

SUBJECT: CLOSURE AND DISPOSITION OF A PORTION OF MARYLAND AVENUE, ST. CLEMENTS ISLAND

ORDINANCE

WHEREAS, the Board of County Commissioners for St. Mary's County, Maryland is authorized to open, alter or close roads pursuant to Article 25, §135 and §136 and to sell, at public or private sale, any property no longer needed for a public use pursuant to Article 25, Section 11A(b)(3-1)(i) of the Annotated Code of Maryland; and

WHEREAS, the Board of County Commissioners for St. Mary's County may be possessed of that the property described as 0.133 acres, more or less, of real property, possessed by the Board of County Commissioners, part of that property shown on a plat prepared by the Insured Land Corporation of America, recorded among the Plat Records of St. Mary's County, Maryland at Liber JMM5, Folio 97, the same being part of "Maryland Avenue," dedicated to public use by plat prepared by Fava, Naeff and Company dated August 22, 1891 and recorded among the Plat Records of St. Mary's County, Maryland at Liber JFF, Folio 584; and

WHEREAS, the State of Maryland has expressed an interest in acquiring the Property for the purpose of expanding the lands upon which the St. Clement's Island Museum resides; and

WHEREAS, as required by Article 25, §136, §3(r) and §11A(b)(3-1)(ii) of the Annotated Code of Maryland, and Chapter 109-2 of Article 19 of the Code of Public Local Laws of Maryland, a public hearing was held on October 17, 2000, notice of which was published in a newspaper of general circulation on September 20, September 27 and October 4, 2000, and posted in accordance with applicable law.

WHEREAS, the Board of County Commissioners for St. Mary's County has carefully reviewed and considered the comments and concerns of the public and the recommendations of staff; and

WHEREAS, upon that review, the Board of County Commissioners for St. Mary's County finds that the Property is no longer needed by the County for a roadway or for any other public use; and

WHEREAS, the Board of County Commissioners for St. Mary's County, Maryland believes it to be in the best interest of the citizens of St. Mary's County to convey all right title and interest in the Property to the State of Maryland.

BE IT ORDAINED by the Board of County Commissioners for St. Mary's County, Maryland that: (a) the Property is no longer needed for any public use; and (b) it is in the best interest of the Citizens of St. Mary's County to convey the Property to the State of Maryland

BE IT FURTHER ORDAINED by the Board of County Commissioners for St. Mary's County, Maryland that Julie B. Randall, Commission President, is hereby authorized execute such documents necessary to transfer the Property to the State of Maryland through a private sale for no monetary consideration; and

BE IT FURTHER ORDAINED by the Board of County Commissioners for St. Mary's County, Maryland that the foregoing recitals are hereby adopted as written above.

Date of Adoption: 06/28/01

Effective Date: 06/28/01

Ayes: ALL
Nays:
Abstain:

RECORDING FEE 0.00
TOTAL 0.00
Res#SM02 Scpt#999999
EWA LF BIK#846
Jul 10, 2001 11:40 am

ATTEST:

ALFRED A. LACER
County Administrator

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

JOHN B. NORRIS
Deputy County Attorney

BOARD OF COUNTY COMMISSIONERS
FOR ST. MARY'S COUNTY, MARYLAND

JULIE B. RANDALL, President

JOSEPH F. ANDERSON, Commissioner

SHELBY P. GUAZZO, Commissioner

THOMAS A. MATTINGLY Sr., Commissioner

DANIEL H. RALEY, Commissioner

SUBJ: Public Facilities Bonds of
1995
Great Mills High AdditionBOOK 0019 PAGE 0002

Page 1 of 2

RESOLUTION

RESOLUTION OF THE COUNTY COMMISSIONERS FOR ST. MARY'S COUNTY, MARYLAND for the purpose of amending the Resolution No. 95-09 of the County Commissioners, adopted on February 21, 1995, authorizing the issuance of general obligation bonds of the County by increasing the amount of the Great Mills High School Addition authorized to be financed with the proceeds from the sale of such bonds and reducing the amount of the St. Andrew's Landfill project authorized to be financed with the proceeds from the sale of such Bonds in like amount.

RECORDING FEE 0.00
TOTAL 0.00
Res#SM02 Rcpt#999999
EWA LP Bk#928
Jul 11 2001 10:03 am

RECITALS

WHEREAS, on February 21, 1995, the County Commissioners for St. Mary's County, Maryland, (the "County"), adopted its Resolution No. 95-09, (the "Authorizing Resolution"), authorizing the issuance and sale of \$11,990,000 County Commissioners of St. Mary's County Public Facilities Bonds of 1995 dated March 01, 1995 (the "Bonds"), a portion of the proceeds of which were to be used to finance the construction, improvement or development of certain capital projects described in such Authorizing Resolution, (the "Original Projects"); and

WHEREAS, Section 1 of the Authorizing Resolution provides that the proceeds of the Bonds shall be applied to the payment of the cost of the projects described in Resolution No. 95-09, unless the County, by resolution, authorizes the application of the proceeds of the Bonds to other capital projects of the County, and any unexpended proceeds of the Bonds shall otherwise be applied as provided in Resolution No. 95-09; and

WHEREAS, the County has determined that One Million Two Hundred Ninety-Three Thousand Two Hundred Eighty-One Dollars, (\$ 1,293,281.00) of the proceeds of the sale of Bonds originally designated to be used to finance the costs of the Original Projects was allocated differently to address the increased costs of the Great Mills High School addition/renovation project, a project which was one of the Original Projects; and

WHEREAS, the County has further determined that the projects being financed by the proceeds of the Bonds and listed on Schedule A hereto have been authorized by Chapter 417 of the Laws of Maryland of 1989, and Chapter 99 of the Laws of Maryland of 1991, and Chapter 360 of the Laws of Maryland of 1992 and were approved by County Commissioners' Approved Budget for FY 96

BE IT RESOLVED BY COUNTY COMMISSIONERS FOR ST. MARY'S COUNTY, MARYLAND, that:

Section 1: Resolution No. 95-09, adopted by the County Commissioners for St. Mary's County, Maryland, on February 21, 1995, (the "Authorizing Resolution"), authorizing the issuance and sale of Eleven Million Nine Hundred Ninety Thousand Dollars, (\$11,990,000), in the aggregate principal amount, of County Commissioners of St. Mary's County Public Facilities Bonds of 1995, issued on March 01, 1995, (the "Bonds"), is hereby amended solely for the purposes set forth at Section 2, below.

Section 2: The County Commissioners for St. Mary's County, Maryland, hereby finds and determines that a portion of the proceeds from the sale of the Bonds designated to finance the construction, improvement or development of certain capital projects approved by the Authorizing Resolution warrants revision to reflect the actual costs funded. To that end, the County hereby: (a) designates an additional One Million Two Hundred Ninety-Three Thousand Two Hundred Eighty One Dollars (\$1,293,281.00), to be used and is and was authorized to be used to increase the funding set forth in the Authorizing Resolution for the Great Mills High School addition/renovation project, an Original Project, to address the increased costs of that project; and (b) reduces the funding for St. Andrews Landfill set forth in the Authorizing Resolution by a like amount.

Section 3: This Resolution shall in no way limit the authority of the County to designate such further additional projects as permitted under the Authorizing Resolution and shall in no way modify, amend or rescind any other provisions of the Authorizing Resolution not specifically addressed herein.

Section 4: This Resolution shall not constitute a waiver of any defense available to the County.

Section 5: This Resolution shall become effective immediately upon its passage.

SUBJ: Public Facilities Bonds of
1995
Great Mills High Addition

BOOK 0019 PAGE 0003

Date of Adoption: 06/28/01

Effective Date: 06/28/01

BOARD OF COUNTY COMMISSIONERS
OF ST. MARY'S COUNTY, MARYLAND

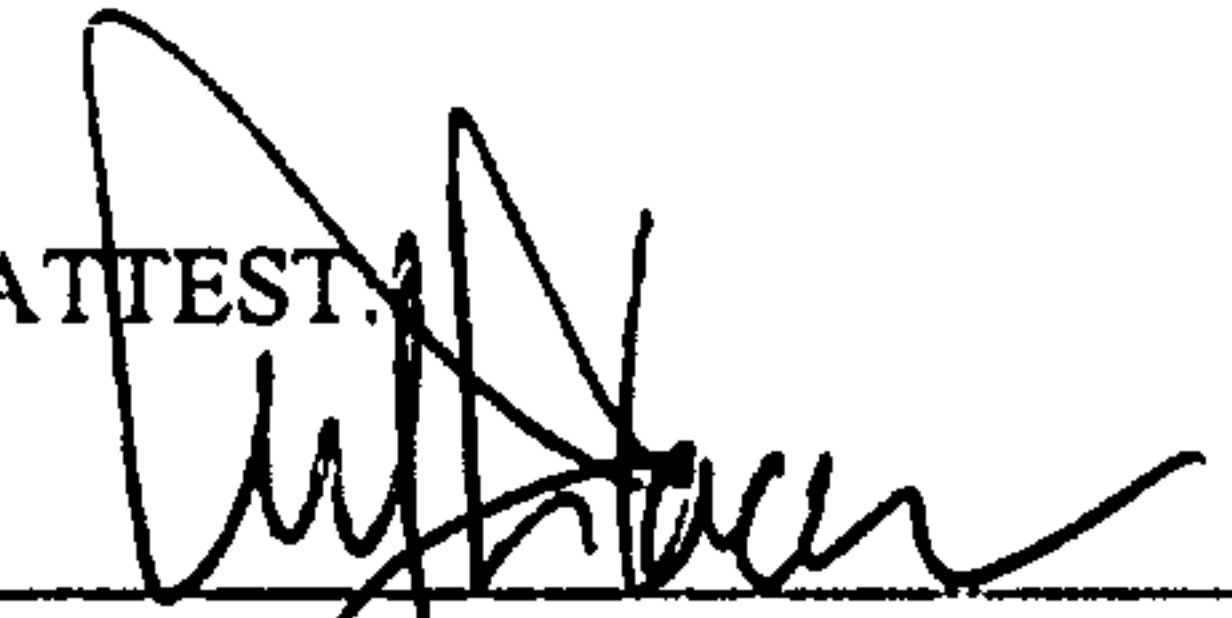

Julie B. Randall, President


Joseph F. Anderson, Commissioner


Shelby E. Guazzo, Commissioner


Thomas A. Mattingly, Sr., Commissioner

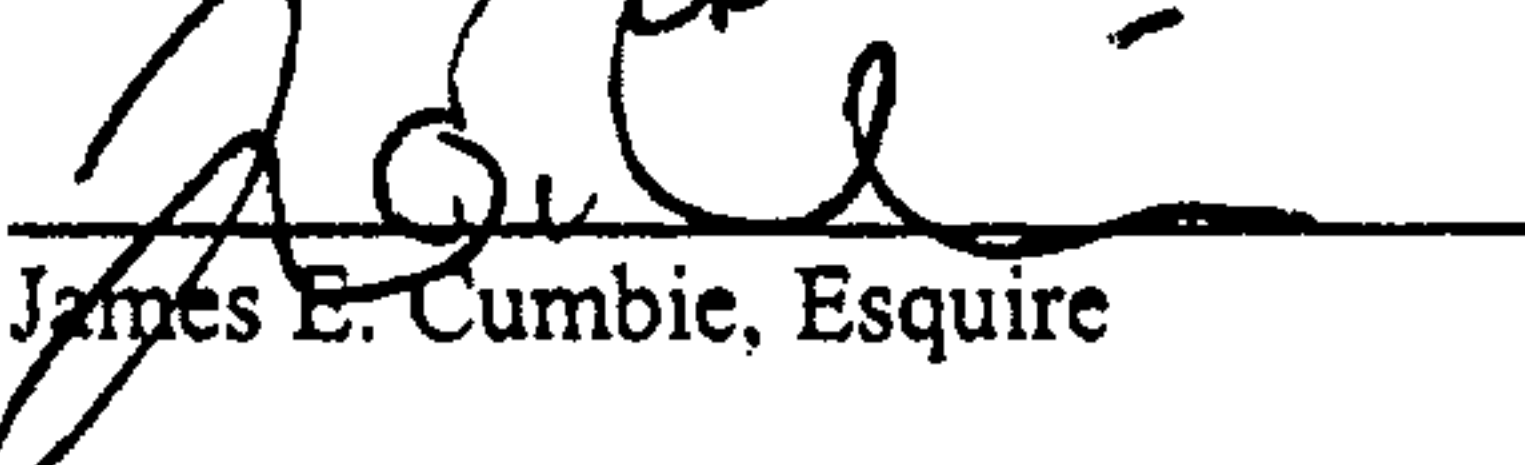

Daniel H. Raley, Commissioner

ATTEST


Alfred A. Lacer
County Administrator


Elaine M. Kramer
Director of Finance

APPROVED AS TO FORM AND LEGAL SUFFICIENCY
BOND COUNSEL


James E. Cumbie, Esquire

COUNTY COMMISSIONERS OF ST. MARY'S COUNTY
RESOLUTION NO. R-2001-35

0019 PAGE 04

A RESOLUTION AUTHORIZING AND EMPOWERING COUNTY COMMISSIONERS OF ST. MARY'S COUNTY TO ISSUE AND SELL AT PUBLIC SALE, UPON ITS FULL FAITH AND CREDIT, ITS GENERAL OBLIGATION SERIAL MATURITY BONDS IN AN AMOUNT OF \$25,000,000 TO BE KNOWN AS "COUNTY COMMISSIONERS OF ST. MARY'S COUNTY CONSOLIDATED PUBLIC IMPROVEMENT BONDS OF 2001," PURSUANT TO THE PROVISIONS OF CHAPTER 77 OF THE LAWS OF MARYLAND OF 1998, AS AMENDED, CHAPTER 86 OF THE LAWS OF MARYLAND OF 1999, AS AMENDED, AND SECTION 2C OF ARTICLE 31 OF THE ANNOTATED CODE OF MARYLAND, AS AMENDED, FOR THE PUBLIC PURPOSES OF FINANCING OR REFINANCING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN PUBLIC FACILITIES IN ST. MARY'S COUNTY; PRESCRIBING THE TERMS AND CONDITIONS OF SAID BONDS AND UPON WHICH SAID BONDS SHALL BE ISSUED AND SOLD AND OTHER INCIDENTAL DETAILS WITH RESPECT THERETO; PROVIDING THAT, IN THE EVENT THAT FUNDS AVAILABLE TO THE COUNTY ARE INSUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS THAT THE BOARD OF COUNTY COMMISSIONERS OF ST. MARY'S COUNTY SHALL LEVY AND COLLECT AD VALOREM TAXES UPON ALL THE LEGALLY ASSESSABLE PROPERTY WITHIN ST. MARY'S COUNTY SUFFICIENT TO PROVIDE FOR SUCH PAYMENTS WHEN DUE; AUTHORIZING THE PREPARATION AND DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE ISSUANCE AND SALE OF SAID BONDS; AND GENERALLY PROVIDING FOR THE ISSUANCE OF SAID BONDS.

RECORDING FEE 3.00
TOTAL 0.00
Res#002 Ac#4999999
EWA LP #114934
10/11/2001 12:33 PM

RECITALS

Chapter 77 of the Laws of Maryland of 1998 and Chapter 86 of the Laws of Maryland of 1999 (collectively, the "Acts") authorize and empower the County to issue and sell bonds upon its full faith and credit to provide funds to finance the cost of certain public facilities in St. Mary's County and to finance such construction by the issuance and sale of its general obligation bonds in an aggregate principal amount not to exceed \$45,000,000. The County has previously issued bonds in the aggregate amount of \$11,855,000 pursuant to Chapter 77 of the Laws of Maryland of 1998. Authorization for bonds in an aggregate amount not to exceed \$33,145,000 remains under the Acts.

Pursuant to the authority granted by the Acts, the County has determined to issue and sell its general obligation bonds in an aggregate principal of \$25,000,000 to finance or refinance certain public facilities in St. Mary's County.

The Bonds, as authorized to be issued and sold by this Resolution, are a combined, single series of bonds for certain public facilities in St. Mary's County.

NOW, THEREFORE, BE IT RESOLVED BY COUNTY COMMISSIONERS OF ST. MARY'S COUNTY:

Section 1. Pursuant to the authority of the Acts, the County shall borrow on its full faith and credit a sum of \$25,000,000 in order to provide funds to finance or refinance the cost of certain public facilities in St. Mary's County as further described in Schedule I hereto and certain costs of issuance related thereto and shall evidence such borrowing by the issuance of its bonds in an aggregate principal amount of \$25,000,000.

Section 2. Pursuant to the authority granted by the applicable Acts and Section 2C of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2000 Cumulative Supplement, as amended), the Bonds authorized to be issued by Section 1 of this Resolution shall be consolidated for sale, and issued, sold, and delivered as a single issue of bonds in an aggregate principal amount not to exceed \$25,000,000 to be known as "County Commissioners of St. Mary's County Consolidated Public Improvement Bonds of 2001" (the "Bonds"). Subject to the payment of costs of issuance

and original issue discount, if any, the projects on account of which the Bonds are issued (collectively, the "2001 Projects") and the approximate amount of Bond proceeds allocated each Project shall be as identified on Schedule I hereof. PAGE 05

Section 3. Subject to adjustment if the sale date of the Bonds is rescheduled as permitted by Section 12 hereof, the Bonds shall be dated July 15, 2001, shall be issued in the denomination of \$5,000 each or any integral multiple thereof, and shall be numbered consecutively beginning with the number one upward. The Bonds shall bear interest from July 15, 2001 payable on January 1, 2002 (5½ months) and on each January 1 and July 1 thereafter (each an "Interest Payment Date") until maturity or earlier redemption. The Bonds shall mature (subject to prior redemption) on July 1 of the years and in the amounts as follows:

<u>Year</u>	<u>Amounts</u>	<u>Year</u>	<u>Amounts</u>
2002	\$ 885,000	2012	\$1,215,000
2003	870,000	2013	1,270,000
2004	895,000	2014	1,330,000
2005	925,000	2015	1,390,000
2006	955,000	2016	1,455,000
2007	995,000	2017	1,525,000
2008	1,030,000	2018	1,600,000
2009	1,075,000	2019	1,680,000
2010	1,120,000	2020	1,765,000
2011	1,165,000	2021	1,855,000

Each bond shall bear interest from July 15, 2001 if no interest payment has been paid or from the most recent Interest Payment Date to which interest has been paid or duly provided for; provided, however, that each Bond authenticated after the Record Date (as hereinafter defined) for any Interest Payment Date, but prior to such Interest Payment Date shall bear interest from such Interest Payment Date. Interest on the Bonds shall be paid at the rate or rates named by the successful bidder for the Bonds in accordance with the terms of the Notice of Sale hereinafter adopted.

The County hereby appoints Allfirst Trust Company National Association, a national banking association with an office for the transaction of trust business in Baltimore, Maryland, as paying agent and bond registrar for the Bonds (the "Paying Agent").

The principal of and interest on the Bonds shall be payable in such money of the United States of America as is lawful at the time of payment.

So long as the Bonds are maintained in book-entry form, payments of principal of, and premium, if any, on the Bonds shall be made as described in Section 4. At any other time, the principal of, and premium, if any on each Bond shall be paid upon presentment and surrender of such Bond on the date such principal is payable or if such date is not a Business Day (as hereinafter defined) then on the next succeeding Business Day at the principal corporate trust office of the Paying Agent.

Interest on each Bond shall be payable to the person in whose name such Bond is registered on the registration books for the Bonds (the "Registered Owner") as of the close of business on the 15th calendar day of the month immediately preceding each Interest Payment Date (the "Record Date"). So long as the Bonds are maintained in book-entry form, payment of interest on the Bonds shall be made as described in Section 5. At any other time, payment of the interest on each Bond shall be made by check mailed on the date such interest is payable or if such date is not a Business Day, then the next succeeding Business Day to the address of such Registered Owner as it appears on said registration books (the "Bond Register").

"Business Day" means a day other than a Saturday, Sunday or day on which the Paying Agent is authorized or obligated by law or required by executive order to remain closed.

The interest on any Bond which is payable, but is not punctually paid or duly provided for, on the appropriate Interest Payment Date shall forthwith cease to be payable to the Registered Owner thereof by virtue of having been such Registered Owner on the relevant Record Date; and such interest shall be paid by the Paying Agent to the persons in whose names the Bond (or its predecessor Bond) is registered at the close of business on a date to be fixed by the Bond Registrar for the payment of such interest, notice thereof being given by first class mail (postage prepaid) to said person not less than 30 days prior to such record date, at the address of such person appearing on the Bond Register, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds may be listed and upon such notice as may be required by such exchange.

Section 4. The Bonds shall be issued as fully registered bonds registered on the Bond Register kept for that purpose by Allfirst Trust Company National Association, Baltimore, Maryland, hereby designated as Bond registrar (the "Bond Registrar"), and shall be registered and transferred in accordance with the terms and conditions set forth in the Bonds, the form of which is hereinafter adopted.

Section 5. The provisions of this Section shall apply to the Bonds so long as all of the Bonds shall be maintained in Book-Entry Form with a Depository, any other provisions of this Resolution to the contrary notwithstanding.

A system for registration of the Bonds in Book-Entry Form with a Depository, which shall initially be The Depository Trust Company, New York, New York ("DTC"), shall be in effect on the date of the issuance and sale of the Bonds.

(a) one fully registered bond for the aggregate principal amount of each maturity and interest rate with each series, will be registered in the name of Cede & Co., as nominee for DTC and immobilized in the custody of DTC.

(b) Transfer of ownership interest in the Bonds will be accomplished by book entries made by DTC and, in turn, by the participants (the "DTC Participants") who act on behalf of the ultimate purchasers of the Bonds (the "Beneficial Owners"). The Beneficial Owners will not receive certificates representing their ownership in the Bonds, except as hereafter provided.

(c) The principal or redemption price of and interest on the Bonds shall be payable to the Depository, or registered assigns, as the registered owner of the Bonds, in next day funds on each date on which the principal or redemption price 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 Paying Agent in writing. Without notice to or the consent of the holders 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 or their nominees.

