

## COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND

### RESOLUTION NO. 2011-71

A RESOLUTION to authorize and empower the County Commissioners of Charles County to consolidate, issue and sell an aggregate principal amount not to exceed Twenty Eight Million Two Hundred Fifty Thousand Dollars (\$28,250,000) par value, subject to adjustment as provided herein, of serial maturity, general obligation, fully registered bonds, authorized by Article 31, Section 24 of the Annotated Code of Maryland (2010 Replacement Volume), such bonds to be designated "County Commissioners of Charles County Refunding Bonds of 2011," such bonds to be sold and issued for the purpose of refunding certain outstanding general obligation bonds of the County in order to realize savings to the County in the aggregate cost of debt service, all as hereinafter described; to prescribe the form and tenor of such bonds, the form of the notice of public sale thereof and the terms and conditions for the public sale and issuance thereof, including the manner of advertisement of such sale; to prescribe the bidding procedures to be used at such sale; to prescribe the terms of such bonds and all other details incident thereto; to authorize the execution and delivery of an escrow deposit agreement between the County and Manufacturers and Traders Trust Company, as escrow deposit agent; to provide for the payment, as and when due, of the interest on and redemption price of the general obligation bonds that are to be refunded; to provide for the redemption of the general obligation bonds that are to be refunded on the earliest practicable date as described herein; to provide for the levy and collection of taxes in rate and amount sufficient, together with funds from other sources, to pay the interest on and pay off such bonds as they mature; and to provide generally for the sale, issuance and delivery of such bonds.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF CHARLES COUNTY:

Section 1: In accordance with the authority of Article 31, Section 24 of the Annotated Code of Maryland (2010 Replacement Volume) (the "Refunding Act"), the County hereby determines that it is necessary to borrow money and incur indebtedness for the purpose of providing funds to refund (1) \$5,290,000 principal amount of the County Commissioners of Charles County Consolidated Public Improvement Bonds of 2003, which mature on March 1 in the years 2015 through 2018, inclusive (the "Refunded 2003 Bonds"), (2) \$9,575,000 principal amount of the County Commissioners of Charles County Consolidated Public Improvement and Refunding Bonds of 2004 (Tax-Exempt), which mature on June 1 in the years 2016 through 2019, inclusive (the "Refunded 2004 Bonds"), and (3) \$9,960,000 principal amount of the County Commissioners of Charles County Consolidated Public Improvement and Refunding Bonds of 2005 (Tax-Exempt), which mature on March 1 in the years 2017 through 2020, inclusive (the "Refunded 2005 Bonds" and collectively with the Refunded 2003 Bonds and the Refunded 2004 Bonds, the "Refunded Bonds"), in each case subject to adjustment as hereinafter provided, in order to realize savings to the County in the aggregate cost of debt service. Such refunding shall be effected by purchasing non-callable direct obligations of, or obligations the timely payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America ("Government Obligations"), in such amounts and maturing at stated fixed prices as to principal and interest at such times as will be sufficient to (a) pay all interest on the Refunded Bonds becoming due and payable before the earliest practicable date of redemption, and (b) to pay the redemption price on the Refunded Bonds on the earliest

practicable dates of redemption, all as provided in the Escrow Deposit Agreement (as hereinafter defined). It is hereby estimated and determined that the costs of such refunding will be not more than Twenty Eight Million Two Hundred Fifty Thousand Dollars (\$28,250,000), subject to adjustment as hereinafter provided, and that such costs, together with any portion of the costs of the issuance of the Bonds (hereinafter defined) that the County determines to finance with the proceeds thereof, are to be financed to such extent from the proceeds of the sale of the Bonds.

Section 2: To evidence the borrowing and indebtedness hereinbefore described and acting pursuant to the authority of the Refunding Act, the County shall issue and sell upon its full faith and credit an aggregate principal amount not to exceed Twenty Eight Million Two Hundred Fifty Thousand Dollars (\$28,250,000) par value, subject to adjustment as provided herein, of serial maturity, general obligation, fully registered bonds of the County. Such issue of bonds shall be designated as “County Commissioners of Charles County Refunding Bonds of 2011” (the “Bonds”). The net proceeds of the sale of the Bonds shall be used to refund the Refunded Bonds, all as provided by, and without in any way limiting the provisions of, the Refunding Act.

Notwithstanding the foregoing provisions of this Resolution, the Bonds may be issued in one or more series, from time to time, as the Director of Fiscal and Administrative Services may deem appropriate upon the advice of the financial advisor and bond counsel employed by the County. In such event, the terms of such series of bonds, the method of sale thereof and all other matters regarding the sale, issuance and delivery of such series of bonds shall be determined by supplemental resolution of the Board.

Section 3: (a) The Bonds shall all be dated their date of initial delivery, shall be in the denomination of Five Thousand Dollars (\$5,000) each or any integral multiple thereof, and shall be numbered from R-1 (or such other numbering which may be acceptable to the County, as determined by the President of the County Commissioners of Charles County (the “President”)) consecutively upwards in the order of their maturities, and shall mature, subject to adjustment as provided herein, on the first day of November in annual serial installments, as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>
2014	\$4,710,000
2015	4,710,000
2016	4,710,000
2017	4,710,000
2018	4,705,000
2019	4,705,000

Section 4: The Bonds shall not be subject to redemption prior to their stated maturities.

Section 5: The Bonds shall be sold and issued on the full faith and credit of the County, shall be fully registered as to both principal and interest, shall bear interest at the rate or

rates named by the successful bidder for the Bonds in accordance with the terms of the official Notice of Sale hereinafter set forth, and interest on the Bonds shall be payable semi-annually on the first day of May and November, commencing May 1, 2012, until maturity. Each of the Bonds shall be executed in the name of the County and on its behalf by the manual or facsimile signature of the President and the corporate seal of the County or a facsimile thereof, shall be imprinted or otherwise reproduced thereon, and attested by the manual or facsimile signature of the Clerk to the County Commissioners of Charles County (the "Clerk"). Each of the Bonds shall be authenticated by the manual signature of an authorized officer of the Registrar. If by facsimile, the facsimiles of such signatures and seal shall be engraved, printed or lithographed on the Bonds in accordance with, and pursuant to the authority of, Sections 2-301 to 2-306, inclusive, of the State Finance and Procurement Article of the Annotated Code of Maryland (2009 Replacement Volume). The President and the Clerk, by the execution of appropriate signature certificates, shall adopt, as and for their own proper signatures, their respective facsimile signatures on the Bonds if facsimile signatures are used.

