the Series 2021 Certificates.

INDEPENDENT PUBLIC ACCOUNTANTS

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

FINANCIAL ADVISOR

PFM Financial Advisors LLC (the "Financial Advisor") has been retained as financial advisor to the County with respect to the issuance and sale of the Series 2021 Certificates. The Financial Advisor has not and is not obligated to undertake or to make an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

RATINGS

Moody's Investors Service, Inc., and S&P Global Ratings ("S&P") have given the Series 2021 Certificates the respective ratings indicated on the cover page of this Official Statement. A rating reflects only the view of the rating organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. 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 2021 Certificates.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

With respect to the Series 2021B Certificates, Robert Thomas CPA LLC (the "Verification Agent") has verified the mathematical accuracy of the computations performed by the Financial Advisor, including the adequacy of the funds held in the Escrow Deposit Fund for the payment when due of the principal of and interest on and, as applicable, the redemption price of and accrued interest on the Refunded 2013 Certificates on the redemption date therefor. Such verification is based upon data and information supplied to the Verification Agent by the Financial Advisor.

CERTIFICATE OF COUNTY OFFICIALS

The Chief Administrative Officer and the Director of Finance of the County will furnish a certificate to the successful bidders for the Series 2021 Certificates to the effect that, to the best of their knowledge and belief, this Official Statement, as of the date of sale and the date of delivery of the Series 2021 Certificates, is true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact, required to be stated or necessary to be stated, to make such statements, in the light of the circumstances under which they were made, not misleading.

CONTINUING DISCLOSURE UNDERTAKING

In order to enable participating underwriters, as defined in Rule 15c2-12 of the Securities Exchange Act of 1934 ("Rule 15c2-12"), to comply with the requirements of paragraph (b)(5) of Rule 15c2-12, the County will execute and deliver a continuing disclosure agreement (the "Continuing Disclosure Agreement") on or before the date of issuance and delivery of the Series 2021 Certificates, the form of which is attached to this Official Statement as Appendix B. Potential purchasers of the Series 2021 Certificates should note that the definition of Reportable Events in Appendix B is intended to completely restate the events specified in Rule 15c2-12. It is noted that certain Reportable Events are expected to have no applicability to the Series 2021 Certificates, such as the possibility of unscheduled draws on debt service reserves and matters affecting collateral for the Series 2021 Certificates.

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

- The County failed to file notices of ratings changes in connection with: (i) the upgrade by Standard & Poor's Rating Group in January 2016 of the County's Revenue Bonds (Water Quality Protection Charge), Series 2012, (ii) the upgrade by Fitch Ratings in April 2016 of the County's Taxable Limited Obligation Certificates (Facility and Residential Development Projects), and (iii) the upgrade by Fitch Ratings in April 2016 of the County's Lease Revenue Project and Refunding Bonds (Metrorail Garage Projects). The County subsequently filed notices of such upgrades on EMMA.

LEGALITY OF THE CERTIFICATES

The authorization, sale, issuance and delivery of the Series 2021 Certificates will be subject to legal approval by McKennon Shelton & Henn LLP, Baltimore, Maryland, special counsel, and a copy of their unqualified approving legal opinion with respect to the Series 2021 Certificates will be delivered upon request, without charge, to the successful bidders for the Series 2021 Certificates. The opinions are expected to be substantially in the forms of the draft opinions attached to this Official Statement as Appendix A.

INFORMATION IN OFFICIAL STATEMENT

All quotations, summaries and explanations in this Official Statement of State and County laws and the Montgomery County Charter do not purport to be complete and reference is made to pertinent provisions of the same for complete statements. Any estimates or opinions herein, whether or not expressly so stated, are intended as such and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date as of which such information is stated or the date hereof. This Official Statement shall not be construed as part of any contract between the County and the purchasers or holders of its Series 2021 Certificates. The County has been advised by McKennon Shelton & Henn LLP, special counsel, in connection with legal statements contained in this Official Statement; however, special counsel has not passed upon or assumed responsibility for the accuracy of the statistical data, financial statements and economic data contained herein.

Any questions regarding this Official Statement or the Series 2021 Certificates should be directed to the County's Director of Finance, Department of Finance, Montgomery County, Maryland, 101 Monroe Street, 15th floor, Rockville, Maryland 20850, Telephone: (240) 777-8860.

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AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement have been duly authorized by the County. This Official Statement is hereby deemed final for the purposes of Rule 15c2-12 of the Securities and Exchange Commission.

MONTGOMERY COUNTY, MARYLAND

By: /s/ Marc Elrich
Marc Elrich
County Executive

By: /s/ Michael J. Coveyou
Michael J. Coveyou
Director, Department of Finance

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APPENDIX A

FORMS OF APPROVING OPINIONS OF SPECIAL COUNSEL

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[Closing Date]

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

County Executive and Council Members:

In connection with the issuance of \$_____ Montgomery County, Maryland, Taxable Limited Obligation Certificates (Facility and Residential Development Projects) Series 2021A (the “Series 2021A Certificates”) we have examined:

(i) the Taxable Limited Obligation Certificate Trust Agreement by and between Montgomery County, Maryland (the “County”) and the U.S. Bank National Association, acting as Trustee (the “Trustee”) and as the Bank (the “Bank”) dated as of April 1, 2010, as amended by the First Supplemental Taxable Limited Obligation Certificate Trust Agreement and Supplemental Funding Agreement dated as of August 1, 2011 (the “First Supplement”), the Second Supplemental Taxable Limited Obligation Certificate Trust Agreement and Supplemental Funding Agreement dated as of December 1, 2013 (the “Second Supplement”), the Third Supplemental Taxable Limited Obligation Certificate Trust Agreement and Supplemental Funding Agreement dated as of November 1, 2018 (the “Third Supplement”), and the Fourth Supplemental Taxable Limited Obligation Certificate Trust Agreement and Supplemental Funding Agreement (the “Fourth Supplement”) dated as of November 1, 2021 (the “Trust Agreement”);

(ii) the Funding Agreement by and between the County and the Bank dated as of April 1, 2010, as amended by the First Supplement, the Second Supplement, the Third Supplement and the Fourth Supplement (the “Funding Agreement”);