(d) The County may replace any Depository as the Depository for the Bonds with another Depository or discontinue the maintenance of the Bonds with any Depository if (i) the County, in its sole discretion, determines that any (A) such Depository is incapable of discharging its duties with respect to the Bonds, or (B) the interests of the Beneficial Owners might be adversely affected by the continuation of the Book-Entry System with such Depository as the Depository for the Bonds, or (ii) such Depository determines not to continue to act as a securities depository for the Bonds or is no longer permitted to act as such Depository. Notice of any determination pursuant to clause (i) shall be given to such Depository at least 30 days prior to any such determination (or such fewer number of days as shall be acceptable to such Depository). Neither the County nor the Paying Agent will have any obligation to make any investigation to determine the occurrence of any events that would permit the County to make any determination described in this paragraph.

(e) If, following a determination or event specified in paragraph (d) above, the County discontinues the maintenance of the Bonds in Book-Entry Form, the County will issue replacement bonds (the "Replacement Bonds") directly to the Participants as shown on the records of the Depository or, to the extent requested by any Participant, to the Beneficial Owners as further described in this Section. The Bond Registrar shall make provisions to notify Participants and the Beneficial Owners by mailing an appropriate notice to the Depository, or by other means deemed appropriate by the Bond Registrar in its discretion, that the County will issue Replacement Bonds directly to the Participants shown on the records of the Depository or, to the extent requested by any Participant, to Beneficial Owners 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 receipt of such notice by the Depository (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, the Paying Agent shall promptly have prepared Replacement Bonds registered in the names of such Participants as shown on the records of the Depository or, if requested by such Participants, in the names of the Beneficial Owners, 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 the authorized denomination, be payable as to principal and interest on the same dates as the Bonds by check or draft mailed to each registered owner at the address of such owner as it appears on the Bond Register and be in fully registered form.

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.

(f) The Depository and its Participants and the Beneficial Owners, by their acceptance of the Bonds, agree that neither the County nor the Paying Agent shall have any liability for the failure of such Depository to perform its obligations to the Participants and the Beneficial Owners, 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 to the Beneficial Owner.

For purposes of this Section 5, the following words have the following meanings:

"Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which (i) the ownership of beneficial interests in the Bonds may be transferred only through a book-entry and (ii) physical bond certificates in fully registered form are registered only in the name of a Depository or its nominee as holder, with the physical bond certificates "immobilized" in the custody of the Depository.

"Depository" means any securities depository that is a "clearing corporation" within the meaning of the New York Uniform Commercial code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of beneficial interests in municipal bonds, and to effect transfers of municipal bonds, in Book-Entry Form, and includes and means initially The Depository Trust Company, New York, New York.

Section 6. The Bonds maturing on or after July 1, 2012 will be redeemable prior to their stated maturities, on or after July 1, 2011, upon the terms and conditions set forth in the Bonds, the form of which is hereinafter adopted.

Section 7. The Bonds, when issued, shall be executed in the name of the County by the manual or facsimile signature of the President of the Board of County Commissioners of St. Mary's County (the "Board") and a facsimile of the seal of the County shall be imprinted thereon, and the Bonds shall be attested by the manual or facsimile signature of the County Administrator and authenticated by the manual signature of the Bond Registrar.

In the event any official of the County, whose signature shall appear on any Bond described in this Resolution, or on other documents pertaining thereto, shall cease to be such official prior to the delivery of said Bond, or document, or in the event that any official shall take office subsequent to the sale of the Bonds, his/her signature shall nevertheless be valid, sufficient and binding for the purposes herein intended.

Section 8. The Bonds shall be in substantially the following form, which form together with all of the terms, covenants and conditions therein contained, is hereby adopted by the County as and for the form of obligation to be incurred by it, and said terms, covenants and conditions are hereby made binding upon the County, including the promise to pay therein contained, in accordance with said form:

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF MARYLAND
COUNTY COMMISSIONERS OF ST. MARY'S COUNTY
CONSOLIDATED PUBLIC IMPROVEMENT BOND OF 2001

<u>Annual</u> <u>Interest Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Bond</u> <u>Date</u>	<u>CUSIP</u> <u>Number</u>
	July 1, 20__	July 15, 2001	

Registered Owner: CEDE & CO.

Principal Amount: _____ Dollars

County Commissioners of St. Mary's 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, upon surrender hereof, promises to pay to the Registered Owner shown above, unless this bond shall have been called for prior redemption and payment of the redemption price made or provided for, the Principal Amount shown above, and to pay interest on the outstanding principal amount hereof from the later of July 15, 2001 and the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or provided for; provided, however, if this bond is authenticated after a Record Date (as hereinafter defined) for any Interest Payment Date and before such Interest Payment Date, it shall bear interest from such Interest Payment Date.

Interest on this bond shall be paid at the Annual Interest Rate shown above, payable January 1, 2002 (5½ months) and semiannually thereafter on January 1 and July 1 in each year (the "Interest Payment Dates") until payment of such Principal Amount shall be discharged as provided in the Resolution (as hereinafter defined). Such interest shall be paid to the person in whose name this bond is registered on the registration books maintained by the Bond Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the "Record Date").

Notwithstanding the preceding sentence, interest on this bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date shall forthwith cease to be payable to the Registered Owner by virtue of having been such Registered Owner on the relevant Record Date and such interest shall be paid by the Paying Agent to the person in whose name this bond (or its predecessor bond) is registered at the close of business on a date fixed by the Bond Registrar for the payment of such interest, notice thereof being given by first class mail, postage prepaid, to said person not less than 30 days prior to such Record Date, at the address of such person appearing on the Bond Register, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which this bond may be listed and upon such notice as may be required by such exchange.

Principal of, premium, if any, and interest on this bond are payable in such money of the United States of America as is lawful at the time of payment.

It is hereby certified and recited that each and every act, condition and thing required to exist, to be done, to have happened and to be performed precedent to and in the issuance of this bond, does exist, has been done, has happened and has been performed in full and strict compliance with the Constitution and laws of the State of Maryland and Resolution No. R-2001-__ of the Board of County Commissioners of St. Mary's County, adopted on June 28, 2001 authorizing the issuance of the issue of bonds, of which this bond is one (the "Resolution") and that said issue of bonds, together with all other indebtedness of the County, is within every debt and other limit prescribed by the

Constitution and laws of said State. This bond is an obligation of the County, payable as provided in the Resolution, and the full faith and credit and unlimited taxing power of County Commissioners of St. Mary's County are hereby irrevocably pledged to the payment of the principal of this bond and of the interest to accrue hereon at the dates and in the manner mentioned herein.

This bond is one of an issue of bonds limited in aggregate principal amount to \$25,000,000, all dated July 15, 2001 and all known as "County Commissioners of St. Mary's County Consolidated Public Improvement Bonds of 2001" (the "Bonds"). The Bonds are issued as registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof. The Bonds are numbered consecutively from No. 1 upward and mature on October 1 in the years and in the amounts and bear interest at the annual rates, all as set forth below:

<u>Maturing July 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturing July 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2002	\$ 885,000		2012	\$1,215,000	
2003	870,000		2013	1,270,000	
2004	895,000		2014	1,330,000	
2005	925,000		2015	1,390,000	
2006	955,000		2016	1,455,000	
2007	995,000		2017	1,525,000	
2008	1,030,000		2018	1,600,000	
2009	1,075,000		2019	1,680,000	
2010	1,120,000		2020	1,765,000	
2011	1,165,000		2021	1,855,000	

The Bonds which mature on or after July 1, 2012 are subject to redemption prior to their respective maturities, at the option of the County, on or after July 1, 2011, either as a whole at any time or in part on any Interest Payment Date, in such order as shall be determined by the County, at the following redemption prices, expressed as a percentage of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption:

<u>Period During Which Redeemed (both dates inclusive)</u>	<u>Redemption Price</u>
July 1, 2011 to June 30, 2012	101.0%
July 1, 2012 to June 30, 2013	100.5%
July 1, 2013 or thereafter	100.0%

If less than all of the Bonds of any one maturity shall be called for redemption, then the particular Bonds of such maturity to be redeemed shall be selected by lot or other random means in such manner as the Paying Agent in its sole discretion, shall determine. Each \$5,000 principal amount of any Bond shall be considered a separate Bond for the purposes of selection of Bonds for redemption by lot or other random means.

If the County elects to redeem all or a portion of the Bonds outstanding, it shall give notice of such redemption by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption to each registered owner of a Bond to be redeemed at the address of such registered owner appearing on the Bond Register; provided, however, that the failure to mail the redemption notice or any defect in the notice so mailed shall not affect the validity of the redemption proceedings. The County may, but shall not be obligated to, also publish such notice of redemption at least once not less than 30 days prior to the date fixed for redemption in a financial journal or daily newspaper of general circulation published in the Borough of Manhattan, New York, New York. The redemption notice shall state (i) whether the Bonds are to be redeemed in whole or in part and, if in part, the maturities and numbers of the Bonds to be redeemed, (ii) the date fixed for redemption and the redemption price, (iii) in the case of a partial redemption of any Bond, the portion of the principal amount which is to be redeemed, (iv) that the Bonds redeemed shall be presented for redemption and payment on or after the date fixed for

redemption at the principal corporate trust office of the Paying Agent, and (v) that interest shall cease to accrue on the Bonds called for redemption on the date fixed for redemption.

From and after the date fixed for redemption, if notice has been duly and properly given and if monies sufficient for the payment of the redemption price of the Bonds called for redemption plus accrued interest due thereon to the date fixed for redemption are held by the Paying Agent on such date, the Bonds so called for redemption shall become due and payable at the redemption price provided for redemption of such Bonds on such date, interest on the Bonds shall cease to accrue and the registered owners of such Bonds so called for redemption shall have no rights in respect thereof except to receive payment for the redemption price thereof plus accrued interest thereon to the date fixed for redemption from such monies held by the Paying Agent. Upon presentation and surrender of a Bond called for redemption in compliance with the redemption notice, the Paying Agent shall pay the appropriate redemption price of such Bond plus accrued interest thereon to the date fixed for redemption. If Bonds so called for redemption are not paid upon presentation and surrender as described above, such Bonds shall continue to bear interest at the rates stated therein until paid.

In case part but not all of a Bond shall be selected for redemption, then, upon the surrender thereof, there shall be issued without charge to the registered owner thereof Bonds in any of the authorized denominations as specified by the registered owner. The aggregate principal amount of Bonds so issued shall be equal to the unredeemed balance of the principal amount of the Bond surrendered, and the Bonds issued shall bear the same interest rate and shall mature on the same date as the Bond surrendered.

BOND IN BOOK-ENTRY FORM ONLY -

Provisions Applicable to Book-Entry Bonds. So long as all of the Bonds shall be maintained in book-entry form with a Depository (as defined in the Resolution) in accordance with Section 5 of the Resolution, in the event that part, but not all, of this bond shall be called for redemption, the holder of this bond may elect not to surrender this bond in exchange for a new Bond and in such event shall make a notation indicating the principal amount of such redemption and the date thereof on the Payment Grid attached hereto. For all purposes, the principal amount of this bond outstanding at any time shall be equal to the lesser of (A) the Principal Sum shown on the face hereof and (B) such Principal Sum reduced by the principal amount of any partial redemption of this bond following which the holder of this bond has elected not to surrender this bond. The failure of the holder hereof to note the principal amount of any partial redemption on the Payment Grid attached hereto, or any inaccuracy therein, shall not affect the payment obligation of the County hereunder. THEREFORE, IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER A PART OF THE PRINCIPAL OF THIS BOND HAS BEEN PAID.

The Bonds are issued pursuant to the authority of Chapter 77 of the Laws of Maryland of 1998, as amended, Chapter 86 of the Laws of Maryland of 1999, as amended, Section 2C of Article 31 of the Annotated Code of Maryland, as amended, and in accordance with the Resolution.

The Bonds will be transferable only upon the Bond Register by the Bond Registrar. Any Bond presented for transfer, exchange, registration, redemption or payment (if so required by the Bond Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the registered owner thereof or by his duly authorized attorney. Upon any transfer or exchange, the County shall execute and the Bond Registrar shall authenticate and deliver in the name of the registered owner or the transferee or transferees, as the case may be, a new registered Bond or Bonds of any of the authorized denominations 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 County and the Bond Registrar may require payment by the 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.

The Bond Registrar shall not be required to transfer or exchange any Bond after the mailing of notice calling such Bond or portion thereof for redemption; provided, however, that this limitation shall not apply to any portion of a Bond which is not being called for redemption.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Resolution until the Certificate of Authentication endorsed hereon shall have been signed by an authorized signatory of the Bond Registrar.

IN WITNESS WHEREOF, the County has caused this bond to be executed in its name by the President of the Board of County Commissioners of St. Mary's County and attested by its County Administrator, and has also caused its corporate seal to be printed hereon.

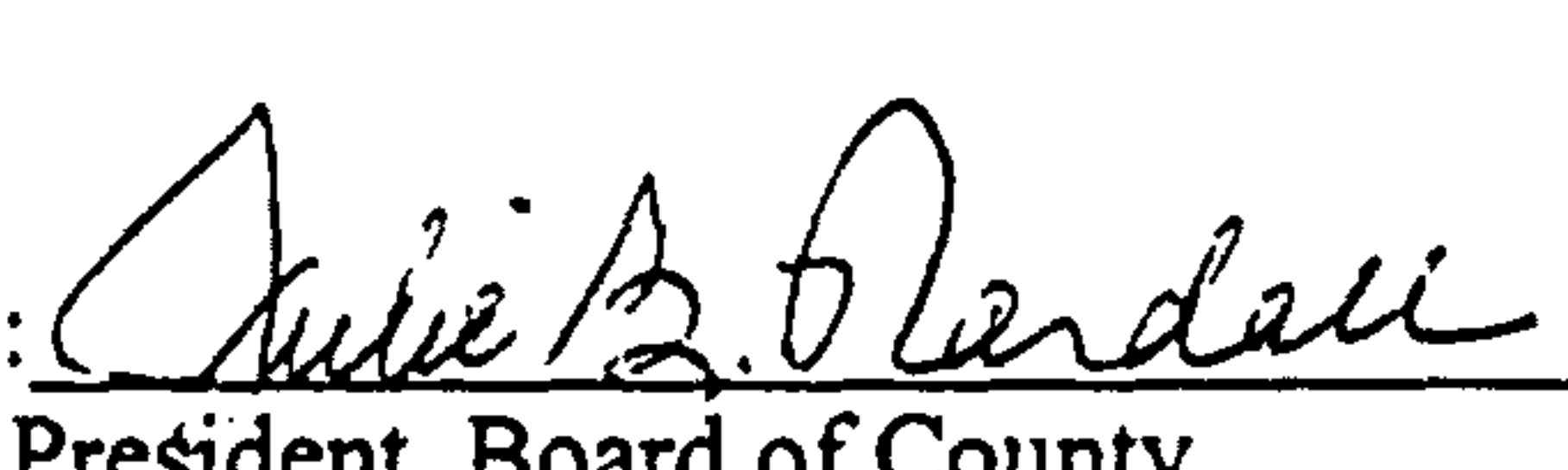
ATTEST

COUNTY COMMISSIONERS OF ST.
MARY'S COUNTY

By:


County Administrator
St. Mary's County

By:


President, Board of County
Commissioners of St. Mary's County

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This bond is one of the registered bonds of County Commissioners of St. Mary's County designated County Commissioners of St. Mary's County Consolidated Public Improvement Bonds of 2001.

ALLFIRST TRUST COMPANY
NATIONAL ASSOCIATION,
Baltimore, Maryland,
Bond Registrar

By:

Authorized Signature

PAYMENT GRID

<u>Date of Payment</u>	<u>Principal Amount Paid</u>	<u>Principal Amount Outstanding</u>	<u>Holder Signature</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and does hereby constitute and appoint _____ attorney to transfer the within bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

 NOTICE: Signatures must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company

 (Signature of Registered Owner)
 NOTICE: Signature must correspond with the name of the Registered Owner of the within bond as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever

Section 9. The President of the Board be and is hereby authorized to make such changes in the form of bond set forth in Section 8 hereof as the President shall deem necessary to carry into effect the purposes of this Resolution or to comply with recommendations of Bond Counsel or, with the advice of the County's financial advisor, to be in the best interest of the County.

The execution of the Bonds by such officer shall be conclusive evidence of the approval by the County of all changes in the form of the Bonds and of the due execution of the Bonds by the County.

Section 10. No Bond shall be valid or obligatory for the purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication of such Bond substantially in the form hereinabove provided shall have been duly executed by the Bond Registrar and such executed certificate of the Bond Registrar on such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Resolution. The Bond Registrar's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Bond Registrar. It shall not be necessary that the same officer or signatory of the Bond Registrar sign the certificate of authentication on all the Bonds issued hereunder.

Section 11. The Bonds hereby authorized shall be sold at public sale by bids on sealed proposals to the bidder or bidders therefor for cash whose bid results in the lowest true interest cost to the County in the manner and in accordance with the formula set forth in the Notice of Sale attached hereto as Exhibit A and made a part hereof. The Director of Finance shall be and is hereby authorized to make such changes in the form of Notice of Sale attached hereto as Exhibit A as the Director of Finance shall deem necessary to carry into effect the purposes of this Resolution or to comply with recommendations of Bond Counsel or, with the advice of the County's financial advisor, to be in the best interest of the County. Bids for the Bonds shall be received and opened by the Director of Finance on July 24, 2001. The award shall be confirmed by the Board on the same day. Notwithstanding any other provision hereof, the Director of Finance shall be and hereby is authorized to accept electronic bids for the Bonds, and to make such adjustments to the Notice of Sale as she shall deem necessary or advisable, upon the advice of Bond Counsel or the County's financial advisor, to accomplish electronic bidding procedures.

In view of the desirability of flexibility in the scheduling of the sale of the Bonds to take full advantage of market conditions to maximize debt service savings, the County determines that it is in the best interest of the County to authorize and empower the Director of Finance to cancel said sale at any time prior to or on July 24, 2001 and to reschedule said sale without publishing a new Notice of Sale or Advertisement if (i) the County's financial advisor has advised her that market conditions are such that it is in the best interest of the County to do so, and (ii) she concurs in such recommendation to cancel and/or reschedule the sale. The Director of Finance may cancel and reschedule any rescheduled sale in accordance with phrases (i) and (ii) of the preceding sentence. If the date of sale is rescheduled as provided above, the Director of Finance may also postpone the expected date of delivery of the Bonds. If the sale is postponed to a date later than August 1, 2001, then the Director of Finance may also change the date of the Bonds (and hence the date from which interest shall accrue), the dates of the semiannual interest payments and annual principal payments, and the optional redemption dates.

The Notice of Sale and the form of Proposal for the Bonds authorized by this Resolution shall be substantially in the form attached hereto as Exhibit A, subject to adjustment by the Director of Finance as authorized hereby, and the terms, provisions and conditions set forth in said form of Notice of Sale and Proposal are hereby adopted and approved as the terms, provisions and conditions under which the Bonds shall be sold, issued and delivered at public sale. The Director of Finance is hereby authorized to cause to be prepared and distributed to prospective bidders printed copies of said Notice of Sale and Proposal, as well as the Preliminary Official Statement hereinafter authorized. The Director of Finance is hereby authorized and directed to handle all inquiries in connection with the sale authorized hereby and the Official Statement hereafter referred to. The Director of Finance is hereby authorized to publish such further notices respecting the

0019 PAGE 16

sale of the Bonds as she shall deem necessary or advisable upon the advice of Bond Counsel or the County's financial advisor.

Section 12. The Board hereby authorizes the County Administrator to execute and deliver one or more Bond Orders on the date of receipt of bids for the Bonds. Such Bond Order(s) may include the following provisions (without limitation):

- a. Award of the Bonds to the bidder(s) offering to purchase the Bonds at the lowest true interest cost(s) to the County, as provided in the Notices of Sale respecting the Bonds;
- b. An approval of the Final Official Statement respecting the Bonds; and
- c. Such other matters as the County Administrator shall deem necessary and advisable.

The Bonds shall thereupon be suitably printed or engraved and delivered to the purchasers thereof in accordance with the conditions of delivery set forth in the Notice of Sale.

Section 13. All of the expenses relating to the issuance and sale of the Bonds, including the cost of printing the Bonds and advertising their sale and the legal fees of the County, may be paid from the gross proceeds received from the sale of the Bonds. Any premium received on the sale of the Bonds and accrued interest received thereon shall be applied to the first payment of the principal of the Bonds and the first interest payment on the Bonds, respectively. After providing for such expenses, and making such provision relating to premium and accrued interest thereon, the balance of the proceeds from the sale of the Bonds shall be deposited in a separate account, to be divided among each of the 2001 Projects, as described in Section 2 for whose funding the Bonds are issued. If the proceeds from the sale of the Bonds shall exceed the amount required for the 2001 Projects described in Section 2, such proceeds may be applied for payment of the principal of the Bonds next coming due or upon adoption of a resolution by the County to the construction, improvement or development of other public facilities in the County.

Pending expenditure as contemplated hereby, the Director of Finance may invest all or part of such balance of the proceeds of sale of the Bonds in such manner as may be permitted by law; provided, however, that no such investment shall be made which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code (as hereafter defined) and the treasury regulations with respect thereto as in effect on the date of issuance of the Bonds.

Section 14. The Director of Finance shall be responsible for the execution and delivery of a certificate of the County which complies with the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder and counsel rendering an opinion on the validity of the Bonds on the date of the issuance of the Bonds ("Bond Counsel").

The County shall set forth in said certificate its reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of the Bonds, or of any moneys, securities or other obligations which may be deemed to be proceeds of the Bonds pursuant to said Section 148 or the said regulations (collectively, the "Bond Proceeds"). The County covenants with each of the holders of any of the Bonds that the facts, estimates and circumstances set forth in the said certificate will be based on the County's reasonable expectations on the date of issuance of the Bonds and will be, to the best of the knowledge of the person executing such certificate, true, correct and complete as of that date.

The County covenants with each of the holders of any of the Bonds that it will not use, or permit the use of any of, the Bond Proceeds or any other funds of the County, directly or indirectly, to acquire any securities or obligations, and will not take or permit to be taken or fail to take any other action or actions which would cause any of the Bonds to be an "arbitrage bond" within the meaning of said Section 148 and said regulations or

that would otherwise cause the interest on the Bonds to be includable in gross income of the holder of the Bonds for federal income tax purposes.