The Bonds shall be registered in the name or names of the owner or owners thereof at the designated corporate trust office of Manufacturers and Traders Trust Company, which is hereby designated as Registrar and Paying Agent for the Bonds (the "Registrar" or the "Paying Agent"). The President is hereby authorized and directed to execute and deliver an agreement with the Paying Agent and Registrar (the "Paying Agent Agreement"), in such form and containing such provisions as the President deems necessary and appropriate (as evidenced by her execution and delivery of such Paying Agent Agreement). The President, the Director of Fiscal and Administrative Services and their designees are each authorized to take all actions on behalf of the County pursuant to the Paying Agent Agreement. The County reserves the right to name a substitute or successor Registrar or Paying Agent upon giving 30 days' written notice to the registered owners of the Bonds (or if the Bonds are maintained under a book-entry system as described in Section 6 of this Resolution, such lesser number of days as shall be acceptable to the Depository).

The County and the Paying Agent may deem and treat the person in whose name a Bond is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal thereof and interest thereon and for all other purposes. The Bonds shall be payable to the registered owners, in any lawful money of the United States of America at the time of payment, as to principal at the designated corporate trust office of the Registrar, and as to interest by check mailed to the registered owners, as shown in the registration books to be maintained by the Registrar (the "Bond Register") on the first day of the month in which such interest payment date occurs.

The Bonds will be transferable only upon the Bond Register, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer in the form attached thereto or such other form as is satisfactory to the Registrar and duly executed by the registered owner or his duly authorized attorney.

The Bonds may be transferred or exchanged at the designated corporate trust office of the Registrar. Upon any transfer or exchange, the County shall execute and the Registrar shall authenticate and deliver a new registered Bond or Bonds without coupons of any authorized denomination in an aggregate principal amount equal to the principal amount of the Bond exchanged or transferred and maturing on the same date and bearing interest at the same

rate. In each case, the Registrar may require payment by any registered owner requesting the exchange or transfer of any tax, fee or other governmental charge, shipping charges and insurance that may be required to be paid with respect thereto, but otherwise no charge shall be made to the registered owner for the exchange or transfer.

If the book-entry system described in Section 6 of this Resolution is discontinued, there shall be printed on each replacement certificated Bond the text of the approving legal opinion of bond counsel. Such printed text shall be certified in the name of the County to be a correct copy of such opinion by the facsimile signature of the President.

Section 6: Notwithstanding anything to the contrary contained in this Resolution, the Bonds shall initially be maintained under a book-entry system with The Depository Trust Company, New York, New York (“DTC”). So long as the Bonds shall be maintained under a book-entry system with DTC or any other securities depository appointed pursuant to this Section (each a “Depository”), the provisions of this Section shall apply to the Bonds.

(a) The principal of and interest on the Bonds shall be payable to the Depository, or registered assigns, as the registered owner of the Bonds, in same day funds on each date on which the principal of or interest on the Bonds is due as set forth in this Resolution and in the Bonds. Such payments shall be made to the offices of the Depository specified by the Depository to the County and the Paying Agent in writing. Without notice to or the consent of the beneficial owners of the Bonds, the County, the Paying Agent and the Depository may agree in writing to make payments of principal and interest in a manner different from that set out herein. Neither the County nor the Paying Agent shall have any obligation with respect to the transfer or crediting of the appropriate principal and interest payments to the direct or indirect participants of the Depository (the “Participants”) or the beneficial owners of the Bonds or their nominees.

(b) So long as the Depository or its nominee is the registered owner of the Bonds, the County and the Paying Agent will recognize the Depository or its nominee, respectively, as the holder of all of the Bonds for all purposes, including (without limitation) the payment of the principal of and interest on the Bonds, the giving of notices and any consent or direction required or permitted to be given to, or on behalf of, the holders of the Bonds under this Resolution.

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

(d) If the County discontinues the maintenance of the Bonds under a book-entry system, the County will issue or cause to be issued replacement certificated bonds directly to the Participants as shown on the records of the Depository or, to the extent requested in writing by any Participant, to the beneficial owners of Bonds as further described in this Section. The County shall make provisions to notify Participants and the beneficial owners of the Bonds, by mailing an appropriate notice to the Depository, or by other means deemed appropriate by the County in its discretion, that it will issue replacement bonds directly to the Participants as shown on the records of the Depository or, to the extent requested in writing by any Participant, to the beneficial owners of Bonds shown on the records of such Participant, as of a date set forth in

such notice, which shall be a date at least 10 days after the date of mailing of such notice (or such fewer number of days as shall be acceptable to the Depository).

In the event that replacement bonds are to be issued to Participants or to beneficial owners of the Bonds, the County shall promptly have prepared replacement bonds in certificated form registered in the names of such Participants as shown on the records of the Depository or, if requested in writing by such Participants, in the names of the beneficial owners of the Bonds, as shown on the records of such Participants as of the date set forth in the notice delivered in accordance with the immediately preceding paragraph. Replacement bonds issued to Participants or to beneficial owners shall be in authorized denominations and be in fully registered form in substantially the applicable form set forth in Section 7 of this Resolution.

In the event that replacement bonds are to be printed in certificated form, the County is hereby authorized to modify the form of the Bonds set forth in Section 7 of this Resolution to provide for printing of the text of the Bonds on the obverse and reverse sides of the certificate. The County may also include language on the face of the Bonds in substantially the following form:

“REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.”

Replacement bonds issued to a Depository shall have the same terms, form and content as the Bonds initially registered in the name of the Depository to be replaced or its nominee except for the name of the record owner and any changes to the form of Bonds made pursuant to this paragraph (d).