(iii) Resolution No. 16-675 of the County Council adopted on July 29, 2008 and effective on July 31, 2008, as amended by Resolution No. 16-1298 of the County Council adopted on March 23, 2010; Resolution No. 17-227 of the County Council adopted on July 26, 2011 and effective on July 26, 2011; Resolution No. 17-803 of the County Council adopted on July 16, 2013 and effective on July 19, 2013; Resolution No. 18-1181 of the County Council adopted on July 17, 2018 and effective on July 17, 2018; and Resolution No. 19-1000 of the County Council adopted and effective on October 5, 2021;

(iv) Executive Order No. B397-21 executed by the County Executive of the County on October 13, 2021 and Executive Order No. B398-21 of the County Executive of the County executed and delivered as of October 28, 2021;

(v) form of the Series 2021A Certificates;

(vi) relevant provisions of the Internal Revenue Code of 1986, as amended (the “Code”); and

(vii) other proofs submitted to us relative to the issuance of the Series 2021A Certificates.

The Funding Agreement provides for the payment by the County of contract payments (the “Contract Payments”). Each Contract Payment has a principal portion and an interest portion, in the amounts and on the dates set forth in the Funding Agreement.

The Series 2021A Certificates are in registered form in denominations of \$5,000 or any integral multiple thereof. The Series 2021A Certificates bear interest, mature and are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth therein and in the Trust Agreement.

We have made no investigation of, and are rendering no opinion regarding the title to real or personal property or the priority or perfection of any lien or security interest in real or personal property. Based upon the foregoing, it is our opinion that:

(a) The County is a validly created and existing body politic and corporate and political subdivision of the State of Maryland.

(b) The Series 2021A Certificates have been duly authorized and issued pursuant to, and are permitted by the terms of, the Trust Agreement, constitute valid and binding obligations evidencing direct and proportionate interests of the owners thereof in principal and interest components of Contract Payments, and are equally and ratably secured under the Trust Agreement. Additional Certificates secured equally and ratably with the Series 2021A Certificates may be issued from time to time under the conditions, limitations and restrictions set forth in the Trust Agreement.

(c) The County's obligation to make Contract Payments is subject to and dependent upon the County Council making annual appropriations for such purpose. Such obligation does not constitute a debt of the County within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the County beyond any fiscal year for which the County Council has appropriated moneys to make such payments.

(d) The Funding Agreement and the Trust Agreement have been duly authorized, executed and delivered by the County and, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitute the valid and binding obligation of the County enforceable against the County in accordance with their terms.

(e) The Funding Agreement, the Trust Agreement and the Series 2021A Certificates are subject to bankruptcy, insolvency, moratorium, reorganization and other state and federal laws affecting the enforcement of creditors' rights and to general principles of equity.

(f) Under existing law, the interest portion of the Contract Payments on the Series 2021A Certificates is not exempt from income taxation by the State of Maryland or by any of its political subdivisions.

(g) The interest portion on the Contract Payments on the Series 2021A Certificates will be includable in gross income for federal income tax purposes under existing statutes, regulations and decisions.

We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof. The opinions expressed herein are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated.

Very truly yours,

[Closing Date]

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

County Executive and Council Members:

In connection with the issuance of \$_____ Montgomery County, Maryland, Taxable Limited Obligation Refunding Certificates (Facility and Residential Development Projects) Series 2021B (the “Series 2021B Certificates”) we have examined:

(i) the Taxable Limited Obligation Certificate Trust Agreement by and between Montgomery County, Maryland (the “County”) and the U.S. Bank National Association, acting as Trustee (the “Trustee”) and as the Bank (the “Bank”) dated as of April 1, 2010, as amended by the First Supplemental Taxable Limited Obligation Certificate Trust Agreement and Supplemental Funding Agreement dated as of August 1, 2011 (the “First Supplement”), the Second Supplemental Taxable Limited Obligation Certificate Trust Agreement and Supplemental Funding Agreement dated as of December 1, 2013 (the “Second Supplement”), the Third Supplemental Taxable Limited Obligation Certificate Trust Agreement and Supplemental Funding Agreement dated as of November 1, 2018 (the “Third Supplement”), and the Fourth Supplemental Taxable Limited Obligation Certificate Trust Agreement and Supplemental Funding Agreement (the “Fourth Supplement”) dated as of November 1, 2021 (the “Trust Agreement”);

(ii) the Funding Agreement by and between the County and the Bank dated as of April 1, 2010, as amended by the First Supplement, the Second Supplement, the Third Supplement and the Fourth Supplement (the “Funding Agreement”);

(iii) Resolution No. 16-675 of the County Council adopted on July 29, 2008 and effective on July 31, 2008, as amended by Resolution No. 16-1298 of the County Council adopted on March 23, 2010; Resolution No. 17-227 of the County Council adopted on July 26, 2011 and effective on July 26, 2011; Resolution No. 17-803 of the County Council adopted on July 16, 2013 and effective on July 19, 2013; Resolution No. 18-1181 of the County Council adopted on July 17, 2018 and effective on July 17, 2018; and Resolution No. 19-1000 of the County Council adopted and effective on October 5, 2021;

(iv) Executive Order No. B397-21 executed by the County Executive of the County on October 13, 2021 and Executive Order No. B398-21 of the County Executive of the County executed and delivered as of October 28, 2021;

(v) form of the Series 2021B Certificates;

(vii) relevant provisions of the Internal Revenue Code of 1986, as amended (the “Code”); and

(vii) other proofs submitted to us relative to the issuance of the Series 2021B Certificates.

The Funding Agreement provides for the payment by the County of contract payments (the “Contract Payments”). Each Contract Payment has a principal portion and an interest portion, in the amounts and on the dates set forth in the Funding Agreement.

The Series 2021B Certificates are in registered form in denominations of \$5,000 or any integral multiple thereof. The Series 2021B Certificates bear interest, mature and are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth therein and in the Trust Agreement.