The County further covenants that it will comply with said Section 148 and said regulations and such other requirements of the Code which are applicable to the Bonds on the date of issuance of the Bonds and which may subsequently lawfully be made applicable to the Bonds.

The County will hold and shall invest Bond Proceeds within its control (if such proceeds are invested) in accordance with the expectations of the County set forth in said certificate.

The County shall make timely payment of any rebate amount or payment in lieu thereof (or installment thereof) required to be paid to the United States of America in order to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds and shall include with any such payment such other documents, certificates or statements as shall be required to be included therewith under then applicable law and regulations.

The Director of Finance may execute a certificate or certificates supplementing or amending said certificate, and actions taken by the County subsequent to the execution of such certificate shall be in accordance with said certificate as amended or supplemented; provided, however, that the County shall execute any such certificate only upon receipt by it of an opinion of Bond Counsel addressed to the County to the effect that actions taken by the County in accordance with the amending or supplementing certificate will not adversely affect the exclusion from gross income for federal income taxation purposes of interest on the Bonds.

Section 15. The County hereby covenants with the owners from time to time of the Bonds that it shall not take or cause to be taken any action or fail to take any action, the taking of which or the omission of which, under the law existing on the date of issuance of the Bonds, or which may subsequently lawfully be made applicable to the Bonds, would cause the interest on the Bonds to become subject to federal income taxation.

Section 16. For the purposes of paying the interest on and principal of the Bonds when due, the County shall levy or cause to be levied, for each and every fiscal year during which the Bonds may be outstanding, upon all real and tangible personal property within its corporate limits subject to assessment for unlimited County taxation, *ad valorem* taxes in rate and amount sufficient to provide for the payment, when due, of the principal of and interest on the Bonds coming due in each such fiscal year; and, if the proceeds from the taxes so levied in any fiscal year are inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up such deficiency. The full faith and credit and unlimited taxing power of the County are hereby irrevocably pledged to the prompt payment of the principal of and interest on the Bonds hereby authorized as and when such principal and interest comes due and to the levy and collection of the taxes hereinabove prescribed as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of said Bonds. The County hereby solemnly covenants with each of the Registered Owners of any of said Bonds to take all action as may be appropriate from time to time during the period that any of said Bonds remain outstanding and unpaid to provide the funds necessary to make said principal and interest payments. The County further covenants and agrees with each of the Registered owners of any of said Bonds to levy and collect the taxes hereinabove prescribed.

The County may apply to the payment of the principal of and interest on any of the Bonds any funds received by it and available for such purpose from the State of Maryland, the United States of America, any agency or instrumentality thereof, or from any other source, and, to the extent any such funds are received or receivable in any fiscal year, taxes that might otherwise be required to be levied hereunder may be reduced or need not be levied.

The Bonds shall be deemed to be paid and no longer to be outstanding when payment of the principal of the Bonds plus interest thereon to the due dates thereof (whether such due date be by reason of maturity or upon redemption) either (i) shall have been made or caused to have been made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing in trust and irrevocably setting aside exclusively for such payment, moneys sufficient to make such payment, or direct non-callable obligations of the United States of America, maturing as to principal and interest in such amount and at such times as will assure the availability of sufficient moneys to make such payment, or a combination thereof, and all necessary and proper fees, compensation and expenses pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for.

Section 17. If any Bond shall become mutilated or be destroyed, lost or stolen, the County in its discretion may execute, and upon its request the Bond Registrar shall authenticate and deliver, a new Bond in exchange for the mutilated Bond or in lieu of and substitution for the Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the County and to the Bond Registrar such security or indemnity as may be required by them to save each of them harmless from all risks, however remote, and the applicant shall also furnish to the County and to the Bond Registrar evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Bond. Upon the issuance of any Bond upon such exchange or substitution, the County may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the county or the Bond Registrar. If any Bond which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, instead of issuing a Bond in exchange or substitution therefor, the County may pay or authorize the payment of such Bond (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the County and to the Bond Registrar such security or indemnity as they may require to save them harmless, and evidence to the satisfaction of the County and the Bond Registrar of the mutilation, destruction, loss or theft of such Bond.

Section 18. Each Bond paid at maturity or upon prior redemption shall be canceled or destroyed by the Paying Agent and a certificate of destruction describing the Bond so canceled or destroyed and evidencing such cancellation or destruction shall be furnished by the Paying Agent to the County.

Section 19. The County hereby approves the Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement") substantially in the form presented to the Board with this Resolution, as evidenced by a copy of such Preliminary Official Statement certified by the County Administrator and filed among the permanent records of the County. With the exception of such changes therein as may be required or deemed appropriate by the President of the Board or the Director of Finance, upon advice of Bond Counsel or the County's financial advisor, certain changes dictated by the terms of the Notice of Sale, and certain information to be supplied by the purchaser of the Bonds, the Preliminary official Statement is deemed final by the County for the purpose of Rule 15c2-12 of the Securities and Exchange Commission. The County authorizes the distribution of said Preliminary Official Statement in connection with its solicitation of bids for the sale of the Bonds. The County hereby approves the Official Statement in the form of the Preliminary Official Statement with such changes therein as may be required or deemed appropriate by the President of the Board or the Director of Finance, upon advice of Bond Counsel or the County's financial advisor. The execution of the Official Statement by the President of the Board shall be conclusive evidence of the approval of the County of any and all such changes or modifications in said Official Statement in connection with the issuance, sale and delivery of the Bonds.

Section 20. The President of the Board and all other Commissioners, the County Administrator, the Director of Finance and such other officers, officials and employees of the County as the President shall designate, are authorized hereby to do any and all things, execute all instruments, documents and certificates, and otherwise take all action necessary, proper, or expedient in connection with the issuance, sale and delivery of the Bonds. The President of the Board and all other Commissioners, the County

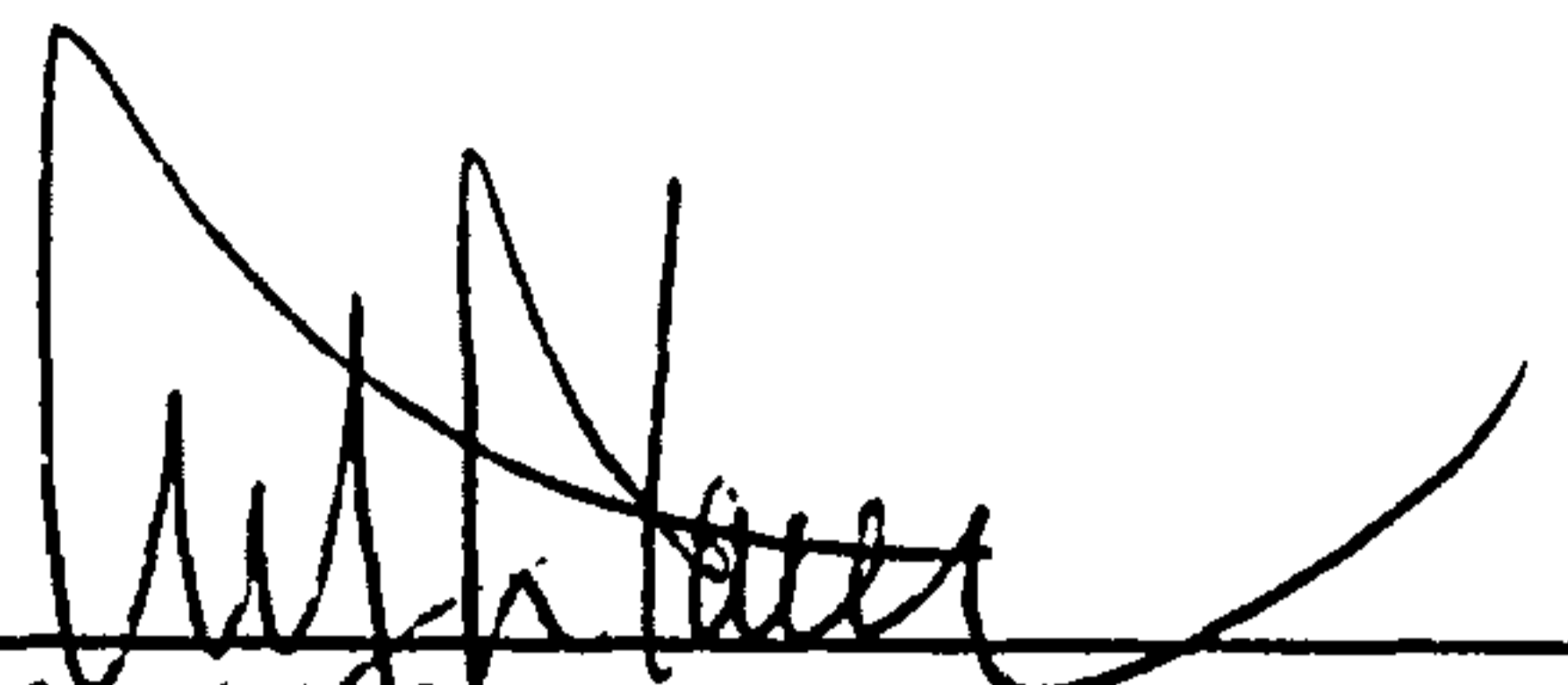
Administrator, the Director of Finance and all other officers, officials and employees of the County are authorized and directed hereby to do all acts and things required of them by the provisions hereof and of the Bonds for the full, punctual, and complete performance of all of the terms, covenants, provisions and agreements of this Resolution and the Bonds.

Section 21. This Resolution shall take effect from the date of its adoption.

[SIGNATURES APPEAR ON NEXT PAGE]

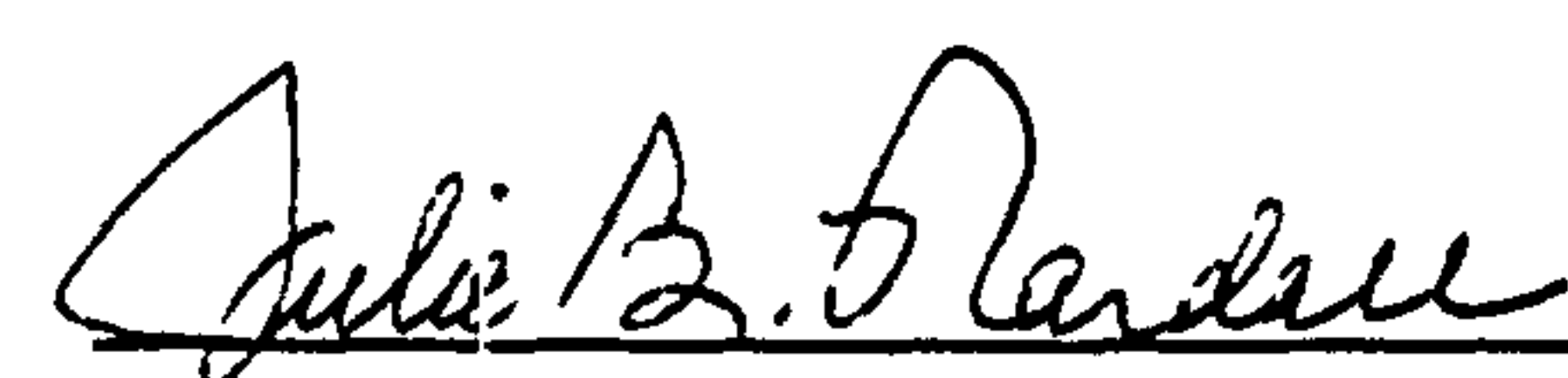
Adopted this 28th day of June, 2001.

(SEAL)
ATTEST:



Alfred A. Lacer
County Administrator

COUNTY COMMISSIONERS OF
ST. MARY'S COUNTY

By: 

Julie B. Randall, President



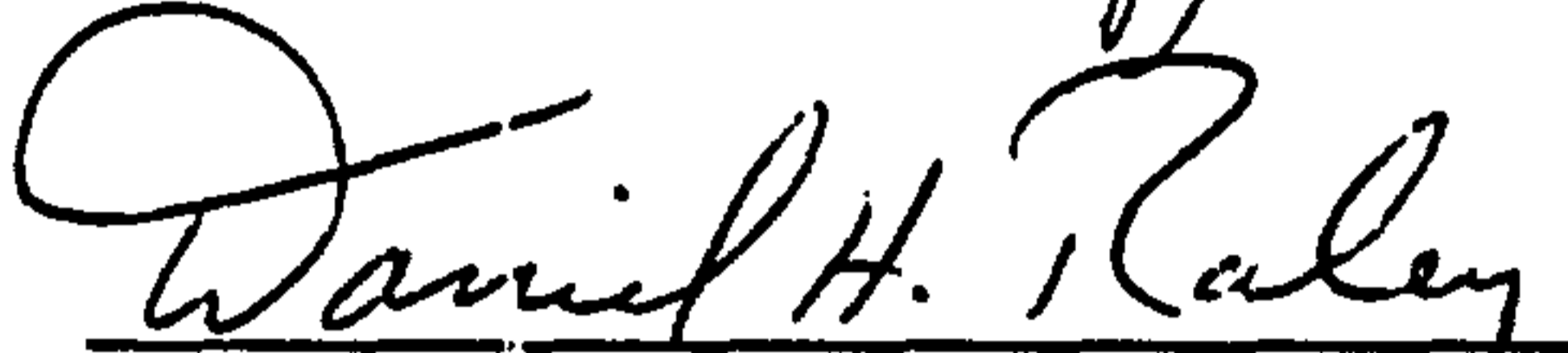
Joseph F. Anderson, Commissioner



Shelby P. Guazzo, Commissioner

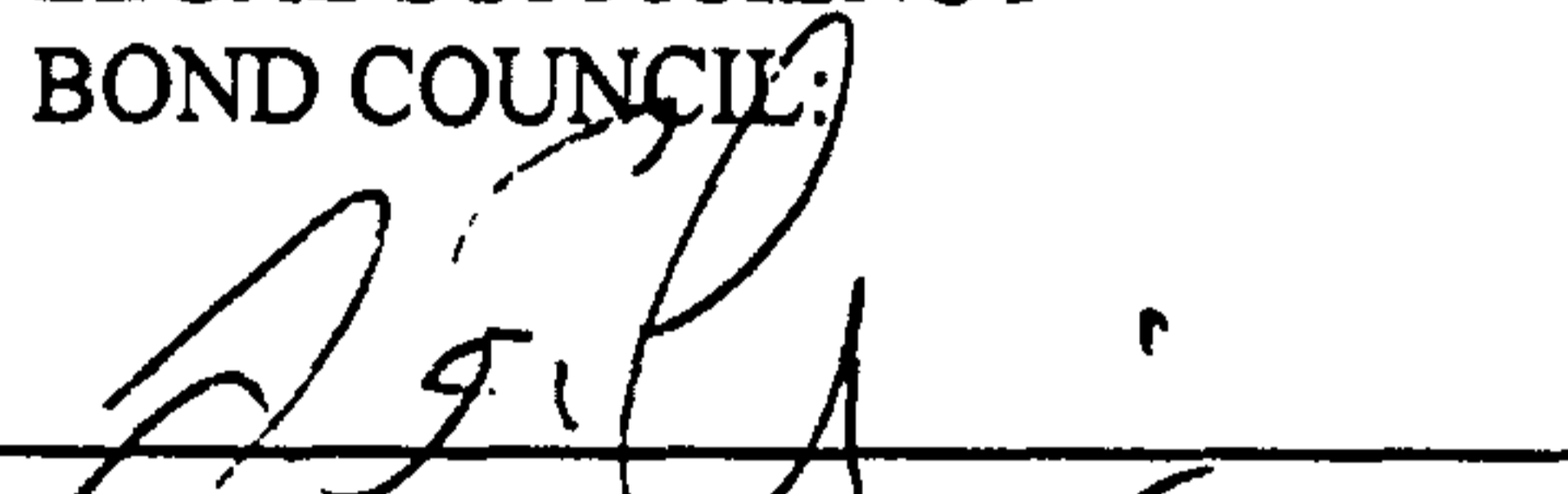


Thomas A. Mattingly, Sr., Commissioner



Daniel H. Raley, Commissioner

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY
BOND COUNCIL:



James E. Cumbie, Esquire

PUBLIC FACILITIES		31%
Charlotte Hall Senior Activity Center	\$ 600,000	
Community College, Phase II	500,000	
Lexington Park Library	3,800,500	
Temporary Courthouse(Renovation)	2,163,500	
Fire & Rescue Revolving Loan Fund	250,000	
Pax River Naval Aviation Mus-New	250,000	
Pax River Naval Aviation Mus-Temp	<u>250,000</u>	
	<u>7,814,000</u>	
HIGHWAYS		4%
Removal of Roadside Obstacles	250,000	
Asphalt Overlay	600,000	
Bridge/Culvert Replacement	<u>270,000</u>	
	<u>1,120,000</u>	
SOLID WASTE		1%
Ridge Convenience Center Land Acquis.	<u>136,000</u>	
PARKS ACQUISITION & DEVELOPMENT		2%
Nicolet Park	690,000	
Willows Road Park	350,000	
Dorsey Park Improvements	<u>150,000</u>	
	<u>500,000</u>	
PUBLIC SCHOOLS		62%
Leonardtown High Addition	5,000,000	
Banneker Elementary Addition	2,400,000	
Margaret Brent Middle Addition	800,000	
Banneker Elem Relocatables	585,000	
Technical Center Addition	1,000,000	
Greenview Knolls Elem Roof Systemic	272,000	
Maintenance & Opers Storage Facility	248,000	
Ridge Elem HVAC Systemic Renov	407,000	
Lexington Park Elementary Addition	4,545,000	
Relocatable Classrooms FY 1999	<u>173,000</u>	
	<u>15,430,000</u>	
TOTAL ISSUE	\$ <u>25,000,000</u>	

EXHIBIT A

Form of Notice of Sale

LIBERO 019 PAGE 22

NOTICE OF SALE

ST. MARY'S COUNTY, MARYLAND

**\$25,000,000 COUNTY COMMISSIONERS OF ST. MARY'S COUNTY
CONSOLIDATED PUBLIC IMPROVEMENT BONDS OF 2001**

Electronic bids and sealed, written proposals will be received at the office of the Director of Finance of St. Mary's County, Maryland located at 23115 Leonard Hall Drive, Leonardtown, Maryland 20650, until 11:00 a.m., local Baltimore, Maryland time, on July 24, 2001, for County Commissioners of St. Mary's County Consolidated Public Improvement Bonds of 2001 (the "Bonds").

Details of the Bonds

All Bonds shall be fully registered in form in the denomination of \$5,000 each or any integral multiple thereof, shall be dated July 15, 2001, and shall bear interest payable semiannually on the first days of January and July commencing January 1, 2002 (5 1/2 months), until maturity.

The Bonds will mature annually, subject to prior redemption, on July 1 in the following years and in the following aggregate amounts:

<u>Year</u>	<u>Amounts</u>	<u>Year</u>	<u>Amounts</u>
2002	\$ 885,000	2012	\$1,215,000
2003	870,000	2013	1,270,000
2004	895,000	2014	1,330,000
2005	925,000	2015	1,390,000
2006	955,000	2016	1,455,000
2007	995,000	2017	1,525,000
2008	1,030,000	2018	1,600,000
2009	1,075,000	2019	1,680,000
2010	1,120,000	2020	1,765,000
2011	1,165,000	2021	1,855,000

One bond representing each maturity of the Bonds will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds and each such bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the Bonds. 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.

LIBERO 019 PAGE 23

The Bonds will be issued pursuant to Chapter 77 of the Laws of Maryland of 1998, as amended, Chapter 86 of the Laws of Maryland of 1999, as amended, and Section 2C of Article 31 of the Annotated Code of Maryland, as amended, for the purpose of financing certain public improvements.

The Bonds will constitute an irrevocable pledge of the full faith and credit and unlimited taxing power of County Commissioners of St. Mary's County, Maryland.

Optional Redemption

The Bonds which mature on or after July 1, 2012 are subject to redemption prior to their respective maturities, at the option of the County, on or after July 1, 2011, either as a whole at any time or in part on any Interest Payment Date, in such order as shall be determined by the County, at the following redemption prices, expressed as a percentage of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption:

Period During Which Redeemed (both dates inclusive)	Redemption Price
July 1, 2011 to June 30, 2012	101.0%
July 1, 2012 to June 30, 2013	100.5
July 1, 2013 or thereafter	100.0

Submission of Bids

The Director of Finance will not accept and will reject any bid for less than all of the Bonds. The right is reserved to reject any and all bids and to waive irregularities in any bid.

Electronic Bids

Electronic bids will be received via *PARITY*, in the manner described below, until 11:00 a.m., local Baltimore, Maryland time, on July 24, 2001.

Bids may be submitted electronically via *PARITY* pursuant to this Notice until 11:00 a.m., local Baltimore, Maryland time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in *PARITY* conflict with this Notice, the terms of this Notice shall control. For further information about *PARITY*, potential bidders may contact *PARITY* at Dalcomp (800) 730-9393 or (212) 806-8304.

Disclaimer

Each prospective electronic bidder shall be solely responsible to submit its bid via

PARITY as described above. Each prospective electronic 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 the 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" hereinafter set forth. 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, he should telephone *PARITY* at Dalcomp (800) 730-9393 or (212) 806-8304 and notify the County's Financial Advisor, Davenport & Company LLC by facsimile at (410) 296-8517.

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 Baltimore, Maryland time, on Tuesday, July 24, 2001. 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.

Written Sealed Proposals

Bids will also be accepted in written form on the form of Proposal for Bonds attached to this Notice. Written bids must be submitted on the prescribed form provided for that purpose by the Director of Finance and must be enclosed in a sealed envelope marked "Proposal for Bonds" and addressed to Director of Finance, 23511 Leonard Hall Drive, Leonardtown, Maryland 20650.

