

RESOLUTION NO. 15- 19

COUNTY COMMISSIONERS OF WORCESTER COUNTY, MARYLAND
CONSOLIDATED PUBLIC IMPROVEMENT
REFUNDING BONDS, 2015 SERIES B

SUPPLEMENTAL RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF WORCESTER COUNTY (THE "BOARD") SUPPLEMENTING RESOLUTION NO. 15-11, ADOPTED BY THE BOARD ON JUNE 2, 2015 (THE "BOND RESOLUTION") PROVIDING FOR THE ACCEPTANCE BY COUNTY COMMISSIONERS OF WORCESTER COUNTY, MARYLAND (THE "COUNTY") OF BIDS RECEIVED FOR ITS "COUNTY COMMISSIONERS OF WORCESTER COUNTY, MARYLAND CONSOLIDATED PUBLIC IMPROVEMENT REFUNDING BONDS, 2015 SERIES B" AND AWARDING SUCH BONDS TO THE SUCCESSFUL BIDDER THEREFOR; FIXING THE FINAL PRINCIPAL AMOUNT OF SUCH BONDS, THE INTEREST RATE OR RATES PAYABLE ON SUCH BONDS AND THE SCHEDULE OF PRINCIPAL INSTALLMENTS FOR SUCH BONDS; RATIFYING THE PRELIMINARY OFFICIAL STATEMENT OF THE COUNTY PREPARED AND DISTRIBUTED IN CONNECTION WITH THE ISSUANCE AND SALE OF SUCH BONDS; PROVIDING FOR THE APPLICATION OF THE PROCEEDS OF SUCH BONDS; PRESCRIBING THE FORM OF AN ESCROW DEPOSIT AGREEMENT FOR SUCH BONDS; APPROVING THE OFFICIAL STATEMENT OF THE COUNTY PREPARED IN CONNECTION WITH THE ISSUANCE AND SALE OF SUCH BONDS AND DECLARING SUCH OFFICIAL STATEMENT TO BE "DEEMED FINAL" PURSUANT TO SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12; AUTHORIZING THE COMPLETION, EXECUTION, ISSUANCE AND DISTRIBUTION OF SUCH OFFICIAL STATEMENT; AND FOR RELATED MATTERS.

RECITALS

Pursuant to Resolution No. 15-11, adopted by the Board of County Commissioners of Worcester County (the "Board") on June 2, 2015 (the "Bond Resolution"), and a published Notice of Sale (the "Notice of Sale"), the Finance Officer (the "Finance Officer") of the County Commissioners of Worcester County, Maryland (the "County"), has received electronic bids via **PARITY** at his office for its "County Commissioners of Worcester County, Maryland Consolidated Public Improvement Refunding Bonds, 2015 Series B" (the "Bonds"). The bids for the Bonds were received prior to 10:00 o'clock a.m. (E.D.T.) on Tuesday, June 16, 2015. A list of the bidders for the Bonds and the true interest cost of their respective bids is attached hereto as Exhibit A.

The Preliminary Official Statement of the County dated June 4, 2015, issued in connection with the issuance and sale of the Bonds (the "Preliminary Official Statement"), has been previously distributed to potential bidders for the Bonds, and copies of the Preliminary Official Statement have been delivered to the members of the Board prior to this meeting. In connection with the issuance and sale of the Bonds, it is necessary that the County issue an Official Statement describing, inter alia, the Bonds and the County.

Pursuant to the Bond Resolution, the Board is authorized to adopt a resolution supplemental to the Bond Resolution, immediately after the sale of the Bonds, pursuant to which the Board will (a) determine and fix the aggregate principal amount of the Bonds, the principal amount of each maturity of the Bonds and the portion of such aggregate principal amount and maturities attributable to (i) the General County Portion and (ii) the Ocean Pines Fire Protection System Portion (both as defined in the Bond Resolution), (b) fix the interest rate or rates payable on the Bonds, (c) approve the form of the Escrow Deposit Agreement (as defined in the Bond Resolution), and (d) provide for and approve various other matters in connection with the issuance, sale and delivery of the Bonds.

NOW, THEREFORE, pursuant to and in accordance Sections 11-401, 19-207 and 19-501 to 19-510, inclusive, of the Local Government Article of the Annotated Code of Maryland, Sections 9-601 to 9-699, inclusive, of the Environment Article of the Annotated Code of Maryland, as amended, and Section PW5-204 of the Code of Public Local Laws of Worcester County, Maryland, and pursuant to the Bond Resolution:

Section 1. BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WORCESTER COUNTY, That all terms used herein which are defined in the Recitals hereof, in the Exhibits hereto or in the Bond Resolution, shall have the meanings given such terms therein.

Section 2. AND BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WORCESTER COUNTY, That the final aggregate principal amount of the Bonds is hereby determined to be \$26,950,000.

Section 3. AND BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WORCESTER COUNTY, That the bid of PNC Capital Markets LLC (the "Successful Bidder") for the Bonds at a purchase price of \$29,929,687.10, as submitted to the County through *PARITY* and opened by the Finance Officer at his office on June 16, 2015, is the lowest bid conforming with the terms of the Notice of Sale and shall be and the same is hereby accepted.