We have made no investigation of, and are rendering no opinion regarding the title to real or personal property or the priority or perfection of any lien or security interest in real or personal property. Based upon the foregoing, it is our opinion that:

(a) The County is a validly created and existing body politic and corporate and political subdivision of the State of Maryland.

(b) The Series 2021B Certificates have been duly authorized and issued pursuant to, and are permitted by the terms of, the Trust Agreement, constitute valid and binding obligations evidencing direct and proportionate interests of the owners thereof in principal and interest components of Contract Payments, and are equally and ratably secured under the Trust Agreement. Additional Certificates secured equally and ratably with the Series 2021B Certificates may be issued from time to time under the conditions, limitations and restrictions set forth in the Trust Agreement.

(c) The County's obligation to make Contract Payments is subject to and dependent upon the County Council making annual appropriations for such purpose. Such obligation does not constitute a debt of the County within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the County beyond any fiscal year for which the County Council has appropriated moneys to make such payments.

(d) The Funding Agreement and the Trust Agreement have been duly authorized, executed and delivered by the County and, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitute the valid and binding obligation of the County enforceable against the County in accordance with their terms.

(e) The Funding Agreement, the Trust Agreement and the Series 2021B Certificates are subject to bankruptcy, insolvency, moratorium, reorganization and other state and federal laws affecting the enforcement of creditors' rights and to general principles of equity.

(f) Under existing law, the interest portion of the Contract Payments on the Series 2021B Certificates is not exempt from income taxation by the State of Maryland or by any of its political subdivisions.

(g) The interest portion on the Contract Payments on the Series 2021B Certificates will be includable in gross income for federal income tax purposes under existing statutes, regulations and decisions.

We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof. The opinions expressed herein are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated.

Very truly yours,

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APPENDIX B

**FORM OF CONTINUING
DISCLOSURE AGREEMENT**

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of _____, 2021 (this “Disclosure Agreement”) is executed and delivered by MONTGOMERY COUNTY, MARYLAND (the “County”) in connection with the issuance of its Taxable Limited Obligation Certificates (Facility and Residential Development Projects), Series 2021A and Taxable Limited Obligation Refunding Certificates (Facility and Residential Development Projects), Series 2021B (together, the “Series 2021 Certificates”). The County, intending to be legally bound hereby and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby covenant and agree as follows:

SECTION 1. *Purpose of the Disclosure Agreement.* This Disclosure Agreement is being executed and delivered by the County for the benefit of the owners of the Series 2021 Certificates, including beneficial owners, and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The County’s obligations hereunder shall be limited to those required by written undertaking pursuant to the Rule.

SECTION 2. *Definitions.* In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

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

“EMMA” shall mean Electronic Municipal Market Access System maintained by the MSRB. For more information on EMMA, see <https://emma.msrb.org/>.

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

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

“Participating Underwriter” shall mean any of the original underwriters of the Series 2021 Certificates required to comply with the Rule in connection with offering of the Series 2021 Certificates.

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

“State” shall mean the State of Maryland.

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

(a) The County shall provide to the MSRB, the following annual financial information and operating data, such information and data to be updated as of the end of the preceding fiscal year and made available in the County’s Comprehensive Annual Financial Reports within 275 days after the end of the fiscal year, commencing with the fiscal year ended June 30, 2021:

- (i) Statement of Direct and Overlapping Debt;
- (ii) General Bonded Debt Ratios;
- (iii) Assessed Value of All Taxable Property By Class;
- (iv) Property Tax Levies and Collections;
- (v) Property Tax Rates and Tax Levies, By Purpose; and
- (vi) Schedule of General Fund Revenues, Expenditures and Transfers In (Out).

(b) The County shall provide to the MSRB annual audited financial statements for the County, such information to be made available within 275 days after the end of the County's fiscal year, commencing with the fiscal year ended June 30, 2021, unless the audited financial statements are not available on or before such date, in which event said financial statements will be provided promptly when and if available. In the event that audited financial statements are not available within 275 days after the end of the County's fiscal year (commencing with the fiscal year ended June 30, 2021), the County will provide unaudited financial statements within such time period.

(c) The presentation of the financial information referred to in paragraph (a) and in paragraph (b) of this Section shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the final official statement for the Series 2021 Certificates.

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

SECTION 4. *Reporting of Significant Events.*

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events with respect to the Series 2021 Certificates:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax status of the Series 2021 Certificates;
- (7) modifications to rights of holders of the Series 2021 Certificates, if material;
- (8) certificate calls, if material;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Series 2021 Certificates, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the County;
- (13) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (14) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (15) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect holders of the Series 2021 Certificates, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflects financial difficulties.

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

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

SECTION 6. *Termination of Reporting Obligations.* The County's obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Series 2021 Certificates either at their maturity or by early redemption. In addition, the County may terminate its obligations under this Disclosure Agreement if and when the County no longer remains an obligated person with respect to the Series 2021 Certificates within the meaning of the Rule.

SECTION 7. *Amendments.*

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

(1) the amendment is being made in connection with a change of circumstances that arises from a change in legal requirements, change in law, change in the identity, nature or status of the County as the obligated person with respect to the Series 2021 Certificates, or type of business conducted by the County;

(2) this Disclosure Agreement, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the issuance of the Series 2021 Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) the amendment does not materially impair the interests of owners of the Series 2021 Certificates, including beneficial owners, as determined by bond counsel selected by the County or by an approving vote of at least 25% of the outstanding principal amount of the Series 2021 Certificates.

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

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

SECTION 9. *Limitation on Remedies and Forum.*

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

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

SECTION 10. *Beneficiaries.* This Disclosure Agreement shall inure solely to the benefit of the current owners from time to time of the Series 2021 Certificates, including beneficial owners, and shall create no rights in any other person or entity.

SECTION 11. *Relationship to Series 2021 Certificates.* This Disclosure Agreement constitutes an undertaking by the County that is independent of the County's obligations with respect to the Series 2021 Certificates. Any breach or default by the County under this Disclosure Agreement shall not constitute or give rise to a breach or default under the Series 2021 Certificates.