Good Faith Deposit

Each bid must be accompanied by a good faith deposit in the form of a Financial Surety Bond or a certified or bank cashier's check, in the amount of Five Hundred Thousand Dollars (\$500,000.00). If a check is used, it must be in the form of a certified check upon, or a cashier's, treasurer's or official check of, a responsible banking institution payable to the order of "County Commissioners of St. Mary's County," and it must accompany each bid. If a Financial Surety Bond is used, it must be from an

insurance company acceptable to the County and licensed to issue such a bond in the State of Maryland, and such Financial Surety Bond must be submitted to the County prior to the opening of the bids and must be in form and substance acceptable to the County. The Financial Surety Bond must identify the bidder whose good-faith deposit is guaranteed by such Financial Surety Bond. If the bonds are awarded to a bidder utilizing a Financial Surety Bond, then such successful bidder is required to submit its good-faith deposit to the County in the form of a wire transfer not later than 12:00 p.m. Baltimore time on the next business day following the award. If such deposit is not received by that time, the Financial Surety Bond may be drawn on by the County to satisfy the deposit requirement. If the Bonds are awarded to a bidder utilizing a check, such check will be cashed. The good-faith deposit of the successful bidder will be collected and the proceeds thereof retained by the County to be applied in part 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 its bid, the proceeds thereof will be retained as and for full liquidated damages. The checks of the unsuccessful bidders will be returned promptly.

Bid Parameters

Each bidder shall submit one bid on the required form of Proposal for Bonds on an all-or-none basis for the Bonds. Each proposal must specify the amount bid for the Bonds, which shall be not less than 100% of par or more than 102% of par plus accrued interest from July 15, 2001 to the date of delivery of the Bonds. Each proposal 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 proposal for any other Bonds by more than 3%, or (d) for maturities from 2013 through 2021, an interest rate that is lower than the interest rate for the immediately preceding maturity (i.e., interest rates must ascend from a base year of 2012).

Award

The award, if made, will be made as promptly as possible after the bids are opened to the bidder offering the lowest interest rate to the County. All proposals shall remain firm until the time of award. The lowest interest rate shall be determined in accordance with the true interest cost ("TIC") method by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments from the payment dates to the date of the Bonds and to the price bid, excluding interest accrued to the date of delivery. In the event two or more bidders offer to purchase the Bonds at the same lowest interest rate to the County, then the Bonds may be apportioned between such bidders; provided, that if apportionment is not acceptable to such bidders, the County shall have the right to award the Bonds to one of such bidders. There will be no auction.

Official Statement; Continuing Disclosure

Not later than seven (7) business days after the award of the Bonds to the successful bidder on the day of sale, the County will authorize an Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. If so requested by the successful bidder at or before the close of business on the date of the sale, the County will include in the Official Statement such pricing and other information with respect to the terms of the reoffering of the Bonds by the successful bidder ("Reoffering Information"), if any, as may be specified and furnished in writing by the successful bidder. If no Reoffering Information is specified and 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. The successful bidder shall be responsible to the County and its officials for the Reoffering Information, and for all decisions made by the successful bidder with respect to the use or omission of the Reoffering Information in any reoffering of the Bonds, including the presentation or exclusion of any Reoffering Information in any documents, including the Official Statement. The successful bidder will also be furnished, without cost, with up to 400 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(b)(5) of the Securities and Exchange Commission. Such covenants are described in the Preliminary Official Statement dated July 12, 2001.

Delivery of the Bonds

The Bonds will be delivered as soon as practicable, upon due notice and at the expense of the successful bidder, through the facilities of DTC in New York, New York, upon payment of the amount of the successful bid, plus accrued interest to the date of delivery, less the deposit theretofore made. Such payment shall be made in Federal funds. The Bonds will be accompanied by the customary closing documents, including a no-litigation certificate, effective as of the date of delivery, stating that there is no litigation pending, affecting the validity of any of the bonds included in these issues. It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that, simultaneously with or before delivery and payment for the Bonds, said bidder shall be furnished a certificate or certificates of appropriate County officials to the effect that, to the best of their knowledge and belief, the Official Statement (and any amendment or supplement thereto) (except for the Reoffering Information, as to which no view will be expressed) as if the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and that between the date of sale and the date of delivery of the Bonds there has been no material adverse change in the financial position or revenues of the County, except as reflected or contemplated in the Official Statement (and any amendment or supplement thereto).

Simultaneously with or before delivery of the Bonds, the successful bidder shall

furnish to the County a certificate acceptable to bond counsel to the effect that (i) the successful bidder has made a bona fide public offering of the Bonds at the initial reoffering prices and (ii) a substantial amount of the Bonds was sold to the public (excluding bond houses, brokers and other intermediaries) at such initial reoffering prices.

THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THE INITIAL REOFFERING PRICES.

Miscellaneous

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 a 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 issuance of the Bonds will be subject to legal approval by Venable, Baetjer and Howard, LLP, Baltimore, Maryland, and copies of their opinions will be delivered upon request, without charge, to the successful bidder for the Bonds. Such opinions shall be substantially in the forms included in Appendix B to the Preliminary Official Statement.

The Preliminary Official Statement of St. Mary's County, Maryland, with respect to the Bonds, and the required form of Proposal For Bonds will be supplied to prospective bidders upon request made to the Director of Finance of St. Mary's County, Governmental Center, Leonardtown, Maryland 20650, or from Davenport & Company LLC, financial advisor to the County, at 8600 LaSalle Road, Suite 324, Towson, Maryland 21286 (410-296-9426). Such Preliminary Official Statement is deemed final by the County as of its date for purposes of SEC Rule 15c2-12 but is subject to revision, amendment and completion in the Official Statement referred to above.

By order of
**COUNTY
COMMISSIONERS OF
ST. MARY'S COUNTY**

PROPOSAL FOR BONDS

July 24, 2001

LIBERO 019 PAGEO 28

Director of Finance
St. Mary's County, Maryland
23115 Leonard Hall Drive
Leonardtown, Maryland 20650

Dear Madam:

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale which is incorporated by reference herein and made a part of this Proposal for Bonds, we offer to purchase the obligations of County Commissioners of St. Mary's County described in such Notice of Sale, being \$25,000,000 aggregate principal amount of County Commissioners of St. Mary's County Consolidated Public Improvement Bonds of 2001, such bonds to be dated July 15, 2001, maturing on July 1 in the years and aggregate principal amounts, respectively, as set forth in such Notice of Sale, and to bear interest as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2002	\$ 885,000	
2003	870,000	
2004	895,000	
2005	925,000	
2006	955,000	
2007	995,000	
2008	1,030,000	
2009	1,075,000	
2010	1,120,000	
2011	1,165,000	
2012	1,215,000	
2013	1,270,000	
2014	1,330,000	
2015	1,390,000	
2016	1,455,000	
2017	1,525,000	
2018	1,600,000	
2019	1,680,000	
2020	1,765,000	
2021	1,855,000	

We will pay an amount equal to the par value of the Bonds	\$25,000,000
plus a premium (not to exceed 2%) in the amount of	+\$ _____

making a total of

LIBERO 019 PAGE 29

\$ _____

and also accrued interest from July 15, 2001 to the date of delivery of the bonds.

Please indicate (x) the appropriate choice regarding the good faith deposit:

_____ We have posted a surety bond in the amount of \$500,000 in accordance with the annexed Notice of Sale.

_____ We enclose herewith a certified check upon, or a cashier's, treasurer's or official check of, a responsible banking institution, payable to the order of County Commissioners of St. Mary's County, in the amount of \$500,000, which check is to be applied in accordance with the annexed Notice of Sale.

We understand that (a) we are to provide a certification regarding the public sale of the bonds as described in the notice of sale on or prior to the closing date and (b) if notified that we are the successful bidder, we will be required to advise the county of the initial reoffering prices (as described in the notice of sale) for each maturity of the bonds at the time of such notification. In this regard, you may contact and rely on the information provided by _____, whose telephone number is _____.

and Associates (See List

Attached)

D-5

(Not a part of this proposal. The following information is requested to expedite and facilitate prompt determination of the best bid. The inclusion, omission, accuracy or inaccuracy of these figures will not affect the validity of the proposal. The total amount of interest payable on the bonds referred to above under this proposal is \$_____. The rate of interest determined in the manner set forth in the Notice of Sale is _____% per annum.)

The above good faith check has been returned and receipt thereof is fully acknowledged.

_____	_____
_____	_____
_____	Bidder
_____	By:
_____	Title: _____

PRELIMINARY OFFICIAL STATEMENT DATED JULY 12, 2001

NEW ISSUE -- BOOK ENTRY ONLY

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, under existing law, the interest on the Bonds (a) is excluded from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States. It is also the opinion of Bond Counsel that, under existing law, the interest on the Bonds and the profit realized from the sale or exchange of the Bonds is exempt from income taxation by the State of Maryland or by any of its political subdivisions, but no opinion is expressed concerning estate or inheritance taxes, franchise taxes applicable to certain financial institutions, or any other taxes not levied or assessed directly on the Bonds or the income therefrom. See the information contained herein under the caption "Tax Exemptions".

St. Mary's County, Maryland

General Obligation Bonds
\$25,000,000

County Commissioners of St. Mary's County
Consolidated Public Improvement Bonds of 2001

RECEIVED
JUN 28 2001
St. Mary's County, Maryland
Finance Office

Dated: July 15, 2001

Due: July 1, as shown below

Bond Ratings	Moody's Investors Service: __ Standard & Poor's: __
Redemption	Bonds maturing on or after July 1, 2011, are redeemable in whole or in part, on or after July 1, 2012-Page 2
Security	Unlimited tax general obligations of County Commissioners of St. Mary's County, Maryland
Purpose	The proceeds are being used to provide funds for the design, planning, renovation and construction of county buildings, parks and recreation, roads and bridges and public schools -Page 2
Interest Payment Dates	January 1 and July 1, beginning January 1, 2002 (5 1/2 months)
Closing/Settlement	On or about August 2, 2001
Denominations	\$5,000
Book-Entry Only Form	The Depository Trust Company
Registrar/Paying Agent	Allfirst Trust Company National Association
Bond Counsel	Venable, Baetjer and Howard, LLP, Baltimore, MD
Financial Advisor	Davenport & Company LLC, Towson, MD
Issuer Contact	St. Mary's County Director of Finance; (301) 475-4100

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

<u>Maturing July 1</u>	<u>Principal Amount</u>	<u>Interest Rate*</u>	<u>Price or Yield*</u>	<u>CUSIP</u>
2002.	\$885,000			
2003.	870,000			
2004.	895,000			
2005.	925,000			
2006.	955,000			
2007.	995,000			
2008.	1,030,000			
2009.	1,075,000			
2010.	1,120,000			
2011.	1,165,000			
<u>Maturing July 1</u>	<u>Principal Amount</u>	<u>Interest Rate*</u>	<u>Price or Yield*</u>	<u>CUSIP</u>
2012.	\$1,215,000			

2013.....	1,270,000
2014.....	1,330,000
2015.....	1,390,000
2016.....	1,455,000
2017.....	1,525,000
2018.....	1,600,000
2019.....	1,680,000
2020.....	1,765,000
2021.....	1,855,000

LIBERO 019 PAGEO 32

* The rates shown above are the rates payable by the County resulting from the successful bids for the Bonds on July 24, 2001 by a group of banks and investment banking firms. The prices or yields shown above were furnished by the successful bidders for the Bonds. All other information concerning the terms of reoffering of the Bonds should be obtained from the bidders and not from the County. See "SALE AT COMPETITIVE BIDDING".

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Venable, Baetjer and Howard, LLP, Baltimore, Maryland, Bond Counsel. The Bonds will be available for delivery to the Depository Trust Company in New York, New York on or about August 2, 2001.

COUNTY COMMISSIONERS OF ST. MARY'S COUNTY, MARYLAND

Certain Elected Officials

Board of County Commissioners

Julie B. Randall -- President
Joseph F. Anderson -- Commissioner, District 1
Shelby P. Guazzo -- Commissioner, District 3
Thomas A. Mattingly, Sr. -- Commissioner, District 2
Daniel H. Raley -- Commissioner, District 4

Jannette P. Norris -- County Treasurer

Certain Appointed County Officials

Alfred A. Lacer -- County Administrator
Elaine M. Kramer -- Director of Finance
Patrick B. Murphy -- County Attorney
George A. Erichsen, P.E. -- Director of Public Works
Richard B. Rohrbaugh, R.A. -- Director of Facilities Management
John W. Savich -- Director of Economic and Community Development

BOND COUNSEL

Venable, Baetjer and Howard, LLP
Baltimore, Maryland

FINANCIAL ADVISOR

Davenport & Company LLC
Towson, Maryland

AUDITOR

Murphy & Murphy, CPA, LLC
La Plata, Maryland

PAYING AGENT AND BOND REGISTRAR

Allfirst Trust Company National Association
Baltimore, Maryland

No dealer, broker, sales representative or other person has been authorized by County Commissioners of St. Mary's County (the "County"), to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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ADDITIONAL PAGE 35

This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the County since the respective dates as of which information is given herein.

SUMMARY OF OFFERING

Issuer

County Commissioners of St. Mary's County.

EXHIBIT 0019 PAGE 36

Bonds

County Commissioners of St. Mary's County Consolidated Public Improvement Project Bonds of 2001, dated July 15, 2001, in the aggregate principal amount of \$25,000,000.

Interest Payment Dates

January 1, 2002 (5 1/2 months), and semiannually thereafter on July 1 and January 1.

Redemption

Bonds that mature on or before July 1, 2011 are not subject to redemption prior to their stated maturities. Beginning July 1, 2011, Bonds maturing on or after July 1, 2012 are subject to redemption as a whole at any time or in part on any interest payment date at the option of the County at certain redemption prices plus accrued interest.

Payment Record

The County has not defaulted on the payment of the principal of or interest on any of its bonds or notes.

LIBERO 019 PAGEO 37

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LINERO 019 PAGE038

OFFICIAL STATEMENT

St. Mary's County, Maryland
General Obligation Bonds

LIBERO 019 PAGE 039

\$25,000,000
County Commissioners of St. Mary's County
Consolidated Public Improvement Bonds of 2001

INTRODUCTION

General

The purpose of this Official Statement, including the cover page (excluding prices or yields) and appendices, is to provide information for prospective purchasers and others regarding County Commissioners of St. Mary's County (the "County") and the \$25,000,000 County Commissioners of St. Mary's County Consolidated Public Improvement Bonds of 2001 (the "Bonds").

All estimates and assumptions herein have been based upon information believed to be reliable and correct, however, statements made involving estimates and assumptions, whether or not expressly so stated, are intended merely as such and not as representations of facts. Figures herein relating to tax collections, assessed value of property, and the financial position of the County have been taken from official records of the County.

The material and information contained in this Official Statement have been provided by the County and the execution and distribution of this Official Statement have been authorized and approved by the County.

Description of the County

St. Mary's County was established in 1637 and was the first Maryland county. The County is a body politic and corporate and a political subdivision of the State of Maryland which performs all local governmental functions in St. Mary's County excepting those performed by the County's one incorporated municipality and those performed by the St. Mary's County Metropolitan Commission.

The County is located in the southern part of Maryland and consists of a long, triangular shaped peninsula bordered on the northwest by Charles County, on the northeast and east by the Patuxent River and the Chesapeake Bay, and on the southwest by the Potomac River. The County is 367 square miles in area with 400 miles of waterways. It is situated in the Atlantic Coastal Plain, and its elevation varies from sea level to 170 feet above sea level.

According to the 1990 census, the population of the County was 75,974. The 2000 census shows the population to be 86,211, which reflects a 13.5% increase in population from 1990 to 2000. The County seat of government is located in Leonardtown, which is the only incorporated municipality in the County. Leonardtown had a population of 1,896 according to the 2000 census.

The County is undergoing dynamic economic growth and development and, in particular, is attracting an increasing number of high technology industries, brought to the County both by the quality of life available and the Patuxent River Naval Air Station. The Air Station, among other things, is one of the United States Navy's principal testing facilities for new aircraft and other sophisticated equipment. (See "CERTAIN ECONOMIC AND DEMOGRAPHIC FACTORS -- Economic Growth and Development.") The largest center of population in the County is Lexington Park, which is adjacent to the Air Station. The Air Station has been located in the County since World War II and remains the principal center of employment in the County. Less than 2% of the County's work force is engaged in agricultural production or water-related activities as a principal occupation.

The County is governed by an elected five-member Board of County Commissioners (the "Board"). (See "COUNTY GOVERNMENT AND ADMINISTRATION.") The Board may exercise only such powers as are conferred upon it by the General Assembly of Maryland, including authorizations to issue debt to finance its capital projects. (See "CERTAIN DEBT INFORMATION.")

The executive offices of the County are located at the Governmental Center, Leonardtown, Maryland 20650. The County's central telephone number is (301) 475-5621. The County's Internet address is www.co.saint-marys.md.us.

APPLICATION OF PROCEEDS

The proceeds of the Bonds will be used to provide funds for the design, planning, renovation and construction of:

Public Facilities	\$7,814,000
Highways and Solid Waste.....	1,256,000
Parks Acquisition and Development.....	500,000
Public Schools	<u>15,430,000</u>
	<u>\$25,000,000</u>

The County is authorized to change the projects authorized to be paid from the proceeds of the Bonds by adoption of a resolution that specifies such additional projects or changes in the foregoing projects.

THE BONDS

General

The Bonds will be dated July 15, 2001, will be issued in the aggregate principal amount of \$25,000,000 and will mature on July 1, in 20 annual serial installments, beginning in the year 2002 and ending with the year 2021, in the principal amounts and at the interest rates set forth on the cover page of this Official Statement. Interest on the Bonds is payable on January 1, 2002 (5 1/2 months) and semiannually thereafter on each July 1 and January 1 to maturity. The Bonds will be general obligations of the County to the payment of which the full faith and credit of the County will be pledged. (See "THE BONDS -- Sources of Payment.")

Authorization

The Bonds are issued pursuant to the authority Chapter 77 of the Laws of Maryland of 1998, as amended, Chapter 86 of the Laws of Maryland of 1999, as amended, Section 2C of Article 31 of the Annotated Code of Maryland, as amended, and resolutions of the Board of County Commissioners adopted on June 28 2001 (the "Resolutions").

Redemption

The Bonds that mature on or before July 1, 2011 are not subject to redemption prior to their maturities. Bonds that mature on or after July 1, 2012 are subject to redemption beginning July 1, 2011 as a whole at any time or in part on any interest payment date, in any order of maturities, at the option of the County, at the following redemption prices expressed as percentages of the principal amount of Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption:

<u>Period During Which Redeemed</u> <u>(both dates inclusive)</u>	<u>Redemption</u> <u>Price</u>
July 1, 2011 to June 30, 2012.....	101%
July 1, 2012 to June 30, 2013.....	100.5
July 1, 2013 and thereafter	100

If less than all of the Bonds of any one maturity are called for redemption, the Bonds to be redeemed from such maturity shall be selected by lot by the Bond Registrar for the Bonds (the "Bond Registrar"), in such manner as the Bond Registrar in its sole discretion may determine.

When less than all of a Bond in a denomination in excess of \$5,000 is so redeemed, then, upon the surrender thereof, there shall be issued without charge to the registered owner thereof Bonds in any of the authorized denominations as specified by the registered owner. The amount of Bonds issued shall be equal to the unredeemed balance of the principal amount of the Bond surrendered, and the Bonds issued shall bear the same interest rate and shall mature on the same date as the Bonds surrendered.

If the County elects to redeem all or a portion of the Bonds outstanding, it shall give a redemption notice to the registered owners of the Bonds to be redeemed by letter mailed first class, postage prepaid, at least thirty (30) days prior to the date fixed for redemption to the addresses of such registered owners appearing on the registration books kept by the Bond Registrar (the "Bond Register"); provided, however, that the failure to mail the redemption notice to any registered owner or any defect in the notice so mailed or in the mailing thereof shall not affect the validity of the redemption proceedings. For so long as the Bonds are maintained in book-entry only form, such notice will be mailed to DTC as described below under "Book-Entry Only System - The Depository Trust Company."

From and after the date fixed for redemption, if funds sufficient for the payment of the redemption price and accrued interest are available on such date, the Bonds designated for redemption shall cease to bear interest. Upon presentation for redemption in compliance with the redemption notice, the Bonds to be redeemed shall be paid by the Bond Registrar at the redemption price. If they are not paid upon presentation, the Bonds designated for redemption shall continue to bear interest at the rates stated therein until paid.

Form and Denomination

The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof. The Bonds will initially be maintained under a book-entry system; Beneficial Owners shall have no right to receive physical possession of the Bonds, and payment of the principal or redemption price of and interest on the Bonds will be made as described below under "Book-Entry Only System - The Depository Trust Company." Allfirst Trust Company National Association, Baltimore, Maryland, will act as bond registrar and paying agent for the Bonds (the "Bond Registrar and Paying Agent").

The interest on each Bond will be paid January 1, 2002 (5 1/2 months) and semiannually thereafter on the first days of July and January of each year that any of said Bonds are outstanding by check mailed to the person in whose name such Bond is registered on the Bond Register as of the close of business on the fifteenth day of the month next preceding an interest payment date (the "Regular Record Date") at the address shown on the Bond Register. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name such Bond is registered as of the close of business on a date to be fixed by the Bond Registrar and Paying Agent for the payment of such defaulted interest (the "Special Record Date"), notice whereof being given by letter mailed first class, postage prepaid, to said person not less than 30 days prior to such Special Record Date, at the address of such person appearing on the Bond Register, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds may be listed and upon such notice as may be required by such exchange. The principal of and premium, if any, on the Bonds will be payable at the principal corporate trust office in Baltimore, Maryland of the Bond Registrar and Paying Agent.

All payment of the principal and redemption price of and interest on the Bonds shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts subject to the provision for payment of interest by check set forth above.

The Bonds may be transferred or exchanged only upon the Bond Register kept at the principal corporate trust office in Baltimore, Maryland of the Bond Registrar and Paying Agent, by the registered owner in person, or by his or her attorney duly authorized in writing, upon surrender together with a written instrument of transfer satisfactory to the Bond Registrar and Paying Agent duly executed by the registered owner or duly authorized attorney, and thereupon, within a reasonable time, the County shall execute and the Bond Registrar and Paying Agent shall authenticate and deliver a new registered Bond or Bonds of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Bond transferred or exchanged and maturing on the same date and bearing interest at the same rate. The Bond Registrar and Paying Agent may require payment by the owner of the Bond requesting exchange or transfer of any tax, fee or other governmental charge, shipping charges and insurance that may be required to be paid with respect to such exchange or transfer, but otherwise no charge shall be made to such owner for such exchange or transfer. Said new Bond or Bonds shall be delivered to the transferee only after due authentication thereof by an authorized officer of the Bond Registrar and

Paying Agent. The Bond Registrar and Paying Agent shall not be required to transfer or exchange any Bond after the mailing of notice calling such Bond or portion thereof for redemption as hereinabove described; provided, however that the foregoing limitation shall not apply to that portion of a Bond in excess of \$5,000 which is not being called for redemption.