Section 4. AND BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WORCESTER COUNTY, (a) That the principal amount of the Bonds and the principal amount of each maturity of the Bonds, both as set forth in Exhibit B hereto, and the interest rates for the Bonds (which are the interest rates set forth in the bid of the Successful Bidder), as also set forth in Exhibit B hereto, are hereby adopted as the principal amount of the Bonds, the principal amount of each maturity of the Bonds and the interest rates payable on the Bonds.

(b) In addition, the aggregate principal amounts and maturity schedules for (i) the General County Portion and (ii) the Ocean Pines Fire Protection System Portion are set forth in Exhibit C hereto. Such amounts are hereby adopted as the respective portions of the principal amounts of each maturity payable on the Bonds.

Section 5. AND BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WORCESTER COUNTY, That the interest payment dates and all other provisions of the Bond Resolution are ratified and confirmed.

Section 6. AND BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WORCESTER COUNTY, That the Preliminary Official Statement, together with the distribution thereof, is hereby ratified and approved.

Section 7. AND BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WORCESTER COUNTY, That the Official Statement of the County to be prepared and delivered in connection with the issuance and sale of the Bonds (the "Official Statement") shall be substantially in the form of the Preliminary Official Statement, but shall also include the final aggregate principal amount of the Bonds, the final principal amount of each maturity of the Bonds and the interest rates for the Bonds adopted in this Resolution, such pricing and other information relating to the re-offering of the Bonds, if any, as may have been specified and furnished in writing by the Successful Bidder for the Bonds prior to the adoption of this Resolution and such other changes, corrections and additions as the President of the Board shall approve on behalf of the County; and in such form, the Official Statement of the County is hereby approved and hereby "deemed final" for purposes of Securities and Exchange Commission Rule 15c2-12.

Section 8. AND BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WORCESTER COUNTY, That the President of the Board is hereby authorized and directed to execute, issue and distribute the Official Statement in connection with the sale of the Bonds.

Section 9. AND BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WORCESTER COUNTY, That (a) \$29,768,809.17 of the proceeds of the Bonds shall be deposited by the County with Manufacturers and Traders Trust Company, as Escrow Deposit Agent (the "Escrow Deposit Agent"), pursuant to an Escrow Deposit Agreement to be executed by and between the Escrow Deposit Agent and the County substantially in the form attached hereto as Exhibit D and made a part hereof (the "Escrow Deposit Agreement"), such amount to be applied to pay (i) the principal of the Refunded Ocean Pines Fire Protection System Note on June 30, 2015, (ii) the principal of the Refunded 2007 Bonds on August 1, 2017, (iii) the principal of the Refunded 2008 Bonds on October 1, 2018 (not August 1, 2018 as stated in the Bond Resolution), and (iv) the interest accrued and to accrue on all of the Refunded Obligations to their respective prepayment or redemption dates; and (b) the balance of the proceeds of the Bonds shall be paid to the County and applied to pay costs, fees and expenses incurred in connection with the issuance and sale of the Bonds as described in Section 5(b)(i) of the Bond Resolution to the extent such costs, fees and expenses have not been paid from other sources.

Section 10. AND BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WORCESTER COUNTY, That this Resolution is and shall be deemed a supplemental resolution authorized and referred to in the Bond Resolution.

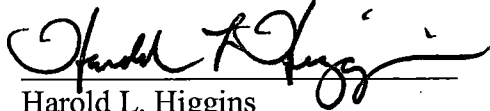
Section 11. AND BE IT FURTHER RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WORCESTER COUNTY, That this Resolution shall take effect immediately.

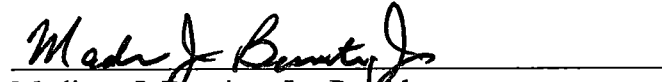
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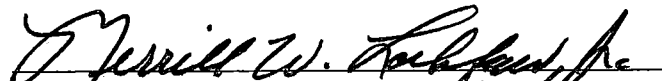
Passed and adopted this 16th day of June, 2015.


ATTEST:

COUNTY COMMISSIONERS OF
WORCESTER COUNTY, MARYLAND


Harold L. Higgins
Chief Administrative Officer

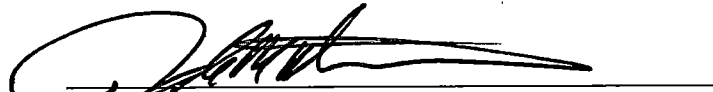

Madison J. Bunting, Jr., President


Merrill W. Lockfaw, Jr., Vice President


Anthony W. Bertino, Jr., Commissioner


James C. Church, Commissioner


Theodore J. Elder, Commissioner


Joseph M. Mitrecic, Commissioner

Absent

Diana Purnell, Commissioner

EXHIBIT A

**COUNTY COMMISSIONERS OF WORCESTER COUNTY, MARYLAND
CONSOLIDATED PUBLIC IMPROVEMENT REFUNDING BONDS,
2015 SERIES B**

BIDS FOR THE BONDS

Bidder Name	TIC
PNC Capital Markets	1.902836
Robert W. Baird & Co., Inc.	1.903665
Jefferies LLC	1.976804
J.P. Morgan Securities LLC	2.029875
Janney Montgomery Scott LLC	2.075423
Citigroup Global Markets Inc.	2.220846