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

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

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

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

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

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

MONTGOMERY COUNTY, MARYLAND

By: _____
Director of Finance

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

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DEFINITIONS OF CERTAIN TERMS

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

“Certificate” means the limited obligation certificates executed and delivered under the Trust Agreement, together with any Additional Certificates.

“Certificate Fund” means the fund so designated that is established under the provisions of the Trust Agreement for the purpose of accepting and disbursing to the Holders moneys received by the Trustee from the County for the payment of principal, premium, if any, and interest on the Certificates.

“County Representative” means the County Executive, the Chief Administrative Officer, or the Director of Finance of the County and any other person authorized by the County to act on its behalf under or with respect to the Funding Agreement and the Trust Agreement by written certificate executed by the Director of Finance of the County and delivered to the Trustee.

“Holder” means the person or entity in whose name a certificate is registered on the Certificate register maintained by the Trustee pursuant to the Trust Agreement.

“Government Obligations” means direct obligations of, or obligations the full and timely payment of the principal of and the interest on which are unconditionally guaranteed by, the United States of America.

“Interest Payment Date” means May 1 and November 1 of each year commencing May 1, 2022.

“Outstanding” when used with reference to the Certificates and as of any particular date, means all Certificates theretofore authenticated and delivered except: (a) any Certificate cancelled by the Trustee (or delivered to the Trustee for cancellation) at or before such date, (b) any Certificate in lieu of or in substitution for which another Certificate shall have been delivered pursuant to the Trust Agreement and (c) any Certificate that is deemed to have been paid pursuant to the provisions of the Trust Agreement.

“Program” means (i) the County Affordable Housing Initiative promulgated under Section 25B of the Montgomery County Code to provide funding for the acquisition, construction, rehabilitation and renovation of real property for the purpose of increasing the inventory of affordable housing in the County; (ii) the public-private partnership to redevelop a retail site into a music hall as part of the County’s redevelopment; and (iii) any additional projects as specified in supplemental trust agreements.

“Project Costs” means the costs of acquisition, construction, rehabilitation and renovation of real property for the purpose of implementing the Program.

“Revenues” means (i) all payments to be made by the County to the Bank pursuant to the Funding Agreement, (ii) the proceeds of the Certificates and all amounts from time to time on deposit in the funds and accounts established by the Trust Agreement, and (iii) all other revenues derived from the Funding Agreement or from the exercise of remedies under the Trust Agreement.

SUMMARY OF CERTAIN PROVISIONS OF THE FUNDING AGREEMENT

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

Term of Agreement (Section 3.02.)

The Funding Agreement will remain in effect until the County has paid all of the Contract Payments and any other sums required to be paid under the provisions of the Funding Agreement to the Bank or until the date on which the Funding Agreement is terminated.

Contract Payments to Be Unconditional (Section 4.03.)

The obligation of the County to make payment of the Contract Payments required under the Funding Agreement and to perform and observe the other covenants and agreements contained therein is absolute and unconditional in all events except as expressly provided in the Funding Agreement. Notwithstanding any dispute between the County and the Bank or any other person, the County agrees to pay all Contract Payments when due and not to withhold any part of any Contract Payments pending final resolution of the dispute. The County agrees that it will not assert any right of set-off, cross-claim, recoupment, or counterclaim against its obligation to make the payments required under the Funding Agreement. The County's obligation to pay Contract Payments during the term of the Funding Agreement will not be abated through accident or unforeseen circumstances.

Continuation of Agreement by the County (Section 4.04.)

The County agrees, subject to the nonappropriation provisions of the Funding Agreement, to pay the Contract Payments due under the Funding Agreement. The County agrees, to the extent permitted by law and subject to applicable public policy that it will not terminate the Funding Agreement for nonappropriation of funds in any fiscal year for which sufficient funds for the payment of Contract Payments due in that fiscal year are appropriated for such Contract Payments. The County Executive, to the extent permitted by law and subject to applicable public policy, will use best efforts to obtain the authorization and appropriation of such funds, including (without limitation) the inclusion of such funds in the budget of the County to be submitted to the County Council and a request for adequate funds to meet the County's obligations in full in its next fiscal year budget.

Nonappropriation (Section 4.05.)

In the event that sufficient funds are not appropriated for the payment of the Contract Payments, the County may terminate the Funding Agreement at the end of the last fiscal year or earlier date for which an appropriation is available and the County will not be obligated to make payment of the Contract Payments beyond the last date for which an appropriation is available. The County agrees to deliver written notice to the Bank of such termination no later than seven days after the County has knowledge that an appropriation will not be available. The failure to give the notice will not extend the Funding Agreement beyond such fiscal year or affect the termination of the Funding Agreement. Upon termination of the Funding Agreement for nonappropriation, the County will pay to the Bank all proceeds of the Certificates not theretofore expended by the County, if any, or such lesser amount as shall be required to pay the outstanding principal of and interest on the Certificates and all other amounts payable under the Funding Agreement after the application to the payment thereof of amounts on deposit in the funds and accounts created by the Trust Agreement. Upon the payment of such proceeds to the Bank, all obligations of the County under the Funding Agreement requiring the expenditure of money will cease (other than the obligation to pay any Contract Payments and other amounts payable under the Funding Agreement previously appropriated).

Essentiality (Section 4.06.)

The County represents that the Program is essential to the County.

Events of Default and Remedies (Sections 6.01., 6.02. and 6.03.)

The following constitute an "Events of Default" under the Funding Agreement, subject to the provisions under the Funding Agreement regarding nonappropriation: (a) failure by the County to pay any

Contract Payment at the time specified in the Funding Agreement; or (b) failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed, for a period of 30 days after written notice to the County by the Bank, specifying such failure and requesting that it be remedied, unless the Bank agrees to an extension of such time; *provided* that if the failure stated on the notice cannot be corrected within 30 days, the Bank will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the County within the applicable period and diligently pursued until the default is corrected; or (c) the County files any proceeding under the United States Bankruptcy Code or makes a general assignment for the benefit of creditors or institutes or consents to the filing of any proceeding for any receivership under any other bankruptcy or insolvency laws.