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

Section 7: Except as provided hereinafter or in resolutions of the Board of County Commissioners of Charles County (the “Board”) adopted prior to the issuance of the Bonds, the Bonds shall be in substantially the following form (with appropriate variations, omissions and insertions as permitted or required by this Resolution or any such subsequent resolution), which form, and all of the covenants and conditions therein contained, is hereby adopted by the County as and for the form of obligation to be incurred by the County, and said covenants and conditions, upon the sale and issuance of the Bonds, are hereby made binding upon the County, including the promise to pay therein contained:

[BOOK-ENTRY FORM OF BOND]

REGISTERED  
NUMBER  
R- \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF MARYLAND  
COUNTY COMMISSIONERS OF CHARLES COUNTY  
REFUNDING BOND OF 2011

INTEREST RATE      MATURITY DATE      DATED DATE      CUSIP  
[Date of Initial Delivery]

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The COUNTY COMMISSIONERS OF CHARLES COUNTY, a body politic and corporate organized and existing under the Constitution and laws of the State of Maryland (the "County"), hereby acknowledges itself indebted for value received and promises to pay to the registered owner identified above or registered assigns, as hereinafter provided, on the maturity date set forth above, the principal amount set forth above and interest thereon from the dated date set forth above, semiannually on May 1 and November 1 of each year, commencing May 1, 2012, at the interest rate set forth above, until maturity. The principal amount hereof is payable in any lawful money of the United States of America, at the time of payment, upon presentation and surrender hereof at the designated corporate trust office of Manufacturers and Traders Trust Company, or of any successor thereto (the "Registrar" and "Paying Agent"). Payment of each installment of interest hereon shall be made to the registered owner hereof whose name is registered on the registration books (the "Bond Register") maintained by the Registrar, as of the close of business on the first day of the month in which such interest payment date occurs, by check mailed to such registered owner at the address last appearing on the Bond Register.

This bond is one of a duly authorized issue of general obligation bonds of the County, designated "County Commissioners of Charles County Refunding Bonds of 2011" in the aggregate principal amount of \$ \_\_\_\_\_ (the "Bonds"), all dated as of the Dated Date set forth above, and which are of like tenor except as to numbers, maturities, interest rates and principal amounts. The Bonds mature on November 1 in the years 2014 to 2019, inclusive, as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>
2014	
2015	
2016	
2017	
2018	
2019	

The Bonds are issued under the provisions of Article 31, Section 24 of the Annotated Code of Maryland (2010 Replacement Volume), and are authorized to be issued and awarded by Resolutions adopted by the Board of County Commissioners of Charles County on October 4, 2011, and November 8, 2011, respectively (collectively, the “Resolutions”).

So long as all of the Bonds shall be maintained in Book-Entry Form with a Depository (as defined in the Resolutions) in accordance with the Resolutions, payments of principal of and interest on this Bond shall be payable to the Depository or its assigns in accordance with the provisions of the Resolutions.

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

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

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

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

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

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

IN WITNESS WHEREOF, COUNTY COMMISSIONERS OF CHARLES COUNTY has caused this Bond to be executed in its name by the [facsimile] [manual] signature of the President of the County Commissioners of Charles County, and [a facsimile of] its Seal to be imprinted or otherwise reproduced hereon, attested by the [facsimile] [manual] signature of the Clerk to the County Commissioners of Charles County, all as of the dated date set forth above.

ATTEST:

  
(Facsimile signature)

Clerk

COUNTY COMMISSIONERS OF  
CHARLES COUNTY

By:   
(Facsimile Signature)

President of the County  
Commissioners of Charles County

(COUNTY SEAL)

#### CERTIFICATE OF AUTHENTICATION

The undersigned hereby certifies that this is one of the registered bonds of the County Commissioners of Charles County Refunding Bonds of 2011.

MANUFACTURERS AND TRADERS TRUST COMPANY  
Registrar

By: \_\_\_\_\_  
Authorized officer

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

ASSIGNMENT

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

\_\_\_\_\_

(Please Print or Type Name and Address of Assignee)

the within bond and all rights thereunder and hereby irrevocably does constitute and appoint \_\_\_\_\_ attorney to transfer the bond on books kept for the registration thereof, with full power of substitution in the premises.

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

Signature Guaranteed:

\_\_\_\_\_

(Name of Registered Owner)

Notice: The signature above must correspond with the name of the registered owner as it appears on the front of this Bond in every particular without alteration or enlargement or any change whatsoever.

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

Section 8: The President is hereby authorized to make such changes in the form of the Bonds set forth in Section 7 hereof or in the form of advertisement and form of notice of sale set forth hereinafter as the President shall deem necessary to carry into effect the purposes of this Resolution or to comply with recommendations of the County's financial advisor and bond counsel; provided, however, that the President shall make no change affecting the substance of such form, except as expressly permitted hereby, unless authorized by a subsequent resolution of the Board.

Section 9: The Bonds shall be sold for cash upon receipt of electronic bids to the bidder whose bid is deemed to be in the best interests of the County after the County has given public notice by advertisement inserted at least once in one or more daily or weekly newspapers having a general circulation in the County. The advertisement or the complete official notice of sale for the Bonds (hereinafter referred to as the "Notice of Sale") may also be published in one or more newspapers or journals having a circulation primarily among banks and investment bankers, but such publication shall not be mandatory. At least one publication shall be made not less than ten (10) days prior to the sale of the Bonds. The sale of the Bonds shall be held on November 8, 2011, in the County Commissioners' Meeting Room, Charles County Government Building, 200 Baltimore Street, La Plata, Maryland 20646, beginning at 11:00 a.m., local time. The advertisement for the sale of the Bonds shall be in substantially the following form; provided that the aggregate principal amount of the Bonds, the maturity schedule for the Bonds and the bidding parameters for the Bonds may be adjusted if deemed appropriate by the Director of Fiscal and Administrative Services and the financial advisor and bond counsel employed by the County, as long as the maximum limitations on the aggregate principal amount of the Bonds set forth in this Resolution are not exceeded:

(Form of Advertisement)

CHARLES COUNTY, MARYLAND

\$28,250,000\*

COUNTY COMMISSIONERS OF CHARLES COUNTY  
REFUNDING BONDS OF 2011

Electronic bids via **PARITY**® will be received by the Board of County Commissioners of Charles County, at the County Commissioners' Meeting Room, Charles County Government Building, 200 Baltimore Street, La Plata, Maryland 20646, until 11:00 a.m., local time, on Tuesday, November 8, 2011, for the purchase of the above-designated general obligation bonds of the County Commissioners of Charles County (the "County"), aggregating \$28,250,000\*, all dated their date of initial delivery, all bearing interest payable semiannually on May 1 and November 1, commencing May 1, 2012, until maturity, and maturing on November 1 as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>
2014	
2015	
2016	
2017	
2018	
2019	

The aggregate principal amount and the principal amount of each maturity of the bonds are subject to adjustment by the County, both before and after the receipt of bids for their purchase. The dollar amount bid for principal and any amount bid for premium by the successful bidder will be adjusted proportionately to reflect any reduction or increase in the aggregate principal amount of the bonds, but the interest rates specified by the successful bidder for all maturities will not change. Procedures for announcing such adjustments and limitations on the amounts of such adjustments after the sale are set forth in the official Notice of Sale and the successful bidder may not withdraw its bid as a result of any changes made within the limits set forth therein.