**SCHEDULE OF PRINCIPAL AMOUNTS OF
AND INTEREST RATES FOR THE BONDS**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
August 1, 2016	\$ 150,000	3.000%
August 1, 2017	160,000	3.000
August 1, 2018	2,000,000	4.000
August 1, 2019	4,830,000	4.000
August 1, 2020	5,135,000	4.000
August 1, 2021	5,355,000	4.000
August 1, 2022	5,580,000	4.000
August 1, 2023	3,265,000	4.000
August 1, 2024	210,000	2.125
August 1, 2025	215,000	2.125
August 1, 2026	50,000	2.250

**SCHEDULE OF PRINCIPAL AMOUNTS
FOR THE BONDS
AND
EACH PORTION OF THE BONDS**

Maturity Date	Bonds	General County Portion	Ocean Pines Fire Protection System Portion
8/1/2016	\$ 150,000		\$ 150,000
8/1/2017	160,000		160,000
8/1/2018	2,000,000	\$ 1,830,000	170,000
8/1/2019	4,830,000	4,655,000	175,000
8/1/2020	5,135,000	4,955,000	180,000
8/1/2021	5,355,000	5,165,000	190,000
8/1/2022	5,580,000	5,385,000	195,000
8/1/2023	3,265,000	3,060,000	205,000
8/1/2024	210,000		210,000
8/1/2025	215,000		215,000
8/1/2026	50,000		50,000
Total	\$26,950,000	\$25,050,000	\$1,900,000

FORM OF ESCROW DEPOSIT AGREEMENT

ESCROW DEPOSIT AGREEMENT

Dated as of June 30, 2015
by and between

COUNTY COMMISSIONERS OF WORCESTER COUNTY, MARYLAND

AND

MANUFACTURERS AND TRADERS TRUST COMPANY,
Escrow Deposit Agent

\$ _____
COUNTY COMMISSIONERS OF WORCESTER COUNTY, MARYLAND
CONSOLIDATED PUBLIC IMPROVEMENT REFUNDING BONDS,
2015 SERIES B

TABLE OF CONTENTS

Section	Page
RECITALS.....	1
ARTICLE I	
DEFINITIONS	
Section 1.01.....	Definitions....2
ARTICLE II	
ESCROW FOR REFUNDED BONDS	
Section 2.01.....	Possession of Bond Resolution and Specimen Bond....3
Section 2.02.....	Establishment of Escrow Deposit Fund....3
Section 2.03.....	Deposit of Funds....3
Section 2.04.....	Sufficiency of Funds....3
Section 2.05.....	Deposit Irrevocable....4
Section 2.06.....	Investments....4
Section 2.07.....	Use of Funds and Payment of Obligations....5
Section 2.08.....	Pledge and Lien....5
Section 2.09.....	Irrevocable Election to Redeem; Redemption....5
Section 2.10.....	Fees and Expenses of Escrow Deposit Agent....6
Section 2.11.....	Liability and Duties of Escrow Deposit Agent....6
Section 2.12.....	Term of Escrow Deposit Agreement....7
Section 2.13.....	Notice of Transaction....7
ARTICLE III	
MISCELLANEOUS	
Section 3.01.....	Entire Agreement....7
Section 3.02.....	Section and Paragraph Headings....7
Section 3.03.....	Severability....7
Section 3.04.....	Maryland Law....7
Section 3.05.....	Removal or Resignation of Escrow Deposit Agent....7
Section 3.06.....	Security Agreement....9
Section 3.07.....	Representations of County....9
Section 3.08.....	Representations of Escrow Deposit Agent....9
Section 3.09.....	No Amendment....9

-
- EXHIBIT A – Outstanding Obligations
 - EXHIBIT B – Refunded Obligations
 - EXHIBIT C – Escrowed Government Obligations
 - EXHIBIT D – Notice of Advance Refunding

ESCROW DEPOSIT AGREEMENT

THIS ESCROW DEPOSIT AGREEMENT, is made as of June 30, 2015, by and between COUNTY COMMISSIONERS OF WORCESTER COUNTY, MARYLAND, a body politic and corporate and a political subdivision of the State of Maryland (the "County"), and MANUFACTURERS AND TRADERS TRUST COMPANY, a New York banking corporation, as Escrow Deposit Agent (the "Escrow Deposit Agent"), under this Escrow Deposit Agreement.

RECITALS

The County, has heretofore issued its general obligation bonds and note described in Exhibit A hereto (the "Outstanding Obligations"), which exhibit is incorporated herein by reference and made a part thereof. The original aggregate principal amount and the outstanding aggregate principal amount of the Outstanding Obligations are listed in Exhibit A hereto. All terms defined in Exhibit A hereto shall have the meanings given such terms herein.