The identity of the Bond Registrar and Paying Agent, the place of payment of the Bonds at maturity or redemption and the place of transfer or exchange of the Bonds may be changed by the County upon 30 days written notice to the Bondholders at their addresses specified in the bond registration books maintained by the Bond Registrar and Paying Agent. **CLERK 019 PAGE 42**

Source of Payment

The Bonds shall constitute an irrevocable pledge of the full faith and credit and unlimited taxing power of the County to the payment of the maturing principal of and interest on the Bonds as and when they become due and payable. The County Enabling Acts further provide, and the County has covenanted in the Resolutions, that in each and every fiscal year that any of the Bonds are outstanding, the County shall levy or cause to be levied ad valorem taxes upon all assessable property within the corporate limits of the County in rate and amount sufficient to provide for or assure the payment, when due, of the principal of and interest on all of the Bonds maturing in each such fiscal year and in the event the proceeds from the taxes so levied in any such fiscal year shall prove inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up any such deficiency.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the securities. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co., DTC's partnership nominee. One fully-registered certificate of the Bonds will be issued for each maturity of the Bonds in principal amount equal to the aggregate principal amount of the Bonds of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (the "Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") is in turn to be recorded on the Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. if less than all of the Bonds are being redeemed. DTC's practice is to determine by lot the amount of the interest on each Direct Participant in such Bonds to be redeemed.

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

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC, the Registrar and Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County or the Registrar and Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

Book-Entry Only System – Miscellaneous

The information in the section "Book-Entry Only System – The Depository Trust Company" has been obtained by the County from DTC. The County takes no responsibility for the accuracy or completeness thereof. Neither the County, the Bond Registrar nor the Paying Agent will have any responsibility or obligations to DTC Participants or the persons for whom they act as nominees with respect to the payments to or in the providing of notice to the DTC Participants, or the Indirect Participants, or Beneficial Owners. The County cannot and does not give any assurance that DTC Participants or others will distribute principal and interest payments paid to DTC or its nominees, as the registered owner, or any redemption or other notices to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

Termination of Book-Entry Only System

In the event that the Book-Entry Only System is discontinued, the Bonds will be delivered by DTC to the Bond Registrar and such Bonds will be exchanged for Bonds registered in the names of the DTC Participants or the Beneficial Owners identified to the Bond Registrar. In such event, certain provisions of the Bonds pertaining to ownership of the Bonds will be applicable to the registered owners of the Bonds as described below. The County may designate another entity as Bond Registrar and Paying Agent upon twenty days prior written notice to the registered owners of the Bonds.

The Bonds in full certificated form will be fully registered Bonds without coupons in the denominations of \$5,000 each or any integral multiple thereof. Bonds will be transferable only upon the registration books kept at the principal corporate trust office of the Bond Registrar, by the registered owner thereof in person, or by an attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer in the form attached thereto and satisfactory to the Bond Registrar and duly executed by the registered owner or a duly authorized attorney. The County 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 or redemption price thereof and interest due thereon and for all other purposes.

The Bonds may be transferred or exchanged at the principal corporate trust office of the Bond Registrar. Upon any such transfer or exchange, the County shall execute and the Bond Registrar shall authenticate and deliver a new registered Bond or Bonds without coupons of any of the authorized denominations 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 Bond Registrar may require payment by any holder of Bonds requesting exchange or transfer of Bonds of any tax, fee, or other governmental charge, shipping charges, and insurance they may be required to be paid with respect to such exchange or transfer, but otherwise no charge shall be made to the holder of Bonds for such exchange or transfer. The Bond Registrar shall not be required to transfer or exchange any Bond after the mailing or notice calling such Bond or portion thereof for redemption as hereinabove described; provided, however, that the foregoing limitation shall not apply to that portion of a Bond in excess of \$5,000 which is not being called for redemption.

BONDHOLDERS' REMEDIES

It is the opinion of Bond Counsel that the County may be sued in the event that it fails to perform its obligations under the Bonds to the registered owners thereof and that any judgments resulting from such suits would be enforceable against the County. Nevertheless, a registered owner of a Bond who has obtained any such judgment may be required to seek additional relief to compel the County to assess, levy and collect such taxes as may be necessary to provide the funds from which such judgment may be paid. Although there is no Maryland law with respect to this issue, it is the opinion of Bond Counsel that the appropriate courts of Maryland have jurisdiction to grant additional relief, such as a mandatory injunction, if necessary, to enforce the levy and collection of such taxes and payment of the proceeds thereof to the registered owners of the Bonds, *pari passu*, subject to the inherent constitutional limitations referred to below.

It is also the opinion of Bond Counsel that, while remedies would be available to registered owners of the Bonds and while the Bonds are entitled to constitutional protection against the impairment of the obligation of contracts, such constitutional protection and the enforcement of such remedies would not be absolute. Enforcement of a claim for payment of the principal of or interest on the Bonds could be made subject to the provisions of Chapter IX of the federal bankruptcy laws or of any statutes that may hereafter be constitutionally enacted by the United States Congress or the Maryland General Assembly extending the time of payment or imposing other constraints upon enforcement.

LEGAL MATTERS

Approval of Legal Proceedings

Venable, Baetjer and Howard, LLP, Baltimore, Maryland, is acting as Bond Counsel in connection with the issuance of the Bonds. Delivery of the Bonds is conditioned upon delivery by Bond Counsel of the opinion substantially in the form set forth in Appendix B of this Official Statement.

Tax Exemptions

Federal Income Tax

In the opinion of Bond Counsel, under existing law, the interest on the Bonds (a) is excluded from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes) and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States.

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

In order to comply with the requirements of the Code, the County will execute and deliver a Tax Certificate and Compliance Agreement ("Tax Agreement") on the date of delivery of the Bonds. The covenants and agreements in the Tax Agreement are designed to satisfy the requirements of Section 103 and Sections 141 through 150, inclusive, of the Code, and the income tax regulations issued thereunder. In the opinion of Bond Counsel, the covenants and agreements in the Tax Agreement are sufficient to meet the requirements (to the extent applicable to the Bonds) of Section 103 and Sections 141 through 150 of the Code. However, Bond Counsel assumes no responsibility for, and will not monitor, compliance with the covenants and agreements in the Tax Agreement. In the event of noncompliance with such covenants and agreements, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes retroactively to the date of issue.

Interest on the Bonds is not included in corporate or individual alternative minimum taxable income as a separate enumerated item of tax preference or other specific adjustment. However, for purposes of computing the corporate alternative minimum tax contained in the Code, a corporation will generally be required to increase its alternative minimum taxable income by 75% of the amount by which its "adjusted current earnings" (a modified definition of "earning and profits") exceeds its alternative minimum taxable income (computed without regard to this adjusted current earnings adjustment). For such purpose, "adjusted current earnings" will include, among other items, tax-exempt interest income from the Bonds. Interest income on the Bonds may also be included with the "dividend equivalent amount" for purposes of determining the branch profits tax imposed by the Code on certain foreign corporations conducting a trade or business in the United States.

Other federal income tax consequences may arise from ownership of the Bonds, and in connection therewith, attention is directed to the following provisions of the Code: (a) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Bonds, (b) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds, (c) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on obligations such as the Bonds, and (d) for S corporations having subchapter C earnings and profits, the receipt of certain amounts of passive investment income, which includes interest on the Bonds, may result in the imposition of income tax on such passive investment income and, in some cases, loss of S corporation status.

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

The initial public offering price of certain maturities of the Bonds may be less than the amount payable on such Bonds at maturity (the Bonds of such maturities are referred to herein as "Discount Bonds"). The difference between the initial public offering price at which a substantial amount of the Discount Bonds of the same maturity was sold and the principal amount of such Discount Bonds payable at maturity constitutes "original issue discount." Original issue discount on the Discount Bonds is treated as interest on the Bonds for purposes of federal income taxation. In the case of any holder of Discount Bonds, the amount of original issue discount which is treated as having accrued with respect to such Discount Bonds is added to the cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). A holder of a Discount Bond will recognize gain or loss upon the disposition of the bond (including sale, redemption or payment at maturity) in an amount that is equal to the difference between (i) the amount received upon such disposition and (ii) the sum of (a) the holder's cost basis in the Discount Bond and (b) the amount of original issue discount, which is treated as having accrued during the period the holder held such bond.

Original issue discount on Discount Bonds will be attributed to semiannual compounding periods during the life of each Discount Bond in accordance with a constant rate of interest accrual method. The yield to maturity of the Discount Bonds is determined based on semiannual compounding. Such yield is then used to determine an amount of accrued interest for each semiannual compounding period. For this purpose, interest is treated as compounding semiannually on days which are determined by reference to the maturity date of the Discount Bonds. The amount of original issue discount which is treated as having accrued in respect of a Discount Bond for any particular semiannual compounding period is equal to the excess of (i) the product of (a) one-half of the yield for the Discount Bond (adjusted as necessary for an initial short period) multiplied by (b) the amount that would be the tax basis of such Discount Bond at the beginning of such period if held by an original purchaser who purchased at the initial public offering price, over (ii) the amount actually payable as interest on such Discount Bond during such period. The tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price the sum of amounts that have been treated as accrued interest for such purposes during all prior periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then interest which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Prospective purchasers of the Bonds should consider possible state and local, excise, or franchise tax consequences arising from original issue discount on the Bonds. In addition, prospective corporate purchasers of the Bonds should consider possible federal income tax consequences arising from original issue discount on the Bonds under the alternative minimum tax and the branch profits tax described above.

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

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

Maryland State and Local Income Tax

In the opinion of Bond Counsel, under existing law of the State of Maryland the interest on the Bonds and the profit realized from the sale or exchange of the Bonds is exempt from income taxation by the State of Maryland or by any of its political subdivisions; but no opinion is expressed as to estate or inheritance taxes, the Maryland franchise tax on certain financial institutions, or any other taxes not levied or assessed directly on the Bonds or the income therefrom.

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

COUNTY GOVERNMENT AND ADMINISTRATION

General

The Board of County Commissioners is comprised of five Commissioners elected for four-year terms. All Commissioners are elected by the entire County voters. The four Commissioners must live in the District they are representing; the President may live anywhere in the County.

The Board of County Commissioners appoints a County Administrator who is responsible for the general administration and daily operation of County government. County government departments report directly to the County Administrator. The financial administration of the County is centralized with the Director of Finance responsible for the accounting and general ledger functions, overseeing the financial planning and annual budget process, and investment of County funds. The County Treasurer is responsible for billing and collection of property taxes.

County Commissioners

JULIE B. RANDALL, President, is serving her first term on the Board. She and her family reside in Lexington Park, Maryland. Ms. Randall holds a B.A. in Business Administration and is employed at Veda Incorporated, a defense contractor located in Lexington Park, Maryland. As Program Manager of the Information Technology Group, she supervises 50 employees. She previously served as an appointed President as well as an elected Vice-Chair of the St. Mary's County School Board. In her service to the School Board, Ms. Randall also served as a member of the Budget Advisory Committee; the Special Education Committee; and the St. Mary's County Elected School Board Task Force. She has also served as a member of the Tri-County Council's Southern Maryland Committee; the Business, Education & Community Alliance; and the Recreation and Parks Inclusion Committee. Her term as Commissioner expires on November 30, 2002.

JOSEPH F. ANDERSON, Commissioner, is serving his first term on the Board. He holds a B.A. in Cultural Anthropology from Tufts University, and is employed as Senior Operations analyst for DynCorp Technical services, Inc. He and his family reside on a small farm in Drayden, Maryland. Mr. Anderson located to St. Mary's County in 1974 as a Vista Volunteer and has devoted the last 25 years to public service. He has served as a Vista Volunteer; President and Vice President of the Big Brothers and Big Sisters of Southern Maryland; Vice President and Secretary of St. Mary's County Women's Center; and President of the Advisory Board for Tomorrow's Child, Inc. Mr. Anderson has also served as a member of the Southern Maryland Wood Treatment Task Force; the Leonardtown Rotary; the Governmental Affairs Committee of the St. Mary's County Chamber of Commerce; and the Citizens Advisory Committee for the 1988 Comprehensive Land Use Plan. He is a past member of the St. Mary's County Planning Commission. He is a current member of the Tri-County Council of Southern Maryland, and has been on its Executive Committee, as well as past president of the St. Mary's County Employees Association. He is currently a member of the Governor's Workforce Investment Board and the Governor's Commission on Education, Equity, Finance, and Excellence. His term as Commissioner expires on November 30, 2002.

SHELBY P. GUAZZO, Commissioner, is serving her first term as a member on the Board. Ms. Guazzo has lived in St. Mary's County for 32 years, and resides with her family on their farm in Chaptico, Maryland. She attended Duke University School of Nursing and Boston University. She is a medical laboratory and radiology technician. Currently, Ms. Guazzo manages a medical practice facility and her family farm. Ms. Guazzo has served the community through volunteer appointments that include the St. Mary's County Judge of Elections, 1984-1994, as well as Vice-Chair of the Maryland State Board of Veterinary Medical Examiners, appointed in 1992 by Governor Shaefer and reappointed in 1997 by Governor Glendenning. She has also been a member of the St. Mary's County Planning Commission and the Maryland State Board of Citizen Planners. She is a member of the Maryland State Patuxent River Commission and has served as the County's representative to the Maryland Association of Counties. Civic organization participation includes membership in the St. Mary's Hospital Corporation; the St. Mary's Historical Society; and the Republican Women of St. Mary's. Ms. Guazzo's professional organization memberships include the American Society of Clinical Pathologists and the Maryland Farm Bureau. Her term as Commissioner expires on November 30, 2002.

THOMAS A. MATTINGLY, SR., Commissioner, is serving his first term on the Board. He and his family reside in Leonardtown, Maryland. Mr. Mattingly has been employed by Verizon Communications for 28 years as a cable splicing technician in the Southern Maryland area. A graduate of Ryken High School in Leonardtown, Maryland, he also attended St. Mary's College of Maryland. In 1964, he was elected as a member of the Leonardtown Volunteer Fire Department, and was elected to lifetime membership in 1993 for completing 30 years of service. In addition, he has held the positions of President as well as Chair of the Executive Committee of the Maryland State Firemen's Association. His leadership with the Association led to the establishment of a permanent medvac site in St. Mary's County, Maryland. Mr. Mattingly previously served as President of the Advisory Board for the Community College at St. Mary's; as a member of the Community College Building Committee; and as a member of the Southern Maryland Committee of the Tri-County Council. In 1987, the local management

of the C&P Telephone Company nominated Mr. Mattingly for the "President's Award for Volunteerism." He also received the "Community Service Award" from the St. Mary's County Chamber of Commerce in the same year. In 1991, Mr. Mattingly was honored as one of 10 Bell Atlantic employees in the region to receive the first "Spirit of Excellence" Award for his many outstanding accomplishments in serving his community. His term as Commissioner expires on November 30, 2002.

DANIEL H. RALEY, Commissioner, is serving his first term on the Board. He and his family reside in Great Mills, Maryland. Mr. Raley is a co-owner of Raley's Town and Country Market, Inc., a 65-year-old family grocery business located in Ridge, Maryland. The family also operates a commercial center in Ridge, which presently contains a 15,000 square foot full service grocery store, a retail gas-and-go operation, and two store front rental units. Mr. Raley graduated from Loyola College, Baltimore, Maryland in 1971. He served in the United States Army as a military police officer and received the Army Commendation Medal in addition to other awards. Mr. Raley is a past Chair and member of the St. Mary's County Board of Zoning Appeals, and has also held memberships with the St. Mary's County Solid Waste Committee; the St. Mary's County Efficiency Task Force; and the St. Mary's County Youth Commission, where he served as Executive Secretary. His community involvement includes the Knights of Columbus, Third Degree; the Elks Lodge; the Lexington Park Lions Club; and the American Legion Post 255 in Ridge, Maryland. His term as Commissioner expires on November 30, 2002.

Treasurer

JANNETTE P. NORRIS, County Treasurer, age 53, is serving her second term as County Treasurer. Prior to being elected Treasurer, Ms. Norris served in the Treasurer's Office for 15 years. Before employment with St. Mary's County, Mrs. Norris was the chief accountant for a local accounting firm. She is a member of the Maryland Public Finance Officers Association and most recently served on the County Tax Credit Task Force.

Certain Appointed Officials

ALFRED A. LACER, County Administrator, age 49, was admitted to practice law before the Court of Appeals of Maryland in 1977. He was conferred a Juris Doctor degree from the Columbus School of Law, the Catholic University of America in 1977, and a Bachelor of Arts degree from Gordon College in 1974. He is a member of the Bar of Court Appeals of Maryland, the United States District Court for the District of Maryland, the United States Fourth Circuit Court of Appeals, and the Supreme Court of the United States. He is the former President and managing principal for Lacer, Sparling, Densford, and Reynolds, P.A., and has extensive experience in civil litigation, real estate transactions, education, tort, municipal, and business law. He is formally the County Attorney for St. Mary's County. Mr. Lacer is a form adjunct professor in Management for the Florida Institute of Technology Graduate Degree Program at Patuxent River. Mr. Lacer served on the Board of Trustees of St. Mary's Hospital for six years, including three years as Board Vice President. For three years he chaired St. Mary's Hospital's Strategic Planning Committee. Mr. Lacer was appointed by Governor Shaefer as a member of the St. Mary's County Board of Education for five years and served as President for one year. He served as chairman of the Board of Education's Facilities Utilization Task Force and was instrumental in the evaluation and adoption of goals for class size, school size, facility design, and a long-term capital facilities master plan. It is that plan that is currently being implemented and, in part, funded by this bond issue.

ELAINE M. KRAMER, Director of Finance, age 47, was certified by the Maryland State Board of Public Accountancy as a Certified Public Accountant on August 5, 1976. She practiced as a CPA with the firm of Coopers & Lybrand in the Washington, D.C. office from that time until March 1992. In July of 1987, she was admitted to the partnership as an audit partner. During her 17 years with Coopers & Lybrand, she served audit clients in the higher education, real estate, non-profit, and governmental sectors. She served on a variety of that firm's technical committees, conducted education in technical areas affecting the audit practice, and conducted a number of quality control engagements of other offices. In March of 1982, she joined the St. Mary's County Public Schools System as their director of Budget and Finance, overseeing an operating budget of more than \$100 million. During her eight years with the school system, the system implemented a comprehensive financial system under her direction, implemented financial reporting and projection activities related to their annual budget, began utilizing exempt financing to support the implementation of a system-wide administrative and instructional technology initiative. She represented the school system in a number of collaborative activities with County government, including procurement and the successful consolidation of the County and school system's contract for health insurance, trimming significant costs. She joined the County as Director of Finance in August 2000 and since that time has initiated and/or participated in several significant budget and financial management initiatives. Ms. Kramer led the Board of County Commissioners through a comprehensive review of the capital program, delivered a successful audit, with timely submission for the first time in several years, participated in implementation of a pay and classification study for County employees, and represented the County on a joint task force with representatives of the Office of the Sheriff to study and implement pay parity for sworn officers.

PATRICK MURPHY, County Attorney, age 31, has full responsibility for providing advice and counsel to the Board of County Commissioners, the County Administrator, Department Heads and Constitutional Officers. Mr. Murphy, as a Department Head, manages the day-to-day activities of the in-house Legal Department. Mr. Murphy was Acting County Attorney for St. Mary's County from February 2000 until October 31, 2000 and served as Assistant County Attorney from May 1999 to February 2000. He has been an Associate with Mudd, Mudd & Fitzgerald, P.A. in La Plata, Maryland where he was responsible for all aspects of civil litigation. He also served as a Judicial Law Clerk to the Honorable Maurice W. Baldwin, Jr., Circuit Court for Harford County, Bel Air, Maryland. He holds a Bachelor of Arts degree from St. Mary's College of Maryland and received his Juris Doctor degree from the University of Baltimore School of Law in 1996. Mr. Murphy has been admitted to practice law before the Court of Appeals of Maryland and the Court of Special Appeals of Maryland. He is a member of the Maryland Bar Association, the U.S. District Court for the District of Maryland, the Charles County Bar Association, the Harford County Bar Association, and the St. Mary's County Bar Association.

GEORGE A. ERICHSEN, P.E., Director of Public Works, age 38, received a B.S. degree from the Virginia Polytechnic Institute and State University, and is pursuing a M.S. degree in Engineering Administration from the Florida Institute of Technology. Mr. Erichsen was appointed the Director of Public Works in December 1997. Prior to that time, he served as Supervisor for Engineering Services for St. Mary's County, as well as several engineering positions in public and private organizations in Virginia. He is a member of the International Order of Engineers and County Engineers Association of Maryland.

RICHARD B. ROHRBAUGH, R.A., Director of Facilities Management, age 55, holds a B.ARCH and a B.A. degree in Architect from Syracuse University. Prior experience includes Project Management of \$50 million in new U.S. Postal Service Facilities in a five state region; Facilities Supervisor for Allied-Signal Technical Services/NASA, Goddard Space Flight Center implementing \$70 million in renovated and new scientific and high tech facilities; Acting Director, University of Maryland Medical System implementing over \$100 million construction in new and renovated medical facilities.

JOHN W. SAVICH, Director of Economic and Community Development, age 48, joined St. Mary's County in this capacity on May 7, 2001. Mr. Savich was previously employed by the Washington Department of Community, Trade and Economic Development ("WDCTED") in Olympia, Washington, since November 11, 1991. He was responsible for policy development and legislative and external relations for economic development issues. In addition, he served as Director of Economic Development from June 1998 - February 2001, and assumed responsibility for all business and community economic development programs, including business recruitment and retention, small business assistance, downtown development, rural development, tourism, technology development, development finance, and the state film office. While employed with the WDCTED, Mr. Savich also served as Director of Trade and Economic Sectors Division (9/94-6/98) and Director of Tourism Development (11/91-9/94). Mr. Savich was employed by the Michigan Department of Commerce, in Lansing, Michigan, from October 1981 - October 1991 as Director of Michigan Travel Bureau, Director of the Office of Strategy and Forecasting, and Deputy Director of the Office of Community Development. He was also employed by the U.S. Department of Commerce, Economic Development Administration from April 1977 - September 1981. Mr. Savich graduated, with high honors, from Michigan Technological University in 1977 where he earned a B.S. degree in Forestry. In addition, he attended the University of Michigan where he studied Anthropology. During his career, Mr. Savich served on numerous professional and volunteer boards and commissions including the Community Economic Revitalization Board; the International Business Advisory Committee at the University of Washington School of Business Administration; the Washington Technology Center at the University of Washington; Japan America Society; King County International Trade Board; and the Thurston County Fire District Commission. While in Michigan, Mr. Savich served on the Great Lakes Tourism Council, the Great Michigan Foundation, and the Michigan State Housing Development Authority.