The bonds are not subject to redemption prior to their stated maturities.

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\*Preliminary, subject to adjustment as provided herein.

The bonds will be issued under the authority of Article 31, Section 24 of the Annotated Code of Maryland (2010 Replacement Volume), and a Resolution of the Board of County Commissioners of Charles County (the "Board") adopted on October 4, 2011. The net proceeds of these bonds will be used to refund certain general obligation bonds of the County.

Bidders must bid at least 100% of par, but no more than 110% of par, for the bonds and must specify the rate or rates of interest to be paid thereon in multiples of 1/8th or 1/20th of 1%. Bidders may specify more than one rate of interest, but not more than one interest rate for any maturity, nor a zero rate. The difference between the maximum and minimum interest rates so specified may not be greater than 3% and the maximum interest rate permitted is 5.25%. The bonds will be awarded to the bidder offering the lowest true interest cost to the County, such interest cost to be determined in accordance with the true interest cost (TIC) method by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments from the payment dates to the date of the bonds and to the price bid.

The County reserves the right to postpone, from time to time, the date established for the receipt of bids. In addition, the County reserves the right, on the date established for the receipt of bids, to reject all bids and establish a subsequent alternative sale date. The official Notice of Sale contains specific provisions regarding the announcement of any such postponement and alternative sale date.

The bonds will be issued in fully registered book-entry form. The Depository Trust Company, New York, New York, will act as securities depository for the bonds.

The bonds are general obligation bonds of the County, and will constitute an irrevocable pledge of its full faith and credit and unlimited taxing power. The issuance of such bonds will be subject to approval of legality by McGuireWoods LLP, Baltimore, Maryland, Bond Counsel, and copies of their opinion will be delivered, without charge, to the purchaser.

The Preliminary Official Statement concerning this sale of bonds and the official Notice of Sale will be supplied to prospective bidders upon request made in writing to the financial advisor for the issuance of the bonds, Davenport & Company LLC, 8600 LaSalle Road, Suite 324, Towson, Maryland 21286, or by telephone (410) 296-9426.

The right is reserved to reject any and all bids.

By order of

BOARD OF COUNTY COMMISSIONERS  
OF CHARLES COUNTY

By: Candice Quinn Kelly, President  
County Commissioners of Charles County

Section 10: The official Notice of Sale for the sale of the Bonds shall be in substantially the following form, and the terms, provisions and conditions set forth in the form of the Notice of Sale, including, without limitation, the bidding procedures to be used by all persons submitting electronic bids for the purchase of the Bonds, are hereby adopted and approved as the terms, provisions and conditions under which and the manner in which the Bonds shall be sold at public sale, issued and delivered; provided that the aggregate principal amount of the Bonds, the maturity schedule for the Bonds and bidding parameters for the Bonds set forth therein may be adjusted if deemed appropriate by the Director of Fiscal and Administrative Services and the financial advisor and bond counsel employed by the County, so long as the maximum limitations on the aggregate principal amount of the Bonds set forth in this Resolution are not exceeded:

**CHARLES COUNTY, MARYLAND**  
**NOTICE OF SALE OF**  
**\$28,250,000\***  
**COUNTY COMMISSIONERS OF CHARLES COUNTY**  
**REFUNDING BONDS OF 2011**  
**General Obligation Bonds**  
**Dated: Date of Initial Delivery**

Electronic bids via *PARITY*® will be received by the Board of County Commissioners of Charles County at the County Commissioners' Meeting Room, Charles County Government Building, 200 Baltimore Street, La Plata, Maryland 20646, until 11:00 a.m. local time on Tuesday,

November 8, 2011,

for the purchase of the above-designated bonds (the "Bonds") of County Commissioners of Charles County (the "County").

**Terms of the Bonds**

The Bonds are all dated their date of initial delivery, and bear interest payable semiannually on May 1 and November 1, commencing May 1, 2012, until maturity. The Bonds mature on November 1 in each of the years 2014 to 2019, inclusive, as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>
2014	
2015	
2016	
2017	
2018	
2019	

The Bonds are being issued under the provisions of Article 31, Section 24 of the Annotated Code of Maryland (2010 Replacement Volume) and a Resolution of the Board of County Commissioners of Charles County (the "Board") adopted on October 4, 2011 (the "Resolution"), to refund certain general obligation bonds of the County.

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\*Preliminary, subject to adjustment as provided herein.

The full faith and credit and unlimited taxing power of the County are unconditionally pledged to the payment of the principal of the Bonds and of the interest to accrue thereon.

### **Bonds Not Subject to Redemption.**

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

### **Book-Entry System**

The Bonds will be issued in fully registered book-entry form and DTC will act as securities depository for the Bonds. One Bond representing each maturity of the Bonds will be issued to and registered in the name of Cede & Co., as nominee of DTC, as registered owner of the Bonds and each such Bond shall be immobilized in the custody of DTC or with the Registrar to be held under DTC's "FAST" system, provided that if DTC requests, certificated Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates representing each maturity with DTC.

Interest on the Bonds will be payable when due and principal of the Bonds will be payable at maturity to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to beneficial owners of the Bonds by participants of DTC ("Participants") will be the responsibility of Participants and other nominees of beneficial owners. The County will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC Participants or persons acting through Participants.

In the event that DTC determines not to continue to act as securities depository for the Bonds or the County determines to discontinue the book-entry system with DTC, and the County does not replace DTC with another securities depository, the County will execute and the Registrar will authenticate and deliver replacement Bonds in certificated form registered in the names of the Participants or, if requested in writing by such Participants, in the names of the beneficial owners of the Bonds. Replacement Bonds issued to Participants or to beneficial owners shall be in authorized denominations and be in fully registered form in substantially the form set forth in the Resolution.