The County has issued its Consolidated Public Improvement Refunding Bonds, 2015 Series B, dated June 30, 2015, in the original aggregate principal amount of \$ _____ (the "Bonds"). A portion of the Bonds in the aggregate principal amount of \$ _____ is being issued in order to effect the prepayment or refunding of the portions of the Outstanding Obligations set forth in the table attached hereto as Exhibit B and made a part hereof (the "Refunded Obligations") and paying the interest accrued and to accrue on the Refunded Obligations to their respective dates of prepayment or redemption as set forth in Exhibit B.

The County has determined to provide for the refunding of the Refunded Note and the Refunded 2007 Bonds and the Refunded 2008 Bonds (collectively the "Refunded Bonds") by depositing with the Escrow Deposit Agent immediately available funds sufficient (a) to prepay the principal of and all accrued interest on the Refunded Note on June 30, 2015, and (b) to purchase Government Obligations (hereinafter defined), the principal of and interest on which, together with the remainder of the cash balance deposited in the Escrow Deposit Fund (hereinafter defined), will be sufficient (1) to redeem the Refunded Bonds on their respective dates of redemption as set forth in Exhibit B, at a redemption price of 100% of the principal balance thereof and (2) to pay all interest accrued and to accrue on all of the Refunded Bonds from their most recent interest payment date to such redemption dates.

NOW, THEREFORE, the County and the Escrow Deposit Agent, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, do hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Definitions. All terms used in the Recitals hereof and in Exhibits A and B shall have the meanings given such terms therein. In addition, the following terms used in this Escrow Deposit Agreement shall have the meanings hereinafter provided for such terms, unless a different meaning clearly appears from the context:

“Board” means the Board of County Commissioners of Worcester County, the governing body of the County.

“Bonds” means the County Commissioners of Worcester County, Maryland Consolidated Public Improvement Refunding Bonds, 2015 Series B, dated June 30, 2015, in the original aggregate principal amount of \$_____.

“Bond Counsel” means Miles & Stockbridge P.C. and its successors and assigns.

“Cash Balance” means the sum of \$_____, which shall be deposited in the Escrow Deposit Fund but which shall not be invested.

“Closing Date” means June 30, 2015, the date of delivery of the Bonds.

“County” means the County Commissioners of Worcester County, Maryland, a body politic and corporate and a political subdivision of the State of Maryland.

“Escrow Deposit Agent” means Manufacturers and Traders Trust Company, or any successor Escrow Deposit Agent appointed under the provisions of this Escrow Deposit Agreement.

“Escrow Deposit Agreement” or “Agreement” means this Escrow Deposit Agreement.

“Escrow Deposit Fund” means the fund so designated which is created and established by this Escrow Deposit Agreement.

“Escrowed Government Obligations” means the Government Obligations on deposit from time to time to the credit of the Escrow Deposit Fund.

“Government Obligations” means direct non-callable obligations of the United States of America. or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America which are not callable or otherwise prepayable by the issuer thereof prior to maturity, including _____. The term Government Obligations does not include mutual funds or unit investment trust funds that invest in such obligations.

“Interest Payment Date” means (a) for the Refunded Note, June 30, 2015, (b) for the Refunded 2007 Bonds, each February 1 and August 1, and (c) for the Refunded 2008 Bonds, each April 1 and October 1.

“Outstanding Bonds” means the bonds of the County described in Exhibit A hereto.

“Rating Agency” means each rating agency which maintains a rating on the Bonds or any of the Outstanding Bonds.

“Refunded Bonds” means the Refunded 2007 Bonds and the Refunded 2008 Bonds.

“Refunded Obligations means the Refunded Bonds and the Refunded Note.

“Redemption Date” mean, (a) for the Refunded 2007 Bonds, August 1, 2017, and (b) for the Refunded 2008 Bonds, October 1, 2018.

“Supplements” means all modifications, amendments, supplements and substitutions.

“Verification Report” means the Verification Report of The Arbitrage Group, Inc., dated June 30, 2015, relating to, inter alia, the refunding of the Refunded Bonds.

ARTICLE II ESCROW FOR REFUNDED OBLIGATIONS

Section 2.01 Possession of Bond Resolutions and Specimen Refunded Bonds. The Escrow Deposit Agent hereby acknowledges it is the Bond Registrar and Paying Agent for the Outstanding Bonds and has in its possession a copy of (a) the Bond Resolution for each series of the Outstanding Bonds (b) a specimen Outstanding Bond of each series and (c) a copy of the Verification Report.

Section 2.02 Establishment of Escrow Deposit Fund. There is hereby created and established with the Escrow Deposit Agent a special and irrevocable Escrow Deposit Fund designated as the “County Commissioners of Worcester County, Maryland Consolidated Public Improvement Refunding Bonds, 2015 Series B Escrow Deposit Fund”, to be held in trust by the Escrow Deposit Agent separate and apart from other funds of the County and of the Escrow Deposit Agent.

Section 2.03 Deposit of Funds. (a) The County herewith deposits with the Escrow Deposit Agent immediately available funds aggregating \$_____ to be deposited in the Escrow Deposit Fund and applied solely as provided in this Escrow Deposit Agreement.

(b) The County represents that all of such funds are derived from the proceeds of the Bonds.