Whenever any Event of Default shall have happened and be continuing, the Bank shall have the right, at its sole option, without any further demand or notice, to terminate the Funding Agreement and require the County to pay to the Bank all proceeds of the Certificates not theretofore expended by the County, if any, or such lesser amount as shall be required to pay the outstanding principal of and interest on the Certificates and all other amounts payable thereunder after the application to the payment thereof of amounts on deposit in the funds and accounts created by the Trust Agreement, holding the County liable for the deficiency, if any, between (i) the amount actually appropriated for the payment of Contract Payments and other amounts payable thereunder and unpaid by the County during the current fiscal year and which is therefore payable by the County thereunder to the end of the current fiscal year of the County and (ii) the sum of the amounts on deposit in the funds and accounts created by the Trust Agreement and the proceeds of the Certificates not theretofore expended by the County, if any, paid to the Bank, after deducting all the Bank's costs and expenses, including (without limitation) reasonable attorneys' fees and expenses incurred in the enforcement of the Funding Agreement.

Whenever an Event of Default shall have occurred and be continuing, the Bank shall have the right, at its sole option, without further demand or notice, to institute appropriate legal proceedings to require the County to cure any such Event of Default by observing, complying with or performing its obligations under the Funding Agreement.

No delay or omission to exercise any right or power accruing upon any default will impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Bank to exercise any remedy reserved to it in the Funding Agreement, it will not be required to give any notice other than such notice as may be required in the Funding Agreement.

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

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

Security (Granting Clauses)

The County and the Bank, in order to provide for the payment of the Certificates and the interest with respect thereto according to their tenor, purport and effect, and the performance and observance by the County and the Bank, respectively, of all the covenants expressed or implied in the Certificates, the Trust Agreement and the Funding Agreement, do, pursuant and subject to the provisions of the Trust Agreement, thereby grant, bargain, sell, release, convey, transfer and assign unto the Trustee for the benefit of the Holders, their successors and assigns, unconditionally and absolutely, all rights, title and interest of the County and the Bank, respectively, under the Funding Agreement, and all amounts on deposit from time to time in the funds and accounts established by the Trust Agreement.

Establishment and Application of Project Fund (Section 4.02.)

There is established under the Trust Agreement a special fund designated the "Project Fund," which shall be held in trust by the Trustee for the benefit of the Holders and which shall be kept separate and apart from all other funds and moneys held by the Trustee.

Moneys on deposit in the Project Fund shall be paid by the Trustee for the costs of issuance of the Certificates upon receipt from the County of a duly executed requisition.

Moneys on deposit in the Project Fund shall be paid by the Trustee to pay the Project Costs upon receipt from the County of a duly executed requisition. Upon receipt of such requisition, the Trustee shall make payment either directly to the payee named therein, or, if the County can establish that it has already made such payment, to the County as reimbursement.

Upon the earlier of (i) three years from the date of initial authentication and delivery of the Certificates and (ii) the payment of all of the Project Costs, the Trustee shall transfer any moneys remaining in the Project Fund upon the written direction of the County; provided that the proceeds of the sale of the Certificates, including any premium paid for such Certificates in excess of the face amount thereof, together with investment earnings on such proceeds and premium, may be transferred upon the direction of the County from time to time from the Project Fund to the Certificate Fund for the purpose of paying the maturing principal of and interest on the Certificates as they become due.

Establishment and Application of Certificate Fund (Section 4.03.)

There is established under the Trust Agreement a special fund designated the "Certificate Fund," which shall be held in trust by the Trustee for the benefit of the Holders and which shall be kept separate and apart from all other funds and moneys held by the Trustee. Within the Certificate Fund there is established the Interest Account and the Principal Account.

The Trustee shall deposit amounts received by the Trustee under the Funding Agreement, as follows:

FIRST: to the Interest Account, the amount, if any, necessary to make the amount on deposit in the Interest Account equal to the interest to accrue on the Certificates until the earlier of (i) the immediately succeeding Interest Payment Date and (ii) any redemption date;

SECOND: to the Principal Account, the amount, if any, necessary to make the amount on deposit therein equal to the principal amount or redemption price of the Certificates due on the earlier of (i) the immediately succeeding May 1 and (ii) any redemption date; and

THIRD: to the Trustee, the accrued fees and expenses of the Trustee invoiced and remaining unpaid for a period of 30 days.

After making the payments required by items FIRST through THIRD above, the Trustee shall deposit any balance of funds held by the Trustee in the Interest Account.

On each Interest Payment Date and redemption date, the Trustee shall pay or cause to be paid out of the Interest Account the interest due on the Certificates on such date and on each May 1 and redemption date, the Trustee shall pay or cause to be paid out of the Principal Account the principal or redemption price due on the Certificates on such date.

Investments (Section 4.04.)

Moneys held by the Trustee under the Trust Agreement shall be invested by the Trustee upon written order of a County Representative. Such investments shall be registered in the name of the Trustee or any authorized nominee of the Trustee and held by the Trustee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the Trust Agreement. Such investments and reinvestments shall be made giving full consideration for the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment.

Issuance of Additional Certificates (Section 7.10.)

So long as the Funding Agreement is in effect and no Event of Default shall have occurred and be continuing thereunder or under the Trust Agreement, one or more series of Additional Certificates on a parity with the Certificates may be issued for the purpose of providing additional funds necessary to fund the Program. Each series of Additional Certificates shall be issued in such principal amount, mature on such dates, bear interest at such rates and have such provisions for redemption and other terms and conditions not inconsistent with the Trust Agreement as shall be specified in a supplemental trust agreement authorizing such Additional Certificates.

Prior to the issuance of each series of Additional Certificates and the execution and delivery of a supplemental trust agreement in connection therewith, the County and the Trustee shall enter into an amendment to the Funding Agreement which shall provide among other things that, with the consent of the County, the Contract Payments shall be increased and computed so as to amortize in full the principal of and interest on such Additional Certificates and any other costs in connection therewith.

Limitation on Duties (Section 8.05.)