### **Adjustments**

The aggregate principal amount and the principal amount of each maturity of the Bonds are subject to adjustment by the County, both before and after the receipt of bids for their purchase. Changes to be made prior to the sale will be through TM3 News Service not later than 9:30 a.m. local time on the date of sale (or as soon thereafter as is reasonably practical) and will be used to compare bids and select a winning bidder. Changes to be made after the sale and the maturity amounts for the Bonds will be communicated to the successful bidder by 5:00 p.m. local time on the date of the sale, will be made only as necessary to effect the refunding, and will

not reduce or increase the aggregate principal amount of the Bonds by more than 10% from the amount bid upon. The dollar amount bid for principal and any amount bid for premium by the successful bidder will be adjusted proportionately to reflect any reduction or increase in the aggregate principal amount of the Bonds, but the interest rates specified by the successful bidder for all maturities will not change. The successful bidder may not withdraw its bid as a result of any changes made within these limits.

### **Electronic Bids**

Electronic bids via *PARITY*® will be received in the manner described below until 11:00 a.m. local time on November 8, 2011. For purposes of the electronic bidding process, the time as maintained on *PARITY*® constitutes the official time. Bidders may only submit bids electronically via *PARITY*®.

Bids may be submitted electronically via *PARITY*® pursuant to this Notice of Sale until 11:00 a.m. local time, but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or directions set forth in *PARITY*® conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about *PARITY*® potential bidders may contact *PARITY*® at Dalcomp (212) 849-5021.

### **Bid Parameters**

No oral bid and no bid for less than all of the Bonds will be considered by the Board. The right is reserved to waive any irregularity or informality in any bid and to reject any or all bids. The Board's judgment shall be final and binding upon all bidders with respect to the form and adequacy of any bid received and as to its conformity to the terms of this Notice of Sale.

Each bidder shall submit one bid on an all-or-none basis for the Bonds. Each bid must specify the amount bid for the Bonds, which shall be not less than 100% of par or more than 110% of par. Each bid must specify in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear but shall not specify (a) more than one interest rate for any Bonds having the same maturity, (b) a zero rate of interest, (c) any interest rate for any Bonds which exceeds the interest rate stated in such bid for any other Bonds by more than 3%, or (d) any interest rate that exceeds 5.25%.

### **Electronic Bidding Procedures**

Electronic bids must be submitted for the purchase of the Bonds (all or none) via *PARITY*®. Bids will be communicated electronically to the County at 11:00 a.m. local time, on Tuesday, November 8, 2011. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via *PARITY*®, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds or (3) withdraw its proposed bid. Once the bids are communicated electronically via *PARITY*® to the County, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the

electronic bidding process, the time as maintained on **PARITY®** shall constitute the official time.

### **Disclaimer**

Each prospective bidder shall be solely responsible to submit its bid via **PARITY®** as described above. Each prospective bidder shall be solely responsible to make necessary arrangements to access **PARITY®** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the County nor **PARITY®** shall have any duty or obligation to provide or assure access to **PARITY®** to any prospective bidder, and neither the County nor **PARITY®** shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by **PARITY®**. The County is using **PARITY®** as a communication mechanism, and not as the County's agent, to conduct the electronic bidding for the Bonds. The County is not bound by any advice and determination of **PARITY®** to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Parameters" set forth herein. All costs and expenses incurred by prospective bidders in connection with their submission of bids via **PARITY®** are the sole responsibility of the bidders and the County is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying or withdrawing a bid for the Bonds, such bidder should telephone **PARITY®** at Dalcomp (212) 849-5021 and notify the County's Financial Advisor, Davenport & Company LLC by facsimile at (410) 296-8517.

### **Basis of Award**

Bids will be opened promptly after 11:00 a.m. local time (as determined in accordance with the time maintained on **PARITY®**), Tuesday, November 8, 2011. The award, if made, will be made promptly after the bids are opened to the bidder offering the lowest true interest cost to the County in any legally acceptable bid. The lowest true interest cost shall be determined in accordance with the true interest cost ("TIC") method by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments from the payment dates to the date of the Bonds, and to the price bid. The TIC shall be as determined by the financial advisor to the County based on the terms of this Notice of Sale and all amendments thereto and on each bid as submitted. If two or more bidders offer to purchase the Bonds at the same lowest true interest cost, then such award will be made to the bidder offering the highest premium. If two or more bidders offer to purchase the Bonds at the same lowest true interest cost, with the same premium, the Bonds will be awarded by lot to one of such bidders.

### **Good Faith Deposit**

A good faith deposit (the "Deposit") is required in connection with the sale and bid for the Bonds. The Deposit may be provided in the form of (i) a federal funds wire transfer in the amount of \$500,000 to be submitted to the County by the successful bidder not later than 3:00 p.m. local time (the "Deposit Deadline") on the date of sale or (ii) a financial surety bond (a "Surety Bond") from an insurance company acceptable to the County and licensed to issue such a bond in the State of Maryland in the amount of \$500,000, each option as described in more

detail below. The Deposit of the successful bidder will be retained by the County to be applied in partial payment for the Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the successful bidder shall fail to comply with the terms of the respective bid, the proceeds thereof will be retained as and for full liquidated damages.

If a federal funds wire transfer is used, the County shall distribute wiring instructions for the Deposit to the successful bidder upon verification of the bids submitted by the bidders and prior to the Deposit Deadline. If the Deposit is not received by the Deposit Deadline, the award of the sale of the Bonds to the successful bidder may be cancelled by the County in its discretion without any financial liability of the County to the successful bidder or any limitation whatsoever on the County's right to sell the Bonds to a different purchaser upon such terms and conditions as the County shall deem appropriate.

If a Surety Bond is used, it must be submitted to the County prior to 5:00 p.m. local time on the day prior to the date for receipt of bids, and must be in form and substance acceptable to the County, including (without limitation) identifying the bidder whose Deposit is guaranteed by such Surety Bond. If the Bonds are awarded to a bidder utilizing a Surety Bond, then such successful bidder is required to submit its Deposit to the County not later than 12:00 p.m. local time on the next business day following the award in accordance with wire instructions delivered by the County to such bidder. If such Deposit is not received by that time, the Surety Bond may be drawn by the County to satisfy the Deposit requirement.

### **Postponement of Sale**

The County reserves the right to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be announced by TM3 News Service by notice given not later than 1:00 p.m. local time, on the last business day prior to any announced date for receipt of bids. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, any alternative sale date will be announced via TM3 News Service at least 48 hours prior to such alternative sale date. In addition, the County reserves the right, on the date established for the receipt of bids, to reject all bids and establish a subsequent alternative sale date. On any such alternative sale date, any bidder may submit an electronic bid via **PARITY®** for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Sale, except for the date of sale and except for any changes announced by TM3 News Service at the time the sale date and time are announced.