Section 2.04 Sufficiency of Funds. The County represents that the funds on deposit in the Escrow Deposit Fund will be sufficient to purchase Government Obligations which will mature in such principal amounts at such time and bear interest at such rate or rates so that sufficient moneys will be available from such maturing principal and interest and the Cash Balance in the Escrow Deposit Fund, without reinvestment, (a) to prepay the Refunded Note on

June 30, 2015, and (b) (i) to redeem the Refunded Bonds on their respective Redemption Dates at a redemption price of 100% of the principal amount thereof and (ii) to pay all interest accrued and to accrue on the Refunded Bonds from their most recent interest payment dates to their respective Redemption Dates.

However, the County acknowledges that it remains obligated to pay the prepayment or redemption price of and interest on the Refunded Obligations to the extent described in the preceding sentence in the event that the Cash Deposit and the proceeds of such Government Obligations received by the Escrow Deposit Agent are insufficient to make any such payments as and when due and payable.

Section 2.05 Deposit Irrevocable. The deposit of funds in the Escrow Deposit Fund shall constitute an irrevocable deposit of such funds for the equal and ratable benefit of the owners of the Refunded Obligations. The sum of (a) the principal of the Escrowed Government Obligations held in the Escrow Deposit Fund and the interest earned thereon, and (b) the Cash Balance, shall be held in escrow and shall be applied, as hereinafter set forth, solely to the payment of the redemption price of and interest accrued and to accrue on the Refunded Obligations as set forth herein and in Exhibit B attached hereto.

Section 2.06 Investments. (a) The Escrow Deposit Agent hereby acknowledges the creation and establishment of the Escrow Deposit Fund and acknowledges receipt of the sum described in Section 2.03 of this Escrow Deposit Agreement on the Closing Date. The Escrow Deposit Agent shall apply a portion of such funds to the purchase of the Government Obligations described in Exhibit C attached hereto, and the balance remaining after such purchase (i.e., the Cash Balance) shall be held in cash and shall not be invested.

(b) The Escrow Deposit Agent shall have no power or duty to invest any moneys held hereunder or to make substitutions of Escrowed Government Obligations held hereunder.

(c) The Escrow Deposit Agent shall deposit, as received, all maturing principal of and interest on the Escrowed Government Obligations to the credit of the Escrow Deposit Fund.

(d) If the funds on deposit in the Escrow Deposit Fund are insufficient to make the payments described in Section 2.07 hereof, the Escrow Deposit Agent is under no obligation to make any payment out of its own funds for such amounts necessary to make such payments.

(e) The County hereby covenants that no part of the money or funds held at any time in the Escrow Deposit Fund shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause the Bonds or the Refunded Obligations to be "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

(f) Any moneys remaining in the Escrow Deposit Fund on the first business day following the Redemption Date for the Refunded 2008 Bonds, after providing for the

payment in full of the interest on, principal of and applicable redemption premium (if any) with respect to the Refunded Obligations, shall, at the written direction of the County, be paid first to the Escrow Deposit Agent as payment of the fees and expenses described in Section 2.10, and second, to the County.

Section 2.07 Use of Funds and Payment of Obligations. (a) The Escrow Deposit Agent shall deposit the Cash Deposit and, as received, all maturing principal of and interest on Escrowed Government Obligations held in the Escrow Deposit Fund to the credit of the Escrow Deposit Fund.

(b) The Escrow Deposit Agent shall pay the sum of \$ _____ to Taylor Bank on June 30, 2015 to prepay the Refunded Note.

(c) The Escrow Deposit Agent shall transfer to itself, as paying agent for the Outstanding 2007 Bonds from cash on hand in the Escrow Deposit Fund, in immediately available funds, (i) on each February 1 and August 1, commencing August 1, 2015, a sum sufficient to pay the accrued interest on the Refunded 2007 Bonds, and (ii) on August 1, 2017, a sum sufficient to pay the principal of and accrued and unpaid interest on the Refunded 2007 Bonds.

(d) The Escrow Deposit Agent shall transfer to itself, as paying agent for the Outstanding 2008 Bonds from cash on hand in the Escrow Deposit Fund, in immediately available funds, (i) on each April 1 and October 1, commencing October 1, 2015, a sum sufficient to pay the accrued interest on the Refunded 2007 Bonds, and (ii) on October 1, 2018, a sum sufficient to pay the principal of and accrued and unpaid interest on the Refunded 2008 Bonds.

(e) In any case where any date of payment described hereinabove shall be a Saturday, Sunday or legal holiday observed by the County or the Escrow Deposit Agent, then payment of such funds need not be made on such date but may be made on the next succeeding day which is not a Saturday, Sunday or legal holiday observed by the County or the Escrow Deposit Agent, with the same force and effect as if made on the date described hereinabove.