Remuneration of Certain Officials

The following chart sets forth the current annual remuneration for calendar year 2001 to be paid certain County officials whose salary is either set by law or determined under contractual arrangement:

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<u>Official Title</u>	<u>Salary By Law</u>	<u>Salary by Contract</u>
President, Board of County Commissioners	\$27,000	
County Commissioner	21,000	
County Treasurer	36,000	
County Administrator		\$124,845
Director of Finance		104,042
Director of Public Works and Transportation.....		85,068
Director of Economic and Community Development.....		78,500
County Attorney		75,795
Director of Facilities Management.....		79,685

The organization of the County government is shown in the following chart.

[GRAPHIC OMITTED]

Retirement and Pension Programs

Prior to January 1, 1980, all County employees were required to be members of the Employees' Retirement System of the State of Maryland (the "Retirement System"). During the 1979 legislative session, the Maryland General Assembly created, effective January 1, 1980, the Pension System for Employees of the State of Maryland (the "Pension System"). All County employees who were members of the Retirement System may remain in that system or may elect to join the Pension System. All employees hired after December 31, 1979 must join the Pension System.

The Retirement System provides annual pensions for members who retire after the age of 60, or after 30 years service, equal to 1/55th of the average compensation for the three highest paid years before retirement, multiplied by total months and years of membership service. A member having 25 years of service may retire prior to age 60 at a reduced benefit. Benefits are adjusted each year to reflect increases in the cost of living as evidenced by changes in the Consumer Price Index.

Members of the Pension System are eligible to retire after 30 years of service regardless of age, and at age 65 with two years of service, at age 64 with three years service, at age 63 with four years of service, or at age 62 with five years of service. Benefits payable under the Pension System are less than those payable under the Retirement System; however, the Pension System was converted to a Contributory Pension System on July 1, 1998 which will considerably improve the Pension benefit. The pension payable to a member of the Contributory Pension System who retires after 30 years of service or at age 62 will be computed at 1.2% of that part of the member's highest average annual compensation for three consecutive years multiplied by the number of years of credited service prior to July 1, 1998. Years of credited service after June 30, 1998 will be computed at 1.4% multiplied by average annual compensation.

Both the Retirement System and the Pension System are jointly contributory. Under the Retirement System an employee contributes 5% or 7% of his total base salary; under the Pension System an employee contributes 2% of base salary. The benefits payable under each system which are not funded by employee contributions are funded entirely by the County. Effective July 1, 2001, the County's contribution rate (expressed as a percentage of payroll) for the Retirement System is 9.17% and 4.17% for the Pension System.

All benefits of the Retirement and Pension Systems are required by law to be funded on a full actuarial reserve basis in accordance with the accrued benefit actuarial cost method.

At its 1984 session, the General Assembly enacted legislation modifying the benefits of those who do not elect to join the Pension System by January 1, 1985. After that date, employees remaining in the Retirement System will be subject, at their option, to either a limitation of 5% (compounded) on the annual cost-of-living adjustment or an increase in the rate of contribution from 5% to 7% of compensation, to continue an unlimited COLA.

During the 1984 General Assembly, an Act was passed to authorize the County to adopt a separate pension plan or the supplementation of existing plans for personnel of the Sheriff's Department to enable such personnel to retire with benefits at an earlier age.

On July 1, 1986, the police and correctional officers participating in the two previously described plans were given the option of transferring to the St. Mary's County Sheriff's Department Retirement Plan with membership mandatory after July 1, 1986. The Sheriff's Department Plan has a member contribution rate of 6%, with the County contributing, effective July 1, 2001, 15.5% of annual compensation. The retirement date is the earlier of the employee's 62nd birthday or completion of 25 years of service with the pension payable at 2% of member's highest average annual compensation for 3 consecutive years multiplied by the number of years of creditable service. A member having 20 years of service may retire prior to age 62 at a reduced benefit. Cost of living adjustments are limited at 4% annually.

The amount of the unfunded accrued liability attributable to the County as of January 1, 2001 for the Sheriff's Department Retirement Plan was \$2,203,950. The unfunded past service cost is being amortized over a 25-year period. The amount by which the actuarially computed values of vested benefits exceeded the total Pension Fund is not available.

The following table sets forth the County's contributions for the Retirement System, the Pension System and the Sheriff's Department Retirement Plan for the five most recent fiscal years ended June 30:

<u>Year</u>	<u>Retirement System</u>	<u>Pension System</u>	<u>Sheriff's Department Retirement System</u>	<u>Total</u>
2000	\$107,182	\$701,985	\$683,423	\$1,492,590
1999	110,479	602,760	596,605	1,309,844
1998	120,975	672,071	585,144	1,378,190
1997	388,854	486,060	490,806	1,365,720
1996	407,578	472,910	652,932	1,533,420

Source: St. Mary's County Department of Finance.

Effective July 1, 1985, the funding of retirement costs for members of the municipal corporations was separated from the funding of retirement costs for members of the State of Maryland with municipal corporations paying at a common normal cost and accrued liability percentage rate payrolled on a pooled basis.

The County annually funds a length of service program for volunteer fire rescue and advanced life support organization members. To be eligible, a member must be 55 years of age and have a minimum of 20 years of service. The minimum monthly benefits payable to any member certified to receive such compensation is \$125. The cost to the County to meet these retirement benefits in fiscal year 2000 was 299,060.

St. Mary's County Government retirees, retirees' family members and the family members of deceased employees under age 65 are eligible for health, prescription drug and vision care insurance benefits. Those over age 65 are eligible for a Medicare supplement including health, prescription drug, and vision.

The County's cost for the post employment benefits are currently being paid on a pay-as-you-go basis. As of June 30, 2000, there were 102 people participating in post employment health benefits at a fiscal year 2000 cost of \$422,703.

All employees of the County, including general, elected and appointed, participate in the Federal Insurance Compensation Act ("FICA").

Labor Relations

As of January 1, 2001, the County employed approximately 725 full- and permanent part-time (merit and non-merit) employees. The County has not entered into any collective bargaining agreements. While some County employees are members of the Maryland Classified Employees Association, membership is not mandatory and does not bind the County to any collective bargaining agreement. In addition, the County has not experienced a work stoppage due to labor problems and considers its relationships with employees to be satisfactory.

Leases and Other Contracts

In addition to contracts for goods and services arising in the ordinary course of business of the County, the County is a party to numerous other contracts, primarily with engineers, architects and contractors, relating to capital projects. Funds necessary to meet the County's obligations for these contracts have been appropriated and are a part of the Capital Improvement Fund of the County. (See "BUDGET AND ACCOUNTING.")

The County will acquire needed equipment through equipment lease/purchase agreements in future fiscal years as long as it proves to be an economical manner of handling such expenditures.

BUDGET AND ACCOUNTING

The formulation of the County's budget is the responsibility of the Director of Finance who is subject to the supervision of the County Administrator.

The County Budget is comprised of the Current Expense Budget, the Capital Budget and Capital Program, and the Budget Message.

Current Expense Budget

The Current Expense Budget, which by law must be balanced, is prepared and submitted for approval to the Board of County Commissioners based upon estimated revenues and expenditures of operations for the ensuing fiscal year submitted to the Director of Finance by the head of each office, court, department, institution, board, commission, corporation, or other agency of the County government. The proposed Current Expense Budget is required to contain not less than the following information: (1) a statement of all revenue estimated to be received by the County during the ensuing fiscal year, classified to show the receipts by funds and sources of income; (2) a statement of the debt service requirement for the ensuing fiscal year; (3) a statement of the estimated cash surplus, if any, available for expenditure during the ensuing fiscal year; (4) a statement of the bonded and other indebtedness of the County and its agencies, including self-liquidating and special taxing district debts; (5) a comparative statement of the receipts and expenditures for the last two completed fiscal years, the estimated receipts and expenditures of the current ending fiscal year and the expenditures recommended by the Board of County Commissioners for the ensuing fiscal year for each function, activity, and subactivity; and (6) any other material which the Board of County Commissioners may deem advisable.

Capital Budget and Capital Program

The Capital Budget of the County is its plan to receive and expend funds for capital projects during the ensuing fiscal year. The Capital Program of the County is its plan to receive and expend funds for capital projects during the fiscal year covered by the Capital Budget and the next succeeding five fiscal years thereafter. The Board of County Commissioners may direct that each office, court, department, institution, board, commission, corporation, or other agency of the County government submit to the Director of Finance for transmission to the Planning Commission an itemized list of the capital projects which each agency proposes to undertake in the ensuing fiscal year and the next succeeding five fiscal years thereafter. After consideration by the Planning Commission, the Director of Planning and Zoning is required to transmit to the Director of Finance the list of projects recommended by the Commission together with his recommendation of the projects to be undertaken, in the periods aforesaid and estimates of the costs thereof. The County Commissioners, with the assistance of the Director of Finance, shall consider such recommendations with the other budget proposals and shall recommend to the general public together with the Current Expense Budget, a complete Capital Budget and Capital Program. The proposed Capital Budget and Capital Program is required to be arranged so as to set forth clearly the plan of proposed capital projects to be undertaken in the ensuing fiscal year and in each of the next succeeding five fiscal years, and also the proposed means of financing them. The Capital Budget shall include a statement of the receipts anticipated during the ensuing fiscal year from all borrowing and from other sources for capital projects.

Budget Message

The Budget Message is required to contain supporting summary tables and to explain the proposed Current Expense Budget, Capital Budget and Capital Program, both in fiscal terms, and in terms of work to be done. It is required to outline the proposed financial policies of the County for the ensuing fiscal year and describe the important features of the Current Expense Budget. It must also indicate any major changes in financial policies and in expenditures, appropriations, and revenues as compared with the fiscal year currently ending and set forth the reasons for such changes. The Budget Message also must include such other material as the Board of County Commissioners may deem desirable.

Adoption of Budget

Before April 1, in each year, the Recommended County Budget must be prepared and signed by a majority of the Board of County Commissioners. Upon approval of the proposed County Budget, notice of the places and times of public hearings on the proposed budget must be published in at least one or more newspapers of general circulation published in the County. The hearings are to be held not less than twenty, nor more than forty days after the date of filing the proposed budget. After the public hearings, the Board of County Commissioners may revise the proposed budget and any part of it by increasing, decreasing, eliminating, or adding items. Items may not be consolidated in such a manner as to reduce the detailed statements of the appropriations. The Board is further authorized to revise the schedule of anticipated receipts and estimated rates for general and special taxes. The Annual Budget and Appropriation Act is required to be adopted by June 1. The adoption of the Budget must be by the affirmative vote of not less than three members of the Board of County Commissioners.

Basis of Accounting

Basis of accounting refers to the time at which revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Both the General Fund and the Capital Improvement Fund of the County are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts taxes, and sales taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued; and (2) principal and interest on general long-term debt which is recognized when due.

Accounting Policies

The accounting policies of the County conform to generally accepted accounting principles ("GAAP") as applicable to governments.

COUNTY EXPENDITURES

The following table summarizes the actual expenditures of the County by major functional purpose for the County's five most recent fiscal years ended June 30 for which audited data are available.

GENERAL FUND SUMMARY OF EXPENDITURES, AND TRANSFERS

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	2000	1999	1998	1997	1996
General Government.....	\$10,596,193	\$9,764,669	\$9,237,174	\$8,199,076	\$7,295,611
Public Safety	18,870,736	17,000,409	13,590,458	12,342,100	11,719,928
Public Works.....	6,441,883	5,333,878	5,134,449	4,905,842	5,465,309
Health	1,024,234	838,983	1,016,921	827,863	913,900
Social Services	3,778,662	3,383,327	3,128,617	2,801,276	3,021,033
Education	49,374,273	45,320,519	42,916,293	41,422,441	38,608,615
Recreation and Parks.....	1,922,786	1,644,754	1,515,265	1,364,343	1,268,350
Libraries	1,276,616	1,096,963	972,312	1,205,354	1,137,788
Conservation of Natural Resources	168,820	159,032	268,390	206,387	196,287
Urban Development and Housing	136,088	107,495	114,220	144,828	214,719
Economic Development.....	870,485	1,204,240	663,619	563,653	507,394
Economic Opportunity.....	19,513	18,679	18,401	17,519	18,015
Debt Service.....	8,532,228	7,773,327	6,241,178	5,992,049	6,025,605
Intergovernmental	41,409	34,252	33,838	32,527	31,346
Miscellaneous.....	<u>1,063,811</u>	<u>801,932</u>	<u>276,668</u>	<u>360,896</u>	<u>387,580</u>
Total Expenditures	\$104,117,737	\$94,482,459	\$85,127,803	\$80,386,154	\$76,811,480
Other Financing Uses -- Capital Projects	<u>1,522,798</u>	<u>3,182,054</u>	<u>1,752,300</u>	<u>1,305,000</u>	<u>1,744,200</u>
Total	<u>\$105,640,535</u>	<u>\$97,664,513</u>	<u>\$86,880,103</u>	<u>\$81,691,154</u>	<u>\$78,555,680</u>

COUNTY SERVICES

Through its various departments and offices (see "COUNTY GOVERNMENT AND ADMINISTRATION"), the County supplies a typical array of governmental services. The following is a description of certain services provided by the County:

Education

The County Board of Education, the five members of which are elected for four-year terms, is responsible for the overall operation and policy decisions of the County's public school system. During the 2000-2001 school year, the Board of Education exercises responsibility for 24 elementary and secondary schools, including a Career and Technology Center, as well as an evening high school and alternative learning program. The system accommodated 15,047 students in school year 2000-2001. The 2001 level of professional teachers allowed average class sizes of 19.0 at the kindergarten level, 20.3 at grades 1 and 2, 24.4 for grades 3 to 5, 21.0 for middle schools, and 22.0 for high schools. In June 2001, 855 students graduated from County public high schools. The County spent \$46,400,317 for the Board of Education in 2000 and \$49,438,539 in 2001. The approved fiscal year 2002 budget for the Board of Education is currently approved at \$52,511,215 for operating, and \$21,984,000 for capital projects.

In addition, there are 12 private and parochial schools in St. Mary's County which accommodate approximately 2,000 students. The County's financial responsibility with respect to such students is limited to the provision of transportation to and from school. The cost of providing such transportation is estimated at \$1,525,274 in fiscal year 2002.

Police and Fire

The St. Mary's County Sheriff's Office is a full service law enforcement and correctional services agency charged with responsibility for protecting the life, limb and property of the citizens of St. Mary's County. The County Sheriff is supported by 106 sworn deputy sheriffs, 69 correctional officers and 46 administrative personnel.

The Sheriff's Office provides emergency response and a variety of police services to the citizens of St. Mary's County including investigation of criminal and civil disturbances and complaints, general police patrol and community oriented

policing, service of civil process and arrest warrants, drug and alcohol interdiction, traffic control and safety, accident reconstruction, crime prevention and DARE, courthouse and court security and prisoner transports. Additionally, the Sheriff's Office provides specialized services through the implementation of a tactical team, K-9 patrols, dive team for underwater search and recovery operations, and operation of a mobile crime lab. The Sheriff is responsible for the effective administration and management of the St. Mary's County Detention Center. By law, the Sheriff is required to provide safe, secure and humane housing for persons legally placed in the custody of or taken into custody.

(See "COUNTY GOVERNMENT AND ADMINISTRATION -- Retirement and Pension Programs" for information on the Sheriff's Department pension plan.)

There are seven volunteer fire departments, operating from eight stations with 467 active members operating 75 pieces of equipment ranging from a 100-foot aerial ladder truck to 1500 GPM pumpers. The departments are financed from State, county, and private sources as well as from a dedicated fire property tax.

There are also seven volunteer rescue squads, operating from eight stations with 409 active members operating 23 ambulances and five utility vehicles. Rescue squads are independent organizations not associated with the volunteer fire departments. A county-funded Advanced Life Support Unit is also operational and provides services with three vehicles.

A new Department of Emergency Communications was established by the Board of County Commissioners in May 2000. A new 800-MHz 10-channel radio system and tower infrastructure will provide complete and dependable emergency communications coverage for the protection of St. Mary's citizens. This department is responsible for county-wide centralized emergency response and preparedness activities. A newly constructed center houses the operations and allows a coordinated response to any emergency situation.

(See "CERTAIN DEBT INFORMATION" for information on the County's authority to create a revolving loan fund for capital projects of the volunteer fire departments and rescue squads.)

Health

The County provides various health services to the citizens of the County through the St. Mary's County Health Department. The Health Department, individually or in conjunction with the Maryland State Department of Health and Mental Hygiene and the Maryland State Department of the Environment, is responsible for the enforcement of all State and Local Health Sanitation Laws through the Office of Environmental Health.

The Health Department also provides services in the areas of outreach, health education, nutrition, nursing, maternal and child health, school health, developmental disabilities, communicable disease, geriatrics, health planning, vital records, and Medical Assistance Transportation. In recent years, the Health Department has developed public/private partnerships for the delivery of certain health services (Mental Health, Addictions, Child Health, and Home Health) and has assumed the role of ombudsman for our County's Medical Assistance population under the Maryland Medicaid Managed Care Program. Health Department programs are funded partially with State funds, grants, user fees, and third party collections.

Recreation and Parks

The Department of Recreation and Parks operates under the guidance of a nine-member advisory board which is appointed by the County Commissioners. The advisory board makes recommendations to the County Commissioners on issues of policy. The day-to-day operations of the department are carried out by a director who oversees a staff of 34 full-time and approximately 250 part-time and seasonal leaders.

The Department offers a broad range of recreational programs for youth and adults using schools as community recreation centers weekday-evenings and weekends. In addition, the department operates a gymnastics center, two youth/teen centers, and two indoor athletic facilities.

The County maintains and operates 31 parks and recreation areas ranging in size from two acres to 250 acres with a total of approximately 1,300 acres of parkland. County park facilities include an 18-hole golf course; two historical museums; a public beach; 15 public boat launching ramps and public piers; 20 tennis courts; 45 baseball, softball, football, and soccer fields; and numerous picnic pavilions and areas.

Planning and Zoning

Planning and Zoning functions are centralized in one department and yet are accomplished through a diversified system of commissions, boards and intergovernmental staff organizations. Since 1974, the County's Department of Planning and Zoning has performed the planning, zoning and land use management staff functions. The Director of the Department serves as the principal advisor and

administrator to the Planning Commission, the Board of (Zoning) Appeals, and the Historic Preservation Commission. He also functions as the Zoning Administrator, and the Chairman of the Technical Evaluation Committee. The Director is also responsible for the updates of the Comprehensive Land Use Plan and Comprehensive Water and Sewerage Plan and other planning documents.

The Planning Commission of St. Mary's County consists of seven members appointed for five-year terms by the Board of County Commissioners. The Board of County Commissioners adopted a new Comprehensive Plan in 1999. Revised zoning regulations were adopted in 1990 and are scheduled for public hearing in July 2001 to comply with the Comprehensive Plan. The Planning Commission is the approving authority for the subdivision of lands and site plans, and it evaluates and makes recommendations to the Board of County Commissioners on planned unit developments, rezonings, areas of critical concern, and land use management and planning policies. The Planning Commission and staff also review capital improvement programs and budgets. The Planning Commission's approval of development applications requires adequate public facilities in accordance with the zoning ordinance to ensure that the demand for public facilities and services does not overly burden the County's fiscal resources.

The Board of (Zoning) Appeals, consisting of five members and two alternates, has the authority to grant conditional uses, and variances to the Zoning Ordinance; it also accepts and decides appeals of the administrative decisions of the Zoning Administrator. The Historic Preservation Commission performs functions related to the historic preservation provisions of the Zoning Ordinance and Comprehensive Plan. The Technical Evaluation Committee functions as the technical agency to accomplish comprehensive evaluations and reviews of all planning and zoning and land use applications.

Permits and Inspections

The Department of Permits & Inspections (the "Department") is responsible for the processing, review and issuance of all building permits as well as grading, environmental (Critical Area and Floodplain), residential entrances, home occupations, family daycare, change of business occupants, Certificates of Use and Occupancy and sign permits. The Permits Division ensures compliance with the Unified Land Development Code, Building Code and other development regulations and provides inter-agency coordination for permit issuance. The Inspection Division provides customer assistance and inspection services to verify compliance with zoning, building, electric, plumbing, including fuel gas, Floodplain Regulations, Minimum Livability and Maryland Accessibility Codes and ordinances. Technical assistance is provided at pre-issuance (permit and construction drawing review) and as a follow-up (inspection coordination and technical assistance to builder and contract inspection agency) to issuance of construction permits. Zoning inspection and compliance functions range from follow-up on citizen inquiries and violations to site inspections for compliance with conditional uses.

The Director of the Department, assisted by technical staff as appropriate, supports the activities of the Plumbing Board and Board of Electrical Examiners as well as to the Board of Building Code Appeals, as necessary.

Roads and Highways

St. Mary's County is served by Maryland Route 5 running northwest from the southern most tip of the County at Point Lookout through Leonardtown, the County seat, and eventually through Charlotte Hall in the northern most part of the County. Route 5 runs through Charles and Prince George's counties and into the Washington, D.C. area. Route 235 is another major State highway which runs from the southern portion of the County through Lexington Park and is the main route to the Patuxent River Naval Air Station. Route 235 meets Route 5 in the northern part of the County. State Route 234 intersects with Route 5 outside of Leonardtown and runs northwesterly into southern Charles County where it meets U.S. Route 301 just north of the Potomac River. Maryland Route 4 which runs through Calvert County crosses the Patuxent River at the Governor Thomas Johnson bridge and intersects with Maryland Route 235 in St. Mary's County.