### **Approving Legal Opinion; Closing Papers**

The Bonds will be issued and sold subject to approval as to legality by McGuireWoods LLP, of Baltimore, Maryland, Bond Counsel, and copies of their approving legal opinion will be delivered, upon request, without charge to the successful bidder for the Bonds. There will also be furnished upon delivery of the Bonds the usual closing papers and, in addition, a certificate signed by appropriate officers of the County certifying that there is no litigation pending or, to the knowledge of the signers of such certificate, threatened affecting the validity of the Bonds and that on the date of the Official Statement mentioned below and at the time of delivery of the Bonds, the statements and information contained in such Official Statement which are made and

provided by the County are and will be true, correct and complete in all material respects and the Official Statement does not and will not omit any statement or information which is required to be stated therein or necessary to make the statements and information therein, in light of the circumstances under which they were made, not misleading or incomplete in any material respect.

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

Within seven (7) business days after the award of the Bonds, the County will authorize an Official Statement, which is now expected to be substantially in the form of the Preliminary Official Statement referred to below. The Preliminary Official Statement has been deemed final by the County as of its date for the purposes of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”), subject to revision, amendment and completion in the final Official Statement. The County will also issue any supplement or amendment to the Official Statement that may be necessary between the date of the Official Statement and the date of delivery of the Bonds. If requested and furnished to the County in writing by the successful bidder at or before the close of business on the day of sale, the County will include in the Official Statement such pricing and other information relating to the reoffering of the Bonds, if any, as may be so furnished. If no such information is furnished by the successful bidder, the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. Whether or not any such information is included in the Official Statement, the successful bidder shall be responsible to the County and its officials in all respects for the accuracy, fairness and completeness of such information, and for all decisions made with respect to the use or omission of such information in any reoffering of the Bonds, including the presentation or exclusion of any such information in any documents, including the Official Statement. Within seven (7) business days after the award of the Bonds, the successful bidder will also be furnished, without cost, up to 500 copies of the Official Statement (and any amendment or supplement thereto).

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

### **Bond Insurance**

In the event that all or any part of the Bonds are initially reoffered with bond insurance secured by the successful bidder, the successful bidder shall notify promptly the Director of Fiscal and Administrative Services of the County at the time of sale of such event and shall provide her with any information she reasonably requests regarding such bond insurance, including the amounts paid for such insurance. The County will, at the request and expense of the successful bidder, include customary language in the Official Statement and the form of the Bonds regarding the bond insurance policy upon receipt of such opinions or certificates as the County reasonably may request regarding the accuracy of any information to be included in the Official Statement and the binding nature of the obligations contained in the bond insurance

policy with respect to the Bonds. The County shall have no obligation to provide the successful bidder or the issuer of such bond insurance policy with any other documents or opinions relating to the Bonds. Neither the failure of the Bonds to be insured by such bond insurance policy nor any change in the ratings provided by any rating agency with respect to the issuer of such bond insurance policy occurring between the time of the award of the Bonds and the time the Bonds are delivered shall relieve the successful bidder of its contractual obligation to purchase the Bonds.

### **Delivery**

The Bonds will be delivered on November 22, 2011, or as soon as practicable thereafter, upon due notice and at the expense of the County, for the account of the successful bidder, through the facilities of DTC in New York, New York, upon payment of the amount of the successful bid (including any premium), less the Deposit theretofore made. Such payment shall be made in Federal funds.

### **Miscellaneous**

As a condition to the award of the Bonds, the successful bidder shall be required to communicate to the County the initial offering prices at which a bona fide offering of Bonds has been made to the public, which prices are to be shown on the cover of the Official Statement (the "Initial Offering Prices"). Furthermore, as a condition to the delivery of the Bonds, the successful bidder shall be required to furnish to the County a written certificate acceptable to the County's bond counsel to the effect that the successful bidder has made a bona fide public offering of the Bonds at the Initial Offering Prices and that a substantial portion of each maturity of the Bonds has been sold to the public (excluding bond houses, brokers and other intermediaries) at the respective Initial Offering Prices. Such certifications shall be made based on actual facts known to the successful bidder as of the sale date. For purposes of the successful bidder's certificate, a substantial portion of the Bonds is at least 10% in par amount of each maturity of the Bonds. If the successful bidder cannot deliver the certificate as described above, the County's bond counsel will be required to evaluate the facts and circumstances of the offering and sale of the Bonds to confirm compliance with statutory requirements of avoiding the establishment of an artificial price for the Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print any such number on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale.

The Preliminary Official Statement, together with this official Notice of Sale, will be supplied to prospective bidders upon request made in writing to the financial advisor for the issuance of the Bonds, Davenport & Company LLC, 8600 LaSalle Road, Suite 324, Towson, Maryland 21286, or by telephone 410-296-9426.

BOARD OF COUNTY COMMISSIONERS  
OF CHARLES COUNTY

By: Candice Quinn Kelly, President  
County Commissioners of Charles County

Section 11: The County shall cause to be prepared a Preliminary Official Statement and an Official Statement to be used in connection with the sale of the Bonds, and shall cause the same to be made available to prospective purchasers of the Bonds. The Preliminary Official Statement and the Official Statement shall contain such financial and other data as are customarily found in such publications and may reflect such adjustments to the aggregate principal amount of the Bonds, the maturity schedule for the Bonds and the principal amount and maturities of the Refunded Bonds to be refunded, as may be deemed appropriate by the Director of Fiscal and Administrative Services and the financial advisor and bond counsel employed by the County, provided that the maximum limitations on the aggregate principal amount of the Bonds set forth in this Resolution are not exceeded. The President and the Director of Fiscal and Administrative Services are further authorized to take such actions on behalf of the County as they deem appropriate or necessary to promote compliance with Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”) in connection with the offering and sale of the Bonds.

Section 12: It is hereby determined that it is necessary and appropriate for the County to execute and deliver a Continuing Disclosure Agreement (“Continuing Disclosure Agreement”) for the benefit of the registered owners and the beneficial owners from time to time of the Bonds, in order to enable the successful bidder(s) (including any of such bidder’s associates constituting “principal underwriters” within the meaning of Rule 15c2-12) to comply with the requirements of Rule 15c2-12.