Section 2.08 Pledge and Lien. The County hereby assigns and pledges to the Escrow Deposit Agent for the benefit of the owners of the Refunded Obligations, and grants to the Escrow Deposit Agent for the benefit of such owners, a security interest in (a) all funds on deposit in or credited to the Escrow Deposit Fund, and (b) the Escrowed Government Obligations held in the Escrow Deposit Fund and the interest income thereon. The Escrow Deposit Agent shall have an express first lien on, pledge of and security interest in all funds, Escrowed Government Obligations and income earned thereon on deposit in or credited to the Escrow Deposit Fund, until such funds, Escrowed Government Obligations and income are used and applied in accordance with this Escrow Deposit Agreement, all for the benefit of the owners of the Refunded Obligations.

Section 2.09 Irrevocable Election to Prepay or Redeem; Prepayment or Redemption. The County represents that it has irrevocably elected to prepay the Refunded Note on June 30, 2015 and to redeem the Refunded Bonds on their respective Redemption Dates at a redemption

price of 100% of the principal amount thereof. The County hereby directs the Escrow Deposit Agent to publish, mail and otherwise deliver a notice of redemption of each series of the Refunded Bonds in accordance with the related Bond Resolution and and to electronically file each such notice of redemption in the MSRB's Electronic Municipal Market Access System ("EMMA").

Section 2.10 Fees and Expenses of Escrow Deposit Agent. Upon the execution and delivery of this Escrow Deposit Agreement, the County shall pay the Escrow Deposit Agent (a) on the Closing Date, an initial review and set-up fee in the amount of \$____, (b) an annual fee of \$_____, (c) a charge of \$_____ for each purchase, (d) a fee of \$_____ for each wire transfer, which fees and charges shall be paid annually by the County upon receipt of a bill therefor from the Escrow Deposit Agent, and (e) normal and customary expenses as incurred, including, without limitation, the cost of the publications, mailings and deliveries described in Section 2.09 hereof relating to the redemption and refunding of the Refunded Bonds, which expenses will be paid by the County upon receipt of a bill therefor forwarded by the Escrow Deposit Agent. No other fees and expenses of the Escrow Deposit Agent are anticipated; however, if the Escrow Deposit Agent incurs any unusual or extraordinary expenses, or undertakes any unusual or extraordinary services, not anticipated at the time of the execution and delivery of this Escrow Deposit Agreement, the Escrow Deposit Agent may request payment of its reasonable fees and expenses in connection therewith from the County. The County agrees to pay such reasonable fees and expenses, but it may, without creating a default hereunder, contest in good faith the reasonableness of any of such fees and expenses. The Escrow Deposit Agent shall have no lien whatsoever upon any of the moneys in the Escrow Deposit Fund for the payment of its fees and expenses, except to the extent of its rights to excess moneys in the Escrow Deposit Fund as set forth in Section 2.06(f). The provisions of this Section 2.10 shall survive the termination and expiration of this Escrow Deposit Agreement.

Section 2.11 Liability and Duties of Escrow Deposit Agent.

(a) The Escrow Deposit Agent and its respective successors, assigns, agents and servants, absent negligence or willful misconduct, shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Escrow Deposit Agreement, the establishment of the Escrow Deposit Fund, the acceptance of the moneys deposited therein, the purchase of Escrowed Government Obligations, the retention of the Escrowed Government Obligations or the proceeds thereof, or any payment, transfer or other application of moneys or securities by the Escrow Deposit Agent in accordance with the provisions of this Escrow Deposit Agreement.

(b) This Escrow Deposit Agreement sets forth exclusively the duties of the Escrow Deposit Agent with respect to any and all matters pertinent hereto and no implied duties or obligations shall be read into this Escrow Deposit Agreement against the Escrow Deposit Agent. The Escrow Deposit Agent may act in reliance upon any instrument or signature believed by it to be genuine and may assume that any person purporting to give any writing, notice, advice or direction for or on behalf of the County in connection with the provisions hereof has been duly authorized to do so.

Section 2.12 Term of Escrow Deposit Agreement. This Escrow Deposit Agreement shall become effective upon its execution and delivery and shall terminate when the Refunded Note has been prepaid and all the Refunded Bonds to be redeemed and interest due thereon have been paid and discharged.

Section 2.13 Notice of Transaction. Within 10 Business Days after the date of this Escrow Deposit Agreement for the Bonds, the Escrow Deposit Agent shall cause a notice, substantially in the form set forth in Exhibit D attached hereto, to be mailed to The Depository Trust Company, as the registered owner of the Refunded Bonds, and to be electronically filed in the MSRB's Electronic Municipal Market Access System ("EMMA").

ARTICLE III MISCELLANEOUS

Section 3.01 Entire Agreement. This Escrow Deposit Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 3.02 Section and Paragraph Headings. The County and the Escrow Deposit Agent agree that the section and paragraph headings herein have been prepared for convenience only and are not part of this Escrow Deposit Agreement and shall not be taken as an interpretation of any provision of this Escrow Deposit Agreement.

Section 3.03 Severability. If any clause, provision or Section of this Escrow Deposit Agreement is held illegal or invalid by any court, the invalidity of such clause, provision or Section shall not affect any of the remaining clauses, provisions or Sections hereof, and this Escrow Deposit Agreement shall be construed and enforced as if such illegal or invalid clause, provision or Section had not been contained herein. In case any agreement or obligation contained in this Escrow Deposit Agreement is held to be in violation of law, then such agreement or obligation shall be determined to be the agreement or obligation of the County or the Escrow Deposit Agent, as the case may be, only to the full extent permitted by law.