The Trustee shall not have any duty or obligation to manage, control, use, sell or otherwise transfer title to or dispose of or otherwise deal with any part of the assets constituting the Trust Estate, or to otherwise take or refrain from taking any action under or in connection with the Funding Agreement or the Certificates, except as expressly provided by the terms of the Funding Agreement and the Trust Agreement or as expressly provided in written instructions from the Holders of not less than a majority in aggregate principal amount of the Certificates Outstanding. Whenever the Trustee is required to give any consent, approval, permission or otherwise act affirmatively under the terms of the Funding Agreement, the Trustee at its discretion may give such consent, approval, permission or otherwise act affirmatively as it may deem appropriate.

Trustee May Deal in Certificates and Take Action as a Holder (Section 8.06.)

The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own and hold any of the Certificates issued under and secured by the Trust Agreement, and may join in the capacity of a Holder in any action which any Holder may be entitled to take with like effect as if it were not the Trustee under the Trust Agreement.

Resignation and Removal of Trustee (Sections 8.09. and 8.10.)

The Trustee may resign and thereby become discharged from the trusts thereby created by notice in writing given to the County and the Holders of the Certificates. Such resignation shall take effect immediately upon, but only upon (i) the appointment of a new Trustee, (ii) upon acceptance by the new Trustee of the trusts created and the duties of the Trustee under the Trust Agreement, and (iii) assignment by the Trustee and acceptance and assumption by the new Trustee of all the rights, title and interest, duties and obligations of the Trustee under the Funding Agreement. Upon the occurrence of any such resignation, the Trustee, by appropriate documentation, shall transfer all right, title and interest it may have as Trustee under the Trust Agreement and as Trustee under the Funding Agreement to the successor Trustee.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing executed by the Holders of not less than a majority in aggregate principal amount of the Certificates Outstanding.

The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Trust Agreement with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the County or the Holders of not less than a majority in aggregate principal amount of the Certificates Outstanding. Upon any such removal of the Trustee, the Trustee, by appropriate documentation, shall transfer all right, title and interest it may have as Trustee under the Trust Agreement

and under the Funding Agreement to the successor Trustee. Removal of the Trustee shall take effect immediately upon (i) the appointment of a new Trustee and (ii) upon acceptance by the new Trustee of the trusts created and the duties of the Trustee under the Trust Agreement and under the Funding Agreement.

Appointment of Successor Trustee; Qualifications of Trustee (Section 8.11.)

If at any time the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as the Trustee shall be taken over by a governmental official, agency, department or board, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, the County shall appoint a successor Trustee to fill such vacancy and shall mail notice of any such appointment to the Trustee and the Holders.

At any time within one year after any such vacancy shall have occurred, the Holders of not less than a majority in aggregate principal amount of the Certificates Outstanding, by an instrument or concurrent instruments in writing, executed by such Holders and filed with the County may appoint a successor Trustee, which appointment shall supersede any appointment theretofore made by the County. Copies of each such instrument shall be delivered promptly by the County to the predecessor Trustee and the Trustee so appointed by the Holders.

If no appointment of a successor Trustee shall be made, the Holders of not less than a majority in aggregate principal amount of the Certificates outstanding or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any successor Trustee appointed under the provisions of the Trust Agreement shall (i) be a commercial bank or trust company duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, of good standing and having a combined capital and surplus aggregating not less than \$50,000,000; and (ii) have, in the opinion of the County, substantial prior experience as a trustee for the benefit of municipal bondholders or certificate holders if such a bank or trust company is available and willing to assume the position of successor Trustee upon reasonable and customary terms. If the Trustee has or shall acquire any conflicting interest, it shall, within ninety (90) days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign and thereby become discharged from the trusts thereby created by giving notice as provided in the Trust Agreement, such resignation to become effective immediately upon the appointment of a successor Trustee and such successor Trustee's acceptance of such appointment. The Trustee shall be deemed to have a conflicting interest if such interest is a conflicting interest within the meaning of Section 310(b)(1) to (9), inclusive, of the Trust Indenture Act of 1939, as amended.

Liability of Trustee (Section 8.14.)

Except as expressly provided in the Trust Agreement, the Trustee shall have no obligation or liability to the Holders with respect to the payment of the Contract Payments when due, or with respect to the performance by the County of any other covenant made by the County in the Funding Agreement. The Trustee shall be under no liability to any person for interest earned on any money received by it for deposit in the Certificate Fund. Any money deposited with the Trustee for the payment of the principal, premium (if any) or interest on the Certificates and remaining unclaimed for five (5) years after the Certificate has become due and payable, will be paid by the Trustee to the County, and the Holder of such Certificate shall thereafter look only to the County for payment thereof, and all liability of the Trustee with respect to such moneys shall thereupon cease. The Trustee shall in no event be liable to any Holder or Holders of any Certificate or any other person for any amount due on any Certificate from its own funds.

Limited Liability of the County (Section 8.15.)

The liability of the County is limited solely to its obligations under the Funding Agreement. No recourse shall be had for the payment of the principal or redemption price of and interest on any Certificate

or for any claims based thereon, on the Funding Agreement or on the Trust Agreement against any officer, official, council member, employee or agent of Montgomery County, Maryland, all such liability, if any, being expressly waived and released by every Holder of a Certificate by the acceptance of such Certificate.

Supplemental Trust Agreements and Modification to Trust Agreement (Sections 10.01. and 10.02.)

Without the consent of the Holders, the County and the Trustee may from time to time, and at any time, enter into such supplemental trust agreements as shall not be inconsistent with the terms and provisions hereof, which supplemental trust agreements shall thereafter form a part thereof:

- (a) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in the Trust Agreement or in any supplemental trust agreement;
- (b) to grant to or confer upon the Trustee or the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Trustee or the Holders;
- (c) to authorize the issuance of Additional Certificates; or
- (d) to make any other change in the Trust Agreement that, in the opinion of the County and the Trustee, shall not prejudice in any material respect the rights of the Holders of Certificates Outstanding at the date as of which such change shall become effective.

Not less than thirty (30) days prior to the execution of any supplemental trust agreement for any of the purposes indicated above, the Trustee shall cause a notice of the proposed execution of such supplemental trust agreement to be mailed, postage prepaid, to all Holders at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental trust agreement and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Holders.