The President is hereby authorized and directed to execute and deliver the Continuing Disclosure Agreement, containing the following provisions and such other provisions as the President deems acceptable (as evidenced by her execution and delivery of such Continuing Disclosure Agreement), in such form and with such changes therein as the financial advisor and bond counsel to the County may advise:

(a) The County shall agree to provide, either directly or through an intermediary, (i) to the Municipal Securities Rulemaking Board (“MSRB”) in an electronic format prescribed by the MSRB, (A) annual financial information and operating data regarding (1) General Fund Statement of Actual Operating Revenues and Expenditures; (2) Water and Sewer Enterprise Fund Statement of Actual Revenues and Expenses; (3) Assessed and Estimated Market Value of All Property Classes; and (4) Tax Levies and Collections (General County Only, Including Education); such information to be made available within 275 days after the end of the County’s fiscal year, commencing with the fiscal year ending June 30, 2011, and (B) 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 ending June 30, 2011, unless the audited financial statements are not available on or before such date, in which event unaudited financial statements will be provided by such date and audited financial statements will be provided promptly when and if available; (ii) in a timely manner, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence with respect to the Bonds of any of the Reportable Events (defined below); and (iii) in a timely manner, to the MSRB in an electronic format prescribed by the MSRB, notice of a failure by the County to provide the required annual financial information and operating data within the applicable time periods

specified in clauses (i)(A) and (i)(B) above. Reportable Events shall be defined as (i) principal and interest payment delinquencies; (ii) non payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (vii) modifications to rights of bond holders, if material; (viii) bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the obligated person; (xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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; and (xiv) appointment of a successor or additional trustee, or the change of name of a trustee, if material.

(b) The County may, in the Continuing Disclosure Agreement, reserve the right to terminate its obligation to provide annual financial information and notices of Reportable Events, if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of Rule 15c2-12. The Continuing Disclosure Agreement shall provide that the County may provide further or additional assurances that will become part of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement shall provide that it may be amended by the County in its discretion provided that (i) (A) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the County as the obligated person with respect to the Bonds, or type of business conducted; (B) the Continuing Disclosure Agreement, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of Rule 15c2-12 at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any change in circumstances; and (C) the amendment does not materially impair the interests of the owners of the Bonds, including beneficial owners, as determined either by such bond counsel, or by an approving vote of the holders of at least 25% of the outstanding principal amount of the Bonds or (ii) the County receives an opinion of nationally recognized bond counsel to the effect that such amendment is permitted or required by Rule 15c2-12. The County shall state 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 operating data or financial information being provided in narrative form in information provided with the annual financial information containing the additional or amended operating data or financial information.

(c) The Continuing Disclosure Agreement, and any claim made with respect to the performance by the County of its obligations thereunder, shall be governed by, subject to, and construed according to the laws of the State of Maryland and the Federal securities laws, to the extent applicable. The Continuing Disclosure Agreement shall provide that the County shall be given written notice of any claimed failure by the County to perform its obligations under the

Continuing Disclosure Agreement, and the County shall be given 30 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any claimed failure by the County must be filed in the Circuit Court for Charles County, Maryland, and any party maintaining such suit or other proceeding shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action.

(d) The Continuing Disclosure Agreement shall constitute an undertaking by the County that is independent of the County's obligations with respect to the Bonds. Any breach or default by the County under the Continuing Disclosure Agreement shall not constitute or give rise to a breach or default under the Bonds.

Section 13: (a) Immediately after the sale of the Bonds, the interest rate or rates payable on the Bonds, the aggregate principal amount of the Bonds to be issued, the maturity schedule for the Bonds and the maturities of the Refunded Bonds to be refunded shall be fixed by a supplemental resolution of the Board in accordance with the terms and conditions of the sale of the Bonds. The Bonds shall thereupon be suitably prepared and duly executed and delivered to the purchaser or purchasers thereof in accordance with the conditions of delivery set forth in the official Notice of Sale. The proceeds of the sale of the Bonds, including any premium received therefor, shall be paid to the Director of Fiscal and Administrative Services or such other officer of the County as may be designated by subsequent resolution of the Board who shall deposit the same in the special accounts as hereinafter provided.

(b) Proceeds of the sale of the Bonds, if any, to be used to finance issuance costs shall be deposited in a special account or accounts and shall be disbursed only for the purpose of paying such issuance costs, including the reimbursement of any other funds of the County previously advanced for such costs. If the funds so deposited shall exceed the amount needed to pay such issuance costs, the excess funds so borrowed and not expended shall be applied by the County in payment of the next principal maturity of the Bonds.

(c) The net proceeds of the sale of the Bonds to be used to refund the Refunded Bonds shall be paid over to Manufacturers and Traders Trust Company, to be held, administered, and disbursed by it in its capacity as Escrow Deposit Agent (the "Escrow Deposit Agent") under an Escrow Deposit Agreement (the "Escrow Deposit Agreement"), which the President is hereby authorized to execute on behalf of the County concurrently with the closing for the Bonds, which execution shall be conclusive evidence of the approval by the County of the due execution of such instrument on behalf of the County. The amount paid to the Escrow Deposit Agent pursuant to this paragraph shall be paid to the Escrow Deposit Agent in Federal funds or other immediately available funds and shall be used and applied solely in accordance with the terms of the Escrow Deposit Agreement.

(d) Within 30 days after the delivery of and payment for the Bonds, the Escrow Deposit Agent shall cause (1) a notice of refunding, substantially in the form set forth in the Escrow Deposit Agreement, (A) to be published in such publications as set forth in the Escrow Deposit Agreement, and (B) to be filed with the MSRB, and (2) such notice to be mailed, postage prepaid, to all registered owners of the Refunded Bonds at their addresses as they appear on the registration books provided for the Refunded Bonds. Such notice of refunding shall

contain such omissions and variations as are authorized by the supplemental resolution referred to in this Section.

(e) In connection with the Escrow Deposit Agreement, the Director of Fiscal and Administrative Services, or her designee, is hereby authorized to execute and file on behalf of the County a subscription for United States Treasury Obligations - State and Local Government Series, and any amendment thereto, and to take any other action or to execute any further instrument on behalf of the County necessary to purchase such obligations or other Government Obligations necessary to effect the refunding of the Refunded Bonds, and any such action taken prior to the date of this Resolution is hereby ratified and approved.