Section 3.04 Maryland Law. This Escrow Deposit Agreement is executed and delivered with the intent that the laws of the State of Maryland shall govern.

Section 3.05 Removal or Resignation of Escrow Deposit Agent.

(a) The Escrow Deposit Agent may resign at any time upon not less than 60 days prior written notice to the County and the Escrow Deposit Agent shall thereby become discharged from its trusts, duties and obligations hereunder. The Escrow Deposit Agent shall publish, not less than 45 days before such resignation is to take effect, at its own cost and expense, a notice of such resignation once in a newspaper of general circulation in the County and once in The Bond Buyer or a financial journal or daily newspaper of general circulation in the City and State of New York. Such resignation, however, shall take effect only upon the

appointment and qualification of a successor Escrow Deposit Agent in accordance with the terms hereof.

(b) The Escrow Deposit Agent may 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 provisions of this Escrow Deposit Agreement with respect to the duties and obligations of the Escrow Deposit Agent by any court of competent jurisdiction upon the application of the County or the holders of not less than 10% in aggregate principal amount of each issue of the then-outstanding Refunded 2004 Bonds.

(c) If at any time hereafter the Escrow Deposit Agent shall resign, be removed or dissolved or otherwise become incapable of performing all of its duties hereunder, the County shall immediately appoint a successor Escrow Deposit Agent to fill such vacancy as soon as practicable, and in the event such successor is appointed for reasons other than the resignation of the Escrow Deposit Agent, the County at its own cost and expense shall publish a notice of any such appointment made by it once in a daily newspaper of general circulation in the County and in The Bond Buyer or a financial journal or daily newspaper of general circulation in the City and State of New York and shall give a notice of such appointment to each Rating Agency.

(d) Any successor Escrow Deposit Agent hereafter appointed shall be a commercial bank or trust company or national banking association (i) having a capital and surplus aggregating at least \$50,000,000 or a subsidiary bank, trust company or national banking association whose capital and surplus, together with that of its parent bank, trust company or bank holding company, as the case may be, is at least \$50,000,000, if there be such a commercial bank, trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Escrow Deposit Agent required by this Escrow Deposit Agreement.

(e) Any successor Escrow Deposit Agent appointed under the provisions of this Section shall execute, acknowledge and deliver to its predecessor and the County an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations and trusts of its predecessor hereunder, with like effect as if originally appointed as Escrow Deposit Agent. However, the Escrow Deposit Agent then ceasing to act shall nevertheless, on request of the County or of such successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers and trusts of such Escrow Deposit Agent and all the right, title and interest of such Escrow Deposit Agent in and to the Escrow Deposit Fund and any other property held by it hereunder, and shall pay over, assign and deliver to such successor all moneys and Escrowed Government Obligations on deposit in the Escrow Deposit Fund and any other properties subject to the trusts and conditions herein set forth.

(f) Any company into which the Escrow Deposit Agent may be merged or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Deposit Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to

such Escrow Deposit Agent hereunder, without any further act, deed or conveyance, provided that such company shall be a commercial bank or trust company or national banking association qualified to be a successor to such Escrow Deposit Agent under the provisions of this Section.

Section 3.06 Security Agreement. The County executes this Escrow Deposit Agreement as a debtor under the Maryland Uniform Commercial Code and the Escrow Deposit Agent executes this Escrow Deposit Agreement as a secured party under the Maryland Uniform Commercial Code, it being intended by the parties hereto that this Escrow Deposit Agreement shall constitute and be a security agreement under the laws of the State of Maryland.

Section 3.07 Representations of County. The County hereby represents that it (a) was duly created by and is in existence under the laws of the State of Maryland, and possesses the authority to enter into the transactions contemplated by this Escrow Deposit Agreement, (b) is not in default under any of the provisions of the laws of the State of Maryland which would affect its existence or its power referred to in the preceding clause (a), and (c) has taken due and proper action to authorize the execution and delivery of this Escrow Deposit Agreement.

Section 3.08 Representations of Escrow Deposit Agent. The Escrow Deposit Agent hereby represents that it (a) has been duly organized, is validly existing, and is in good standing under the laws of the State of New York and is qualified to do business in the State of Maryland, (b) has the power and authority to act as Escrow Deposit Agent under this Escrow Deposit Agreement, and (c) may validly and legally perform the duties and obligations of the Escrow Deposit Agent under this Escrow Deposit Agreement.

Section 3.09 No Amendment.