There are 1,311 County roadways encompassing approximately 1,597 lane miles. The County's fiscal year 2002 operating budget for the County Highways Division in the Department of Public Works and Transportation is \$2,792,277. The approved capital budget for various highway projects includes appropriations of \$3,109,500. The State shares various vehicle taxes and fees with the counties to use for road construction, maintenance, and debt service and the State aid to the County for fiscal year 2002 is estimated to be \$5,404,905.

Nursing Center

The St. Mary's Nursing Center is a 212 bed nursing facility in Leonardtown. The Center is a comprehensive care facility providing skilled and/or intermediate care to Medicare, Medicaid, and private pay patients. The Nursing Center employs more than 275 full-time and part-time personnel and has a fiscal year 2002 operating budget of \$11,005,677. The fund balance for fiscal year 2000 was \$2,055,884 and is estimated to be approximately \$2,500,000 at June 30, 2001.

Solid Waste

The County operates St. Andrews Landfill. Trash collections are provided by private collectors and citizens can also dispose of trash at six residential convenience centers throughout the County. At St. Andrews, the County is currently constructing the closure of three of the five cells in the current 55-acre trash and rubble area. The entire site is 270 acres and a new 55-acre Area C has been approved and permitted by the State for future expansion and contingency planning. The County continues to operate under an Environmental Monitoring Plan which was approved by the Maryland Department of the Environment ("MDE") on July 3, 2000. Current plans are to export approximately 17,000 tons per year of municipal solid waste collected at the County-operated facilities year to the Calvert County Appeal Transfer Station at a tipping fee rate of \$44 per ton.

No additional residential or commercial waste may be buried in the landfill after July 1, 2001. However, the County will continue to accept rubble, waste and materials for recycling to maintain the same level of service to the community. Collected waste and rubble material will be transported to the Appeal Facility and the recyclables removed via separate vendor contracts. The County is currently in the design phase for the closure and capping of the remaining cells 3 and 5 of the existing landfill. Construction is scheduled to be completed in calendar year 2004 after securing a low interest loan from the Maryland Water Quality Administration.

A formal Public Hearing was held on December 12, 2000 regarding the update to the County's Solid Waste Management and Recycling Plan. The Plan establishes the direction, system and implementation schedule for solid waste management and contingency planning activities over the next ten years. All public testimony has been addressed and a legal review performed by the County Attorney's Office. The Board plans to submit the Plan to the Maryland Department of the Environment for their final approval by July 1, 2001.

Metropolitan Commission

The Commission is a body corporate and politic, created in 1957 to provide water and sewerage service to all areas within ten separate sanitary districts, which comprise the County.

Two main water systems located in Lexington Park and Country Lakes supplied water to approximately 29,400 residents in April 2001. In addition, the Commission has acquired various small private water companies throughout the County and developers have transferred new community water systems to the Commission as required by law. Approximately 8,900 people are served by these systems.

In total, the major components of the various water systems are 66 wells, 11 elevated storage tanks and 15 major ground storage tanks. The systems pump approximately 7,500 gallons per minute. The water is chlorinated prior to distribution.

The Commission owns and operates four sewerage treatment facilities. The Marlay-Taylor Water Reclamation Facility is located in the Pine Hill Run Sanitary District Number 8, and is capable of treating 6.0 million gallons of sewerage per day. The plant utilizes Biological Nutrient Removal technology ("BNR") and serves approximately 22,000 County residents and the Patuxent River Naval Air Test Center.

The Commission operates a 100,000-gallon per day ("gpd") BNR facility that serves the Compton area, and a 141,000-gpd BNR plant at Wicomico Shores. Both treatment plants dispose of treated effluent on the land.

Finally, the Commission owns a low-pressure sewage collection system and community septic system with an aboveground mound disposal system in Ridge, Maryland. This is the largest mound system of its type in Maryland and serves the 74-home community along Airedele Road, as well as the Ridge Elementary School.

It should be noted that, in wastewater treatment plants, the Commission owns and operates an assortment of pumping stations, forcemains, gravity collector sewers, and pressure sewers/grinder pumps collection systems, which are used to convey the sewage to the treatment facilities. The location of the Commission's water and sewage systems are regulated and guided by the St. Mary's County Comprehensive Water and Sewerage Plan, which the County prepares in coordination with the Metropolitan Commission and State and Federal agencies. The County also controls the allocation of sewage treatment capacity. The County has no direct responsibility for providing water and sewerage services to the residents of the County. Those residents, who are not served by the Commission's water supply or sewerage systems, are served by privately owned individual wells and septic systems.

The Commission is empowered to levy and collect benefit assessment charges and to collect connection fees and service charges, in order to finance its operational expenses, debt service, and capital improvements. Because the Commission does not receive direct financial support from the County, it must rely solely upon funds derived from its customers, from Federal and State grant assistance, and from the sale and investment of bonds and securities.

The Commission is authorized, with the approval of the County, to issue bonds upon the full faith and credit of the County to provide funds for the design, construction, establishment, purchase, and condemnation of water supply and sewerage systems in any of the ten sanitary districts. The payment of the interest on such bonds when due and the principal at maturity is unconditionally guaranteed by the

County. To the extent that revenues of the Commission are insufficient to pay the principal of and interest on any such bonds, the County is obligated to levy and to collect a tax, upon all assessable property within the sanitary district(s) for which any of such bonds have been issued and, if necessary, upon all assessable property within the County, sufficient to provide for the payment of such principal and interest as they become due. As of June 30, 2000, the Metropolitan Commission had \$17,643,244 in principal bonded indebtedness outstanding.

COUNTY REVENUES

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General

The County's principal source of revenue is taxes, 42.1% of which were derived from ad valorem property taxes in fiscal year 2000.

The County's second most important source of revenue is income taxes. As a percentage of total general fund revenue, income tax was 33.6% of total revenue for fiscal year 2000.

The following table shows the various sources of revenue for the five most recent fiscal years ended June 30:

GENERAL FUND
SUMMARY OF REVENUES

	2000	1999	1998	1997	1996
Taxes -- local property	\$42,853,814	\$40,761,442	\$38,412,515	\$37,474,882	\$36,142,371
-- local other	41,096,998	39,730,391	36,405,542	32,079,022	29,246,560
-- state shared	5,981,428	4,857,695	4,609,059	3,894,517	3,748,408
Licenses and Permits.....	561,994	544,384	520,365	567,462	548,353
Intergovernmental revenue	2,782,055	2,458,621	3,183,982	2,993,334	2,901,288
Charges for services.....	4,504,973	4,126,943	4,072,944	3,944,020	3,902,573
Fines and forfeits	132,509	90,670	153,313	93,855	106,117
Miscellaneous	3,873,186	3,291,876	3,422,500	3,006,883	3,611,451
Total revenues.....	\$101,786,957	\$95,862,022	\$90,780,220	\$84,053,975	\$80,207,121

Source: St. Mary's County Department of Finance

Property Taxes and Assessments

The assessment of all real and tangible personal property for purposes of property taxation by the County is the sole responsibility of the State Department of Assessments and Taxation, an independent State agency.

For State and County real property tax purposes, real property is valued at market value and assessed at 40% of market value. In order to make real property tax bills simpler and easier to understand, the General Assembly, under Chapter 80 of the Acts of 2000, has required that property tax rates on real property be based on a full cash value assessment. As a result, on October 1, 2000, real property tax rates were reduced to 40% of the rate effective July 1, 2000. Beginning in fiscal year 1992, a Homestead Tax Credit is applied to some owner-occupied residential property which limits the amount of assessment increase that can be taxed. The increase is limited to a range from 0% to 10%, which is set by the St. Mary's County Commissioners annually. For fiscal year 1998, the limit had been set at 5%. All property is physically inspected once every three years and any increase in full cash value arising from a new property valuation phased in over the ensuing three taxable years in equal annual installments.

Tangible business personal property is assessed at cost in the year of acquisition. A 10% depreciation rate per annum is applied and property will not be depreciated below 25% of original cost. Commercial and manufacturing inventory of business is assessed at cost and is determined from annual reports filed with the State Department of Assessments and Taxation. The County provides a 100% exemption for five categories of personal property (commercial inventory, manufacturing inventory, manufacturing machinery, farm implements and livestock).

Assessable taxable property growth in the County between fiscal year 2000 and fiscal year 2001 was 5.0% and was 5.8% between fiscal year 1999 and fiscal year 2000.

The State also provides a tax credit based on the ability of homeowners to pay property taxes. The credit is calculated by use of a scale which indicates a maximum property tax liability for various income levels. The amount the County will provide in tax credits to homeowners in any given fiscal year will be offset by a 100% reimbursement from the State.

Assessed Values and Tax Rates

The following table sets forth the assessed value of all taxable property in the County for each of its five most recent fiscal years and the County and State tax rates applicable in each of those years. Assessed value of tax-exempt properties owned by Federal, State, and County governments, churches, schools, fraternal organizations, cemeteries, disabled veterans and the blind, aggregating approximately \$761 million (40% of assessed value) for the fiscal year ended 2000, are not included in the table. Under applicable law, there are no limits on the property tax rates as set forth in the table.

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	2000	1999	1998	1997	2001
Assessed Value:					
Real Property.....	\$1,817,717,865	\$1,716,778,700	\$1,629,823,750	\$1,551,857,014	1,914,997,427
Personal Property Locally Assessed.....	10,325,424	9,791,900	8,382,692	8,517,156	10,666,700
Public Utilities.....	142,024,710	136,926,800	139,836,154	133,975,260	143,498,000
Business Corporations.....	83,542,066	77,131,300	61,623,317	60,990,710	86,303,300
Total Base.....	\$2,053,610,065	\$1,940,628,700	\$1,839,665,913	\$1,755,340,140	2,155,465,427
County Tax Rate (Per \$100 of Assessed Value).....	\$2.08	\$2.08	\$2.08	\$2.11	2.27
State Tax Rate (Per \$100 of Assessed Value).....	\$.21	\$.21	\$.21	\$.21	\$.21

Source: St. Mary's County Department of Finance

The assessable base projection for fiscal year 2002 is \$2,223,470,888 (converted to 40% assessed value for comparability with past years) and the property tax rate is \$2.27 (rate at 40% assessed value for comparability with past years) per \$100 of assessed value.

Tax Levies and Collections

County taxes are due and payable as of July 1 of each year and the County records property tax revenues as the taxes are billed. A 100% allowance for uncollectibles is established for prior year taxes receivable. Beginning October 1, interest (at the rate of 1% per month) is charged for each month or fraction thereof that real property taxes remain unpaid for the current year plus a 3% one-time penalty for all unpaid County real property taxes due in that levy year. For personal property, the percentages are 1% per month and a 3% one-time penalty. Such taxes become delinquent on October 1 in the fiscal year of billing. Delinquent taxes are satisfied, after prior notice of delinquency, at tax sales conducted by the County Treasurer in the year following delinquency. Maryland Department of Assessments and Taxation has approved a service charge of 1.375% of the amount of tax due at the second installment to cover lost interest income and administrative expenses associated with the semiannual payment schedule pursuant to Section 10-204.3 of the Tax-Property Article of the Annotated Code of Maryland.

The following table sets forth certain information with respect to the County's tax levies and tax collections for each of the five most recent fiscal years ended June 30.

Fiscal Year	Total Tax Levy	Current Year's Taxes Collected In Year of Levy		Total Taxes Collected (Current and Delinquent)		Accumulated Delinquent Taxes	Accumulated Delinquent Taxes as % of Current Year Tax Levy
		Amount	%	Amount	%		
2000.....	\$42,583,500	\$41,136,508	96.6	\$42,867,133	100.7	\$2,767,841	6.5
1999.....	40,455,335	38,702,244	95.7	40,141,534	99.2	3,051,474	7.5
1998.....	38,265,053	36,611,098	95.7	38,306,844	100.1	2,737,673	7.2
1997.....	37,022,842	35,559,778	96.1	37,494,748	101.3	2,441,582	6.6
1996.....	35,910,137	34,225,832	95.3	36,082,189	100.5	2,560,138	7.1

Source: St. Mary's County Department of Finance

County's Largest Taxpayers

The following table sets forth a list of the County's 10 largest taxpayers in respect of ad valorem property taxes for fiscal year 2001.

ST. MARY'S COUNTY 10 LARGEST TAXPAYERS
(Real and Personal Property Tax)

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<u>Name of Taxpayer</u>	<u>Assessed Value</u>
1. Southern Maryland Electric Cooperative	\$65,395,480
2. Bell Atlantic	52,125,150
3. J. L. Millison	35,968,500
4. Support Terminals	18,238,700
5. United Dominion Realty Trust	15,220,800
6. Fairland Market, Inc.	12,395,540
7. Great Mills V LLC	11,974,400
8. Pax River Assoc. LLC.....	10,228,600
9. Patuxent Development Co.....	9,898,100
10. Laurel Glen Inc.....	9,483,700

Source: State Department of Assessments and Taxation, St. Mary's County Office.

Income Tax

The State imposes an income tax on the adjusted income of individuals as determined for federal income tax purposes, subject to certain adjustments. The rate of tax is 2% on the first \$1,000 of taxable income, 3% on the second \$1,000, 4% on the third \$1,000 and 4.8% on taxable income in excess of \$3,000 for a taxable year beginning after December 31, 2000 and 4.75% for a taxable year beginning after December 31, 2001. Pursuant to State laws, each county and Baltimore City may levy a local income tax at the rate of at least 1% but not more than the percentage of an individual's Maryland taxable income of 3.10% for a taxable year beginning after December 31, 2000 but before January 1, 2002; and 3.20% for taxable year beginning after December 31, 2001. The County levied a local income tax on County residents at the rate of 3.10% of an individual's Maryland taxable income domiciled in the County effective January 1, 2001.

STATE AND FEDERAL ASSISTANCE

During fiscal year 2000, the County received intergovernmental State and Federal grants for operating purposes in the amount of \$2,782,055. Included in that amount are \$734,174 for state aid for police protection, a \$497,466 State prisoner housing subsidy grant, \$444,720 for transportation services, and various other grants for social services, public safety, recreation, and economic development.

The State also shares motor vehicle related revenues with the counties (motor fuel taxes, vehicle titling taxes, registration fees) and the funds are distributed based on road mileage and vehicle registrations. This State-shared tax distribution amounted to \$5,981,428 for St. Mary's County in fiscal year 2000.

State aid for public education in St. Mary's County for fiscal year 2000 amounted to \$38,093,425 and Federal impact aid amounted to \$1,916,912. Fiscal year 2001 State aid was estimated to be \$40,192,029 and general Federal revenues were projected to be \$1,770,000. State and Federal revenues for education are accounted for in the County budget process but are received directly by the Board of Education and are not recorded in the County government financial records.

SUMMARY OF REVENUES AND EXPENDITURES

The following table indicates the General Fund revenues and expenditures for the five most recent fiscal years ended June 30:

**GENERAL FUND
SUMMARY OF REVENUES AND EXPENDITURES;
TRANSFERS AND APPLICATION OF ACCUMULATED FUND BALANCE**

	2000	1999	1998	1997	1996
Revenues:					
Taxes	\$89,932,240	\$85,349,528	\$79,427,116	\$73,448,421	\$69,137,339
Licenses and Permits	561,994	544,384	520,365	567,462	548,353
Intergovernmental Revenue	2,782,055	2,458,621	3,183,982	2,993,334	2,901,288
Charges for Services	4,504,973	4,126,943	4,072,944	3,944,020	3,902,573
Fines and Forfeits	132,509	90,670	153,313	93,855	106,117
Miscellaneous	<u>3,873,186</u>	<u>3,291,876</u>	<u>3,422,500</u>	<u>3,006,883</u>	<u>3,611,451</u>
Total Revenues	\$101,786,957	\$95,862,022	\$90,780,220	\$84,053,975	\$80,207,121
Expenditures:					
General Government	\$10,596,193	\$9,764,669	\$9,237,174	\$8,199,076	\$7,295,611
Public Safety	18,870,736	17,000,409	13,590,458	12,342,100	11,719,928
Public Works	6,441,883	5,333,878	5,134,449	4,905,842	5,465,309
Health	1,024,234	838,983	1,016,921	827,863	913,900
Social Services	3,778,662	3,383,327	3,128,617	2,801,276	3,021,033
Education	49,374,273	45,320,519	42,916,293	41,422,441	38,608,615
Recreation and Parks	1,922,786	1,644,754	1,515,265	1,364,343	1,268,350
Libraries	1,276,616	1,096,963	972,312	1,205,354	1,137,783
Conservation of Natural Resources	168,820	159,032	268,390	206,387	196,287
Urban Development and Housing	136,088	107,495	114,220	144,828	214,719
Economic Development	870,485	1,204,240	663,619	563,653	507,394
Economic Opportunity	19,513	18,679	18,401	17,519	18,015
Debt Service	8,532,228	7,773,327	6,241,178	5,992,049	6,025,605
Intergovernmental	41,409	34,252	33,838	32,527	31,346
Miscellaneous	<u>1,063,811</u>	<u>801,932</u>	<u>276,668</u>	<u>360,896</u>	<u>387,580</u>
Total Expenditures	\$104,117,737	\$94,482,459	\$85,127,803	\$80,386,154	\$76,811,480
Excess (Deficiency) of Revenue Over Expenditures	(2,330,780)	1,379,563	5,652,417	3,667,821	3,395,641
Other Financing Sources (Uses):					
Net	<u>(1,454,657)</u>	<u>(1,143,697)</u>	<u>(1,464,704)</u>	<u>(827,264)</u>	<u>(1,503,405)</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$(3,785,437)</u>	<u>\$235,866</u>	<u>\$4,187,713</u>	<u>\$2,840,557</u>	<u>\$1,892,236</u>

Source: St. Mary's County Department of Finance.

FISCAL YEAR 2002 BUDGET

The approved General Fund Operating Budget for fiscal year 2002 is \$124,382,651 an increase of \$7,316,780 over the fiscal year 2001 budget. The budget is financed with a property tax rate of \$.908 per \$100 of assessed valuation for real property and \$2.27 per \$100 of assessed valuation on personal and other operating property, which maintains the fiscal year 2001 rate, when adjusted for the impact of the State mandated change in the calculation of the assessed values. The local income tax rate is 3.1% of the individual's State taxable income, which also maintains the fiscal year 2001 rate.

The approved fiscal year 2002 capital budget for St. Mary's County is \$40,120,000 and the five-year capital program planned for fiscal years 2003 through 2007 amounts to \$150,429,460.

CERTAIN DEBT INFORMATION

General

The County has no power to issue general obligation bonds except that conferred by legislation approved by the Maryland General Assembly. The General Assembly enacted legislation authorizing and empowering the County, from time to time, to borrow in the amounts listed below in order to finance the construction, improvement or development of public facilities in the County in the following year and amounts:

1981	\$10,000,000
1987	10,000,000
1989	10,000,000
1991	10,000,000
1992	10,000,000
1993	20,000,000
1996	10,000,000
1997	10,000,000
1998	20,000,000
1999	25,000,000
2000	10,000,000
2001	20,000,000

Pursuant to these authorities, the County issued serial maturity bonds in the amount and years listed as follows:

1988	\$1,375,000
1990	6,850,000
1991	6,020,000
1993	8,375,000
1995	11,990,000
1996	7,040,000
1997	26,555,000
1999	29,575,000

In its 1985 session, the General Assembly enacted legislation authorizing the County to issue general obligation bonds or to engage in alternative financing arrangements in an aggregate amount not to exceed \$2,000,000 in order to establish a revolving fund for the purchase of fire fighting and rescue equipment and facilities for volunteer fire and rescue squad organizations. (See "COUNTY SERVICES - Police and Fire"). This fund was established by the Board of County Commissioners in 1998 and is providing low-interest loans to fire and rescue organizations. In its 2001 session, the General Assembly increased the amount of the revolving fund not to exceed \$3,000,000 effective October 1, 2001.

Legal Debt Limitation

Unless and until otherwise provided by the Board of County Commissioners within the limitations provided by public general law, the aggregate amount of bonds and other evidences of indebtedness outstanding at any one time may not exceed 5% upon the assessable basis of the County. However, (1) tax anticipation notes or other evidences of indebtedness having a maturity not in excess of 12 months, (2) bonds or other evidences of indebtedness issued or guaranteed by the County payable primarily or exclusively from taxes levied in or on, or other revenues of, special taxing areas or districts heretofore or hereafter established by law and (3) bonds or other evidences of indebtedness issued for self-liquidating and other projects payable primarily or exclusively from the proceeds of assessments or charges for special benefits or services are not subject to, or be included as bonds or evidences of indebtedness, in computing or applying the percent limitation described above.

All bonds or other evidences of indebtedness issued under the authority of the Metropolitan Commission Enabling Act are exempt from the 5% debt limitation described in the preceding paragraph, but are subject to the debt limitation as from time to time provided in Metropolitan Commission Enabling Act. Presently, the total principal amount of bonds issued pursuant to the Metropolitan Commission Enabling Act for any sanitary district may not exceed 25% of the assessed valuation within that sanitary district.

The following chart shows the County's present legal debt margin.

**Schedule of Legal Debt
Margin of the County Under Existing Law**

Estimated assessed value as of July 1, 2001.....	\$2,213,075,352
Debt limit.....	5%
Borrowing limitation under the law	110,653,768
Outstanding debt issued as of July 1, 2001	76,312,403
Debt margin as of July 1, 2000.....	34,341,365
Ratio of debt to assessed value.....	3.4%

*Includes only debt which is subject to the legal debt limitation.

Other County Debt

On December 30, 1986, the County issued \$15,835,000 aggregate principal amount of its 1986 Hospital Refunding Bonds in order to refund a portion of the County's St. Mary's Hospital, St. Mary's County Refunding Bonds of 1983 (the "1983 Hospital Bonds"). The 1983 Hospital Bonds are no longer outstanding. The 1986 Hospital Refunding Bonds were general obligations of the County. The 1986 Hospital Refunding Bonds were payable in the first instance from payments made by the Hospital to the County under a loan agreement. On March 5, 1996, the County issued \$18,975,000 of Public Facilities and Hospital Refunding Bonds of 1996. \$11,935,000 of this issue represented Hospital Current Refunding Bonds of 1996 and refunded the Hospital Refunding Bonds of 1986. \$9,625,000 of the 1996 Refunding Bonds remained outstanding as of June 30, 1999. The 1996 Hospital Refunding Bonds are general obligations of the County and are also payable in the first instance from payments made by the Hospital. The County expects that such payments will be adequate to cover debt service on the 1996 Hospital Refunding Bonds. Pursuant to the bond enabling act, the 1996 Hospital Refunding Bonds are excluded from any calculation of County debt limitation.