Section 14: Prior to the delivery of the Bonds, the County shall have received a certificate of a firm of independent certified public accountants, nationally recognized in the field of refunding of tax-exempt obligations, verifying that the maturing principal amounts of the obligations held in the fund created under the Escrow Deposit Agreement and interest earned thereon, together with any other amounts provided by the County, will be sufficient to pay all interest accruing on the Refunded Bonds prior to their respective dates of redemption and to redeem at the earliest practicable date, and to pay the redemption price and accrued interest on the Refunded Bonds on such respective dates of redemption.

Section 15: Conditional only upon the delivery of and payment for the Bonds, the County hereby specifically and irrevocably elects to redeem (1) the Refunded 2003 Bonds on March 1, 2013 at a redemption price of 101% of the principal amount thereof, (2) the Refunded 2004 Bonds on June 1, 2014, at a redemption price of 101% of the principal amount thereof, and (3) the Refunded 2005 Bonds on March 1, 2015 at a redemption price of 100% of the principal amount thereof, in each case plus interest accrued and unpaid to the applicable redemption date. The Escrow Deposit Agent shall cause notices of redemption substantially in the form set forth in the Escrow Deposit Agreement to be published at the times and in the publications set forth in the Refunded 2003 Bonds, the Refunded 2004 Bonds and the Refunded 2005 Bonds, respectively, and to be mailed by first-class mail, postage prepaid, to all registered owners of the Refunded Bonds at their addresses as they appear on the registration books provided for the Refunded Bonds. The Escrow Agent shall also cause each such notice to be filed with the MSRB at the time such notice is mailed to the registered owners of the Refunded Bonds. Notwithstanding the foregoing, the irrevocable election contained in this Section shall only be effective with respect to the maturities of the Refunded 2003 Bonds, the Refunded 2004 Bonds and the Refunded 2005 Bonds identified in the supplemental resolution referred to in Section 13 of this Resolution and the notice of redemption given pursuant to this Section shall contain such omissions and variations as are authorized by such supplemental resolution.

Section 16: For the purpose of paying the interest on and paying the Bonds as they mature, the County shall levy or cause to be levied in each and every fiscal year that any of the Bonds are outstanding ad valorem taxes upon all the legally assessable property within the corporate limits of the County in rate and amount sufficient to provide for the payment, when due, of the interest on and principal of all of the Bonds maturing in each such fiscal year. In case the Bonds shall be issued in any fiscal year after the making of the regular levy for that fiscal year, any and all interest becoming due before the next levy shall be paid out of any other funds

at the disposal of the County and there shall be levied at the next succeeding levy an amount sufficient to reimburse such other funds. Funds available from other sources may be applied to assist in the payment of interest on and principal of the Bonds. Taxes that might otherwise be levied hereunder may be reduced or not levied to the extent of such funds being received or receivable. The full faith and credit and unlimited taxing power of the County are hereby irrevocably pledged to the payment of the maturing principal of and interest on the Bonds as and when such principal and interest respectively mature and to the levy and collection of the taxes prescribed in this Section as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of the Bonds.

The County hereby solemnly covenants with each of the holders of any of the Bonds to take all action as may be appropriate from time to time during the period that any of the Bonds remain outstanding and unpaid to provide the funds necessary to make the principal and interest payments. The County hereby further covenants and agrees with each of the holders of any of the Bonds to levy and collect the taxes prescribed in this Section.

Section 17: It is the intent of this Resolution that:

(a) the rate of the ad valorem taxes described in Section 16 of this Resolution may be so computed in each fiscal year that the proceeds of such ad valorem taxes, together with funds from other sources, including, but not limited to, benefit assessments, connection, service and other charges as may be levied, imposed or collected by the County pursuant to Section 97-1 of the Code of Charles County (2001 Edition, as amended) shall provide sufficient funds to meet the maturing principal of and interest on that portion of the Bonds used to redeem any Refunded Bonds, the proceeds of the sale of which were applied to the costs of County water and sewer facilities; and

(b) the rate of the ad valorem taxes described in Section 16 of this Resolution may be so computed in each fiscal year that the proceeds of such ad valorem taxes, together with funds from other sources, including, but not limited to, fair share school construction excise taxes levied, imposed or collected by the County pursuant to the School Capacity Financing Act shall provide sufficient funds to meet the maturing principal of and interest on the portion of the Bonds used to redeem Refunded Bonds which were issued to finance school capacity projects.

Taxes that might otherwise be levied may be reduced or not levied to the extent such other funds are received or receivable.

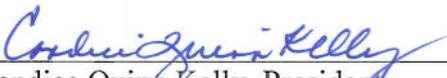
Section 18: The County hereby covenants that it will take, or refrain from taking, any and all actions necessary to comply with the applicable provisions of Section 103 and Sections 141 through 150, inclusive, of the Internal Revenue Code of 1986, as amended (the "Code") and the Income Tax Regulations thereunder, in order to preserve the status of the interest on the Bonds as excluded from gross income for Federal income tax purposes. Without limiting the generality of the foregoing covenant, (a) the County will not use or permit the use of any of the proceeds of the Bonds or any of the funds of the County in such manner as would cause the interest on the Bonds to be included in gross income for Federal income tax purposes, (b) the County will regulate the investment of the proceeds of the Bonds so as not to cause any of

the Bonds to be an “arbitrage bond” within the meaning of Section 148 of the Code and the Income Tax Regulations thereunder, (c) the County will, if and to the extent necessary, make periodic determinations of the rebate amount and timely pay any rebate amount, or installment thereof, to the United States of America, (d) the County will prepare and timely file Internal Revenue Service Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, and (e) the President and/or the Director of Fiscal and Administrative Services are hereby authorized and directed to prepare or cause to be prepared and to execute any certificate or other document which may be required in order to assure compliance with the applicable provisions of Section 103 and Sections 141 through 150, inclusive, of the Code, and the Income Tax Regulations thereunder.

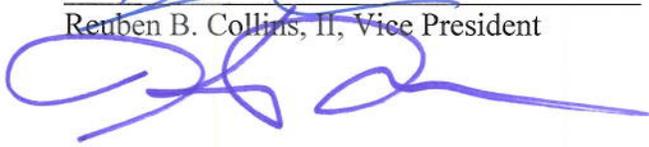
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Section 19: This Resolution takes effect from the date of its adoption.

Adopted the 4th day of October, 2011.

  
\_\_\_\_\_  
Candice Quinn Kelly, President

  
\_\_\_\_\_  
Reuben B. Collins, II, Vice President

  
\_\_\_\_\_  
Ken Robinson

  
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Debra M. Davis, Esq.

  
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Bobby Rucci

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