(a) This Escrow Deposit Agreement may be amended for any purpose or revoked with the unanimous consent of the County, the Escrow Deposit Agent and the holders of 100% of the then-outstanding Refunded 2004 Bonds; provided, however, that, without the consent of the holders of such Refunded 2004 Bonds, this Escrow Deposit Agreement may be amended (i) for clarification purposes but only upon delivery to the Escrow Deposit Agent and the County of an opinion of Bond Counsel to the effect that such amendment will not have a material adverse effect on the interests of the holders of the Refunded Obligations affected thereby or the Bonds and (ii) for the purpose of obtaining or maintaining ratings on the Refunded Bonds from one or more of the Rating Agencies which are distinguishable from the ratings on the County's general obligation debt because of this Escrow Deposit Agreement and identifying the Refunded Bonds as "refunded"; provided that, if any Rating Agency shall have theretofore assigned such a rating to the Refunded Bonds that is then in effect, no such amendment shall become effective until such Rating Agency shall have provided to the Escrow Deposit Agent written confirmation that such amendment will not adversely affect such rating.

(b) In the case of any revocation or amendment permitted by this Section, the Escrow Deposit Agent shall, prior to the effectiveness thereof, provide written notice and a copy of such proposed amendment or revocation to (i) Moody's Investors Service, Public Finance Rating Desk/Refunded Bonds, 99 Church Street, New York, New York, 10007, (ii) Fitch Ratings, One State Street Plaza, New York, New York, 10004, and (iii) Standard & Poor's Ratings Services, 55 Water Street, 38th Floor, New York, New York, 10041.

Section 3.10. Electronic Communications. The Escrow Deposit Agent shall have the right to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the instructions or directions shall be signed by a person as may be designated and authorized to sign for the Issuer by an authorized representative of the Issuer, who shall provide to the Escrow Deposit Agent an incumbency certificate listing such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer elects to give the Escrow Deposit Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Deposit Agent in its discretion elects to act upon such instructions, the Escrow Deposit Agent's understanding of such instructions shall be deemed controlling. The Escrow Deposit Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Deposit Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Deposit Agent, including without limitation the risk of the Escrow Deposit Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Deposit Agreement to be duly executed, sealed and delivered as of the day and year first written above.

COUNTY COMMISSIONERS OF
WORCESTER COUNTY, MARYLAND

(SEAL)

ATTEST:

By: _____
Madison J. Bunting, Jr.,
President of the Board of County
Commissioners of Worcester County, Maryland

Harold L. Higgins,
Chief Administrative Officer

MANUFACTURERS AND TRADERS
TRUST COMPANY, as Escrow Deposit Agent

(SEAL)

ATTEST:

By: _____
Jennifer L. Cook,
Assistant Vice President

Authorized Officer

OUTSTANDING OBLIGATIONS

1. Name of Issue: County Commissioners of Worcester County, Maryland Consolidated Public Improvement Project and Refunding Bonds, 2007 Series (the "2007 Bonds")
 - Date of Issue: April 15, 2007
 - Original Aggregate Principal Amount: \$35,865,000
 - Outstanding Aggregate Principal Amount: \$18,745,000
 - Bond Resolution: Resolution No. 07-6 of the Board of County Commissioners of Worcester County, Maryland adopted on April 3, 2007, as supplemented by a Supplemental Resolution No. 07-7 of the Board of County Commissioners of Worcester County, Maryland adopted on April 17, 2007

2. Name of Issue: County Commissioners of Worcester County, Maryland Consolidated Public Improvement Bonds, 2008 Series (the "2008 Bonds")
 - Date of Issue: November 15, 2008
 - Original Aggregate Principal Amount: \$35,000,000
 - Outstanding Aggregate Principal Amount: \$23,225,000
 - Bond Resolution: Resolution No. 08-30 of the Board of County Commissioners of Worcester County, Maryland adopted on October 7, 2008, as supplemented by a Supplemental Resolution No. 08-32 of the Board of County Commissioners of Worcester County, Maryland adopted on November 5, 2008

3. Name of Issue: Promissory Note payable to Taylor Bank (the "Ocean Pines Fire Protection System Note")
 - Date of Issue: March 11, 2010
 - Original Principal Amount: \$2,500,000
 - Outstanding Principal Amount: \$2,003,604.23 (as of June 30, 2015)
 - Bond Resolution: Resolution No. 10-9 of the Board of County Commissioners of Worcester County, Maryland adopted on March 16, 2010

REFUNDED OBLIGATIONS

1. Consolidated Public Improvement Projects and Refunding Bonds, 2007 Series (the “Refunded 2007 Bonds”)

<u>Maturity Date</u>	<u>Principal Amount</u>
08/1/2018	\$2,090,000
08/1/2019	2,175,000
08/1/2020	2,260,000
08/1/2021	2,355,000
08/1/2022	<u>2,450,000</u>
	\$11,330,000

Optional Redemption Date: August 1, 2017
 Redemption Price: 100%

2. Consolidated Public Improvement Project and Refunding Bonds, 2008 Series (the “Refunded 2008 Bonds”)

<u>Maturity Date</u>	<u>Principal Amount</u>
10/1/2019	\$2,550,000
10/1/2020	2,665,000
10/1/2021	2,785,000
10/1/2022	2,915,000
10/1/2023	<u>3,055,000</u>
	\$13,970,000

Optional Redemption Date: October 1, 2018
 Redemption Price: 100%

3. Ocean Pines Fire Protection Note (the “Refunded Note”)

Outstanding Principal Balance (as of June 30, 2015): \$2,003,604.23

Prepayment Date: June 30, 2015
 Prepayment Price: 100%