Subject to the terms and provisions of the Trust Agreement, Holders of not less than a majority in aggregate principal amount of the Certificates Outstanding shall have the right from time to time, anything contained in the Trust Agreement to the contrary notwithstanding, to consent to and approve the execution by the County and the Trustee of a supplemental trust agreement for the purpose of modifying, altering, amending, adding to or rescinding, any of the terms or provisions contained in the Trust Agreement or in any supplemental trust agreement; provided, however, that nothing therein contained shall permit or be construed as permitting:

- (a) a preference or priority of any Certificate or Certificates over any other Certificate or Certificates;
- (b) a change in the interest rates, payment terms or payment dates of any of the Certificates;
- (c) a reduction in the aggregate principal amount of the Certificates without the consent of the holders of such Certificates; or
- (d) the adoption of a provision in any supplemental trust agreement which increases the obligations of the County under the Funding Agreement.

If the Holders of not less than a majority in aggregate principal amount of the Certificates at the time of the execution of such supplemental trust agreement shall have consented to and approved the execution thereof as therein provided, no Holder shall have any right to object to the execution of such supplemental trust agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the County from executing the same or from taking any action pursuant to the provisions thereof.

Defaults and Remedies (Article XI)

The occurrence of an Event of Default (as such term is defined in the Funding Agreement) under the Funding Agreement constitutes an Event of Default under the Trust Agreement.

The failure by the Trustee to receive from the County sufficient amounts (in funds satisfactory to the Trustee) to pay the principal or redemption price of or interest on the Certificates when due or to redeem Certificates on any date fixed for redemption of Certificates, or the failure by the Trustee to pay (the County having deposited sufficient funds with the Trustee for such payment) to the Holders the interest on or principal of any Certificate when due, are also declared to be and constitute Events of Default under the Trust Agreement.

Upon the occurrence and continuance of an Event of Default, subject to any applicable cure period as set forth in the Funding Agreement, the Trustee may, and shall, upon written request of the Holders of not less than a majority in aggregate principal amount of the Certificates then outstanding, declare the principal amount of and accrued interest on the Certificates due and payable; subject, however, to the condition that after the principal of and accrued interest on the Certificates shall have been so declared to be due and payable, the Trustee may, and shall, upon the written request of the Holders of not less than a majority in aggregate principal amount of the Certificates then Outstanding, waive such Event of Default and rescind and annul such declaration and its consequences by written notice to the County; provided that no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon and provided further that an Event of Default based on the nonpayment of interest on or principal of a Certificate may not be waived without the written consent of the Holders of all Certificates then Outstanding.

The Trustee may, in its discretion, enforce each and every right or remedy granted to it, in its capacity as the Bank, pursuant to the Funding Agreement.

Upon the happening of any Event of Default, the Trustee may, and shall, upon the written request of the Holders of not less than a majority in aggregate principal amount of the Certificates then Outstanding and receipt of indemnity to its satisfaction: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders and require the County to carry out any agreements with or for the benefit of the Holders and to perform its duties under the Funding Agreement and the Trust Agreement; (b) bring suit against the County upon the Funding Agreement; (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders; (d) intervene in proceedings involving the rights of the Bank, the Trustee or the Holders; or (e) exercise any other rights or remedies now or hereafter existing at law or in equity including, without implied limitation, the rights and remedies of the Trustee as the Bank under the Funding Agreement.

No Holder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust, or any other remedy under the Trust Agreement or on the Certificates, unless (a) such Holder previously shall have given to the Trustee written notice of a continuing Event of Default; (b) the Holders of not less than a majority in aggregate principal amount of the Certificates then outstanding shall have made written request of the Trustee so to do, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted, or to institute such action, suit or proceeding in its or their name; (c) there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses (including counsel fees) and liabilities to be incurred therein or thereby; and (d) the Trustee shall not have complied with such request within a reasonable time. Such notification, request and offer of indemnity are thereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of the Trust Agreement or for any other remedy; it being understood and intended that no one or more Holders of the Certificates thereby secured shall have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the security of the Trust Agreement, or to enforce any right under the Trust Agreement or under the Certificates, except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, held and maintained in the manner therein provided and for the equal and ratable benefit of all Holders of Outstanding Certificates.

Nothing contained in the Trust Agreement shall, however, affect or impair the right of any Holder of Certificates to enforce the payment of the principal or redemption price of and the interest on any Certificate at and after the maturity thereof.

Defeasance (Article XII)

If the Trustee shall pay or cause to be paid the principal or redemption price of and interest on all of the Certificates, then the pledge of the Trust Estate and all other rights granted under the Trust Agreement to the Trustee or the Holders shall be discharged and satisfied. In such event, upon the request of the County, the Trustee shall execute and deliver to the County all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee, without any request required, shall pay or deliver all moneys, securities and funds held by it pursuant to the Trust Agreement that are not required for the payment or redemption of Certificates not theretofore surrendered for such payment or redemption to the County or to such officer, board or body as may then be entitled by law to receive the same.

A Certificate shall be deemed to have been paid if (i) sufficient money for the payment of the principal or redemption price of and interest on such Certificate shall then be held by the Trustee (through deposit by the County of moneys for such payment or otherwise, regardless of the source of such moneys), whether at or prior to the maturity or the redemption date of such Certificates or (ii) if the maturity or redemption date of such Certificate shall not then have arrived, provision shall have been made for the payment of the principal or redemption price of and interest on such Certificate on the due dates for such payments, by deposit with the Trustee (or other method satisfactory to the Trustee) of Government Obligations, the principal of and the interest on which when due will provide sufficient moneys for such payment and the Trustee shall have given notice, at the expense of the County, by first class mail, postage paid, to all Holders at their addresses as they appear on the registration books maintained by the Trustee, that such moneys are so available for such payment; provided, however, that if any such Certificate is to be redeemed prior to the maturity thereof, provisions shall have been made for the giving of notice of such redemption.

Anything in the Trust Agreement to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Certificates that remain unclaimed for five (5) years after the date on which such Certificates became due and payable either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such dates or for five (5) years after the date of deposit of such moneys if deposited with the Trustee after such date, shall, at the written request of the County Representative, be repaid by the Trustee to the County or to such officer, board or body as may then be entitled by law to receive such moneys, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged; provided, however, that, before being required to make any such payment, the Trustee may, at the expense of the County, give notice, by first class mail, postage paid, to all Holders at their addresses as they appear on the registration books maintained by the Trustee, that such moneys remain unclaimed and that, after a date named in such notice which date shall be not fewer than forty (40) nor more than ninety (90) days after the date of giving of such notice, the balance of such moneys then unclaimed shall be returned to the County.

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information contained in this Appendix D has been extracted from a schedule prepared by The Depository Trust Company ("DTC") entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE." The County makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

General

DTC will act as securities depository for the Series 2021 Certificates. The Series 2021 Certificates 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 Series 2021 Certificate will be issued for each maturity of the Series 2021 Certificates in principal amount equal to the aggregate principal amount of the Series 2021 Certificates 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-only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2021 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2021 Certificate ("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 2021 Certificates 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 2021 Certificates, except in the event that use of the book-entry system for the Series 2021 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2021 Certificates 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 2021 Certificates 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 2021 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such

Series 2021 Certificates 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 2021 Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2021 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2021 Certificates 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 2021 Certificates 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 the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC, DTC's nominee, the 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, if any, 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.

Book-Entry-Only System — Miscellaneous

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

Discontinuation of Book-Entry-Only System

DTC may discontinue providing its services as securities depository with respect to the Series 2021 Certificates at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2021 Certificate certificates are required to be printed and delivered. The County may also decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2021 Certificate certificates will be printed and delivered.

In the event that the Book-Entry Only System is discontinued, the Series 2021 Certificates in fully certificated form will be issued as fully registered Series 2021 Certificates without coupons in the denomination of \$5,000 each or any integral multiple thereof. Such Series 2021 Certificates will be transferable only upon the registration books kept at the principal office of the Trustee, by the registered

owner thereof in person, or by an attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer in the form attached thereto and satisfactory to the Trustee, and duly executed by the registered owner or a duly authorized attorney. Within a reasonable time of such surrender, the County shall cause to be issued in the name of the transferee a new registered Series 2021 Certificate or Series 2021 Certificates of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Series 2021 Certificate surrendered and maturing on the same date and bearing interest at the same rate. The new Series 2021 Certificate or Series 2021 Certificates shall be delivered to the transferee only after due authentication by an authorized officer of the Trustee. The County may deem and treat the person in whose name a Series 2021 Certificate is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal or redemption price thereof and interest due thereon and for all other purposes.

The Trustee shall not be required to transfer or exchange any Series 2021 Certificate after the mailing of notice calling such Series 2021 Certificate or portion thereof for redemption as previously described; provided, however, that the foregoing limitation shall not apply to that portion of a Series 2021 Certificate in excess of \$5,000 which is not being called for redemption.

Neither the County nor the Trustee will have any responsibility or obligation to Participants, to Indirect Participants or to any Beneficial Owner with respect to 1) the accuracy of any records maintained by DTC, any DTC Participant or any Indirect Participant; 2) the payment by DTC, any DTC Participant or any Indirect Participant of any amount with respect to the principal of or premium, if any, or interest on the Series 2021 Certificates; 3) any notice which is permitted or required to be given to holders; 4) any consent given by DTC or other action taken by DTC as holder; or 5) the selection by DTC, any DTC Participant or any Indirect Participant of any Beneficial Owner to receive payment in the event of partial redemption of Series 2021 Certificates.

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APPENDIX E

REFUNDED CERTIFICATES

Montgomery County, Maryland
Taxable Limited Obligation Certificates (Facility and Residential Development Projects), Series 2011
(To be redeemed on or about November 15, 2021)

<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Amount</u>	<u>Call Date</u>	<u>Call Price</u>	<u>CUSIP¹</u>
5/1/2022	4.200%	\$1,395,000	11/15/2021	100.00	61336PDJ7
5/1/2023	4.300	1,455,000	11/15/2021	100.00	61336PDK4
5/1/2024	4.400	1,515,000	11/15/2021	100.00	61336PDL2
5/1/2025	4.500	1,585,000	11/15/2021	100.00	61336PDM0
5/1/2026	4.600	1,655,000	11/15/2021	100.00	61336PDN8
5/1/2027	4.700	1,730,000	11/15/2021	100.00	61336PDP3
5/1/2028	4.800	1,815,000	11/15/2021	100.00	61336PDQ1
5/1/2029	5.000	1,900,000	11/15/2021	100.00	61336PDR9
5/1/2030	5.000	1,995,000	11/15/2021	100.00	61336PDR9
5/1/2031	5.000	2,095,000	11/15/2021	100.00	61336PDR9

Montgomery County, Maryland
Taxable Limited Obligation Certificates (Facility and Residential Development Projects), Series 2013
(To be redeemed on or about November 1, 2023)

<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Amount</u>	<u>Call Date</u>	<u>Call Price</u>	<u>CUSIP¹</u>
11/1/2024	3.840%	\$1,825,000	11/1/2023	100.00	613357AL6
11/1/2025	3.990	1,900,000	11/1/2023	100.00	613357AM4
11/1/2026	4.140	1,980,000	11/1/2023	100.00	613357AN2
11/1/2027	4.290	2,065,000	11/1/2023	100.00	613357AP7
11/1/2028	4.420	2,155,000	11/1/2023	100.00	613357AQ5
11/1/2029	4.750	2,255,000	11/1/2023	100.00	613357AR3
11/1/2030	4.750	2,365,000	11/1/2023	100.00	613357AR3
11/1/2031	4.750	2,480,000	11/1/2023	100.00	613357AR3
11/1/2032	4.750	2,600,000	11/1/2023	100.00	613357AR3
11/1/2033	4.750	2,730,000	11/1/2023	100.00	613357AR3

¹The CUSIP numbers are included solely for convenience. No representation is made by the County as to the correctness of the CUSIP numbers either as printed on the Refunded Certificates or as contained in this Appendix.

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