On September 1, 1993, the County issued \$6,000,000 of general obligation bonds as the Hospital Bonds of 1993. The 1993 Hospital Bonds are general obligations of the County and are payable in the first instance from payments made by the Hospital to the County under a loan agreement. The County expects that such payments will be adequate to cover debt service on the 1993 Hospital Bonds. Pursuant to the Code of St. Mary's County, all bonds issued by the County Commissioners for the benefit of St. Mary's Hospital are excluded in computing or applying the County debt limitation.

The County is contingently liable as guarantor of bonds issued by the St. Mary's County Metropolitan Commission under the Metropolitan Commission Enabling Act. Commission bonds are payable in the first instance from the benefit assessments and connection and service charges. The County expects these funds to be adequate to cover debt service on the Commission's bonds. All bonds or other evidences of indebtedness issued by the Commission are exempt from the County debt limitation. (See "COUNTY SERVICES -- Water Supply and Sewerage".)

As of June 30, 2000, there were outstanding \$739,690 in County Transportation Bonds. (See "CERTAIN DEBT INFORMATION - Capital Financing" for a description of this program.) These bonds are payable solely out of the County's share of highway user revenue with a pledge of highway user taxes collected by the State of Maryland.

On September 29, 2000, the Board of County Commissioners entered into a Loan Agreement with the Maryland Water Quality Financing Administration to finance the capping of cells 1, 2 and 4 of Landfill Area B. This loan, in the principal amount of \$3,338,383, is payable in equal annual installments over a 15 year period, with interest at 2.4% interest.

Schedule of Debt Service Requirements

The following tables set forth the schedule of debt service requirements for certain of the County debt outstanding as of June 30, 2000.

	<u>General Obligation</u>		<u>County</u>		<u>Total</u>
	<u>Bonds, Notes and Loans(1)</u>		<u>Transportation Bonds(2)</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2001	\$5,352,067	\$3,901,451	\$346,998	\$26,009	\$9,626,525
2002	5,602,333	3,637,136	254,718	12,343	9,506,530
2003	5,832,609	3,363,293	137,974	3,242	9,337,118
2004	5,487,894	3,088,121			8,576,015
2005	5,723,189	2,810,524			8,533,713
2006	5,813,495	2,522,636			8,336,131
2007	5,158,810	2,245,907			7,404,717
2008	4,809,137	1,993,449			6,802,586
2009	5,054,475	1,743,768			6,798,243
2010	4,488,090	1,500,844			5,988,934
2011	3,354,374	1,267,810			4,622,184
2012	3,529,374	1,095,197			4,624,571
2013	3,714,374	913,519			4,627,893
2014	1,694,374	774,150			2,468,524
2015	1,784,374	679,275			2,463,649
2016	1,883,142	574,350			2,457,492
2017	1,988,142	458,700			2,446,842
2018	2,103,142	336,450			2,439,592
2019	2,215,000	207,150			2,422,150
2020	<u>2,345,000</u>	<u>70,350</u>			<u>2,415,350</u>
	<u>\$77,933,395</u>	<u>\$33,184,080</u>	<u>\$739,690</u>	<u>\$41,594</u>	<u>\$111,898,759</u>

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Source: St. Mary's County Department of Finance.

- (1) Does not include the 1996 Hospital Refunding Bonds, the 1993 Hospital Bonds, certain interest-free State loans payable out of special assessments, bonds issued by the Metropolitan Commission, or the St. Mary's County Building Authority Commission \$8,910,000 Nursing Home Project and Refunding Bonds of 1992, or the \$8,760,000 Certificates of Participation for the St. Mary's County State Multi-Service Center.
- (2) Represents the County's participation in the Maryland Department of Transportation County Bond Program ("MDOT"). Principal and interest payments are made from highway user taxes collected and held in a sinking fund by the State of Maryland and are general obligations of the County.

**Schedule of Debt Service Requirements
As Adjusted to Reflect the Issuance of the Bonds**

**Consolidated Public
Improvement Bonds
of 2001**

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Fiscal Year	Debt Service	Principal	Interest(1)	Total Adjusted Debt Service(2)
2001	\$9,626,525	\$0	\$0	\$9,626,525
2002	9,506,530	0	508,802	\$10,015,332
2003	9,337,118	885,000	1,091,699	\$11,313,817
2004	8,576,015	870,000	1,066,488	\$10,512,503
2005	8,533,713	895,000	1,038,012	\$10,466,725
2006	8,336,131	925,000	1,006,601	\$10,267,732
2007	7,404,717	955,000	972,515	\$9,332,232
2008	6,802,586	995,000	935,445	\$8,733,031
2009	6,798,243	1,030,000	895,443	\$8,723,686
2010	5,988,934	1,075,000	852,536	\$7,916,470
2011	4,622,184	1,120,000	806,430	\$6,548,614
2012	4,624,571	1,165,000	757,291	\$6,546,862
2013	4,627,893	1,215,000	704,919	\$6,547,812
2014	2,468,524	1,270,000	648,993	\$4,387,517
2015	2,463,649	1,330,000	589,178	\$4,382,827
2016	2,457,492	1,390,000	525,243	\$4,372,735
2017	2,446,842	1,455,000	456,946	\$4,358,788
2018	2,439,592	1,525,000	384,300	\$4,348,892
2019	2,422,150	1,600,000	307,338	\$4,329,488
2020	2,415,350	1,680,000	225,738	\$4,321,088
2021		1,765,000	139,171	\$1,904,171
2022		1,855,000	47,303	\$1,902,303
Totals	111,898,759	25,000,000	13,960,387	150,859,146

**Schedule of Debt Service Requirements
As Adjusted to Reflect the Issuance of the Bonds**

<u>Fiscal Year</u>	<u>Debt Service</u>	<u>Consolidated Public Improvement Bonds of 2001</u>		<u>Total Adjusted Debt Service (2)</u>
		<u>Principal</u>	<u>Interest (1)</u>	
2001	\$9,626,525	\$	\$	\$
2002	9,506,530			
2003	9,337,118			
2004	8,576,015			
2005	8,533,713			
2006	8,336,131			
2007	7,404,717			
2008	6,802,586			
2009	6,798,243			
2010	5,988,934			
2011	4,622,184			
2012	4,624,571			
2013	4,627,893			
2014	2,468,524			
2015	2,463,649			
2016	2,457,492			
2017	2,446,842			
2018	3,439,592			
2019	2,422,150			
2020	2,415,350			
2021				
Total	\$111,898,759	\$	\$	\$

(1) Interest rates range from ___% to ___%.
 (2) Totals may not add due to rounding.

The following table sets forth the County's long-term debt per capita and ratios of debt to assessed value and debt to estimated market value for the five most recent fiscal years:

<u>Fiscal Year</u>	<u>County Debt</u>	<u>Estimated Population</u>	<u>Assessed Value</u>	<u>Estimated Market Value</u>	<u>Net Debt Per Capita</u>	<u>Net Debt to Assessed Value</u>	<u>Debt to Estimated Value</u>
2000	\$78,673,085	86,211	\$2,053,610,065	\$4,780,186,863	\$912	3.8%	1.64%
1999	83,666,732	85,187	1,940,628,700	4,515,796,750	982	4.31	1.85
1998	59,016,493	84,163	1,839,665,913	4,284,401,538	701	3.20	1.38
1997	40,644,300	83,139	1,754,637,062	4,082,395,427	489	2.32	0.93
1996	44,457,200	82,115	1,685,576,573	3,928,466,150	541	2.64	1.05

Source: St. Mary's County Office of Finance.

The following table sets forth the County's debt service expenditures, exclusive of debt service in respect of Metropolitan Commission bonds and bonds issued for the benefit of the Hospital (including the Hospital Refunding Bonds), and the Building Authority Commission Bonds of 1992 and Certificates of Participation of 1988 as a percentage of General Fund revenues for the five most recent fiscal years ended June 30:

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Debt Service Expenditures</u>	<u>Percentage</u>
2000	\$101,786,957	\$8,532,228	8.38%
1999	95,862,022	7,773,327	8.11
1998	90,780,220	6,241,178	6.87
1997	84,053,975	5,992,049	7.13
1996	80,386,154	6,025,605	7.50

Source: St. Mary's County Department of Finance.

The County has an above average rate of debt retirement as shown in the following table:

Rapidity of Debt Amortization*
Fiscal Years 2001-2020

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Percent of
Debt Retired

<u>Number of Years</u>	<u>Principal Retired</u>	<u>Percent of Debt Retired</u>
5.....	\$28,737,782	36.5%
10.....	54,061,789	68.7
15.....	68,138,659	86.6
20.....	78,673,085	100.0

*Does not include the Bonds offered herein.

Capital Financing

The Board of County Commissioners has carefully developed the County's capital budget and program to meet the demands of growth and an aging infrastructure. The fiscal year 2002 budget reflects the need for additions and renovations to public school facilities, a new library and community college building, highway construction and reconstruction projects, park expansion and development projects, and various other public improvements. Almost one-half of the budget is to be financed from bond proceeds while the balance of the financing comes from other local revenue sources and State and Federal funds.

The adopted five-year capital program for fiscal year 2003 through 2007 amounts to \$150.4 million. Approximately 60% of the program is targeted for public school projects and almost one-third is planned for various highway improvement projects. The program also includes an additional phase for the community college campus, a new senior activity center, various park projects, and a landfill closure project. The County's financial planning for the capital budget and program attempts to provide a balanced approach which utilizes current revenues (pay-as-you-go general funds, transfer taxes, impact fees) as well as bonded indebtedness. The financial plan for the fiscal years 2003 through 2007 is structured to provide overall project financing as follows: 42% from general obligation bonds, 28% from current revenues (transfer taxes, impact fees, general fund), and 30% from State, Federal and other sources. The following table presents the capital budget and five-year capital program as adopted by the Board of County Commissioners:

Fiscal Year 2002 Capital Improvements Budget and Program

<u>Capital Project</u>	<u>Total Project Cost</u>	<u>Prior Appropriations</u>	<u>Approved Budget FY 2002</u>
Capital Project Summary:			
Public Facilities	\$36,652,706	\$8,385,473	\$8,925,100
Land Conservation.....	19,517,844	4,521,844	2,416,000
Marine.....	2,016,284	261,484	124,000
Highways.....	58,083,457	5,400,362	3,109,500
Solid Waste.....	14,223,600	3,698,800	286,800
Recreation & Facility			
Dev.....	11,769,762	378,162	920,600
Parks Acquisition &			
Dev.....	16,139,563	2,255,563	2,174,000
Public Landings Acq. &			
Dev.....	1,840,052	640,052	180,000
Metropolitan Commission			
Public Schools	<u>138,370,743</u>	<u>26,823,111</u>	<u>21,984,000</u>
Total Capital Projects	<u>\$298,614,011</u>	<u>\$52,364,851</u>	<u>\$40,120,000</u>
Capital Project Financing:			
County Funds.....			\$20,551,022
County Bonds			12,151,022
County Bonds-Taxing			
Districts.....			
Transfer Tax.....			2,700,000
Impact Fees.....			3,700,000
General Fund Transfer.....			2,000,000
State Funds.....			17,338,978
Federal Funds.....			
Other Sources.....			<u>2,230,000</u>
Total Project Financing			<u>\$40,120,000</u>

Five Year Capital Program

Capital Project	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	Balance for Completion
Capital Project Summary:						
Public Facilities	\$8,990,450	\$4,691,483	\$1,295,000	\$1,883,700	\$2,100,000	\$381,500
Land Conservation.....	2,716,000	2,766,000	2,366,000	2,366,000	2,366,000	
Marine.....	487,500	397,300	291,000	455,000		
Highways	4,606,975	6,810,121	5,890,421	6,370,594	6,083,284	19,812,200
Solid Waste.....	114,000	3,900,000	319,000	205,000		5,700,000
Recreation & Facility						
Dev.....	941,000	830,000	6,800,000	150,000	1,750,000	
Parks Acquisition &						
Dev.....	1,755,000	1,325,000	1,330,000	1,325,000	1,425,000	4,550,000
Public Landings Acq. &						
Dev.....	275,000	30,000	30,000	430,000	55,000	200,000
Metropolitan Commission						
Public Schools	19,795,000	16,412,816	7,761,816	6,777,000	13,761,000	25,056,000
Total Capital Projects	39,680,925	37,162,720	26,083,237	19,962,294	27,540,284	55,699,700
Capital Project Financing:						
County Funds	\$21,562,925	\$28,719,779	\$22,624,296	\$13,365,853	\$18,062,343	\$43,171,700
County Bonds	13,817,950	21,219,779	15,024,296	5,665,853	10,262,343	36,171,700
County Bonds-Taxing						
Districts.....	344,975					
Transfer Tax.....	2,800,000	2,900,000	3,000,000	3,100,000	3,200,000	2,000,000
Impact Fees	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,000,000
General Fund Transfer.....	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	3,000,000
State Funds.....	16,518,000	8,336,441	3,358,941	6,367,941	9,377,941	12,528,000
Federal Funds.....						
Other Sources	1,600,000	106,500	100,000	228,500	100,000	
Total Project Financing	39,680,925	37,162,720	26,083,237	19,962,294	27,540,284	55,699,700

Source: St. Mary's County Department of Finance.

Future Plans to Issue County Debt

The County plans to issue approximately \$20 million in general obligation bonds in calendar year 2002 for its purposes. Additionally, the St. Mary's Hospital has requested that the County consider an issue of approximately \$20 million, which the Hospital would use to expand, renovate, and upgrade its facility and equipment. These bonds would be secured by a loan agreement between the Hospital and the County. The determination by the County whether to issue such debt on behalf of the Hospital is dependent upon an independent feasibility study to be conducted prior to the decision.

St. Mary's County Building Authority Commission

The Commission issued \$8,760,000 in Certificates of Participation, dated June 1, 1994, to refund \$8,510,000 outstanding principal amount of certificates of participation (St. Mary's County State Multi-Service Center Project) dated June 1, 1988 which were issued to finance the acquisition and construction of a multi-service center which is leased to the State of Maryland for use as offices by certain State agencies. The Certificates represent proportionate interest in a lease agreement between the Commission and the State, and are payable solely from and secured by rental payments payable by the State under the lease agreement and amounts realized pursuant to the exercise of certain remedies thereunder. The lease is not a general obligation of the County or the Commission and shall never constitute an indebtedness of the County or the Commission or a charge against the general credit of the County or the Commission.

The Commission issued \$8,910,000 Nursing Home Project and Refunding Bonds of 1992. The bonds are limited obligations of the Commission payable solely from rental payments by the County. This project provided a total of 212 comprehensive care beds.

CERTAIN ECONOMIC AND DEMOGRAPHIC FACTORS

Economic Growth and Development

Since 1982, the Board of County Commissioners has maintained a philosophy of assisting businesses and developing tourism in the County. Integral to the efficient execution of that philosophy was the creation of the Department of Economic and Community Development. The Department's objectives include defense and high technology industry growth and diversification, entrepreneurial development and new business incubation, expansion of the tourism and agriculture industries, labor force development, and community facilities and infrastructure improvements. Activities include marketing and public relations, policy development, information collection and dissemination, market expansion for existing businesses, liaison to private and public resources and direct financial and technical assistance. Since 1998, the department has coordinated public-private partnerships to provide business and community development assistance with partners that include the St. Mary's Chamber of Commerce, the Community Development Corporation, the Patuxent Partnership and the Lexington Park Revitalization office.

U.S. Naval Facilities

The Patuxent River Naval Air Station complex ("Pax River") is headquarters for the Naval Air Warfare Center Aircraft Division, the Naval Air Systems Command, and more than 50 tenant activities. The Air Station has been located in the County since 1941. Consolidation and expansion in the 1990s made Pax River the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for air platforms. Today, approximately 17,200 workers directly support the Navy in St. Mary's County. Specialized labs and expertise support technologies including aerial vehicles, propulsion, man-machine interface, crew survivability, training, test and evaluation, simulation, modeling, communications, materials and chemistry, sensors, computer science and logistics. The activities conducted at the naval complex have encouraged the growth and development of high technology in the County. The number of technology workers has quintupled in the last 10 years and St. Mary's leads the State in its proportion of technology workers.

Population

During the period between 1950 and 1990 the population of the County increased approximately 161% as reflected in the following table. The 2000 Census shows that the County has experienced a 13.5% growth in population in the past 10 years.

<u>Year</u>	<u>Population</u>	<u>% Growth</u>
1950	29,111	--
1960	38,915	33.7%
1970	47,388	21.8
1980	59,895	26.4
1990	75,974	26.8
2000	86,211	13.5

Source: United States Department of Commerce, U.S. Census Bureau.

Income

Median household effective buying income in the County was estimated at \$47,056 for the year 2000. The median household effective buying income for the other counties in the Southern Maryland area and the State of Maryland are estimated to be as follows:

MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME

Calvert County	\$50,875
Charles County	55,707
St. Mary's County	47,056
State of Maryland	45,850

Source: Sales and Marketing Management 2000 Survey of Buying Power and Media Markets, September 2000. (A Bill Publication) Copyrighted.

Comparative statistics relating to the distribution of effective buying income are presented in the following table:

NET EFFECTIVE BUYING POWER, 2000

	<u>Percent of Households</u>		
	<u>St. Mary's County</u>	<u>Maryland</u>	<u>U.S.</u>
\$ 0-19,999	14.1%	17.6%	25.8%
20,000-34,999	20.0	18.8	21.3
35,000-49,999	19.3	18.6	17.5
50,000 and over	46.6	45.0	35.4

Source: Sales and Marketing Management 2000 Survey of Buying Power and Media Markets, September 2000. (A Bill Publication) Copyrighted.

A comparison of St. Mary's County and State of Maryland personal income is presented in the following table:

<u>Calendar Year</u>	<u>Personal Income (\$000's)</u>		<u>Percent Change From Previous Year</u>	
	<u>St. Mary's</u>	<u>State</u>	<u>St. Mary's</u>	<u>State</u>
1999	\$2,508,524	\$168,167,999	4.1%	6.3%
1998	2,410,464	158,217,747	12.1	6.3
1997	2,150,213	148,825,662	17.1	5.7
1996	1,836,645	140,809,232	8.5	4.2
1995	1,693,223	135,115,456	4.6	4.1

Source: Data extracts prepared by Maryland Department of Planning, Planning Data Services, from U.S. Bureau of Economic Analyses, June 2001.

A comparison of St. Mary's County and the State of Maryland per capita personal income is presented in the following table:

Calendar Year	Per Capita Personal Income		Percent Change From Previous Year	
	St. Mary's	State	St. Mary's	State
1999	\$28,263	\$32,517	2.8%	5.4%
1998	27,503	30,841	9.3	5.5
1997	25,170	29,222	13.1	4.9
1996	22,259	27,844	6.2	3.5
1995	20,962	26,896	3.6	3.3

Source: Data extracts prepared by Maryland Department of Planning, Planning Data Services, from U.S. Bureau of Economic Analyses, June 2001.

Retail Sales

Retail sales as measured by the growth in retail sales tax collections has increased as follows over the past five years for the counties in Southern Maryland and the State of Maryland.

RETAIL SALES TAX COLLECTIONS (000's)

	FY 2000	FY 1996	Percentage Increase
Calvert County	\$18,437	\$12,144	51.8%
Charles County	59,447	48,727	22.0
St. Mary's County	27,931	18,198	53.5
State of Maryland	2,521,001	2,012,326	25.3

Source: Comptroller of the Treasury, Consolidated Revenue Reports, Fiscal Year 2000 and Fiscal Year 1996.

The following table sets forth 2000 retail sales (\$000's) by selected store groups for the Southern Maryland counties and the State of Maryland:

	Calvert County	%*	Charles County	%*	St. Mary's County	%*	State of Maryland	%*
Food & Beverage Stores	\$172,652	28.7	\$196,277	12.2	\$176,592	21.8	\$10,538,704	16.9
Food Services/Drinking	51,350	8.6	142,861	8.9	83,604	10.3	5,915,992	9.5
General Merchandise	78,639	13.1	265,839	16.6	108,245	13.3	6,597,929	10.6
Furnit./Home Furnish./Electron./Appli	16,609	2.8	102,621	6.4	24,785	3.0	3,660,637	6.0
Motor Vehicles/Parts Dealer	141,957	23.6	342,182	21.3	139,420	17.1	16,016,485	25.7
Miscellaneous	139,581	23.2	553,615	34.5	278,709	34.5	19,491,289	31.3
Total	\$600,788	100.0	\$1,603,395	100.0	\$811,355	100.0	\$62,221,036	100.0

*Columns may not add due to rounding.

Source: Sales and Marketing Management 2000 Survey of Buying Power and Media Markets, September, 2000. (A Bill Publication) Copyrighted.

Education

The following table sets forth the years of school completed by persons 25 years and older as a percentage of the population described in the 1990 Census for St. Mary's County and the other counties in Southern Maryland.

	<u>Calvert</u>	<u>Charles</u>	<u>St. Mary's</u>
Elementary (grades K-8).....	6.3%	6.5%	8.9%
High School			
1-3 years	14.4	12.5	14.0
4 years	36.7	36.7	35.6
College			
No degree	20.5	22.2	19.8
Associate degree.....	4.4	5.9	4.9
Bachelor's degree.....	11.5	10.8	11.5
Graduate/Professional degree.....	6.2	5.4	5.3

Source: 1990 Census Profile: Social and Economic Characteristics of Population and Housing (STF-3A). Maryland Office of Planning, June 1992.

Dropout rates represent the percentage of students in grades 9-12 who withdrew from school before graduation or before completing a Maryland-approved educational program during the July to June academic year.

Dropout Rates, Grades 9-12, 1999-2000

Calvert County.....	3.40%
Charles County	4.02
St. Mary's County	2.96
State of Maryland	3.90

Source: Maryland State Department of Education. Graduation Statistics and Holding Power: Maryland Public Schools: 1999-2000.

A rate of 3.0% or less is considered satisfactory by State standards.

A measure of the quality of the school system is the performance of students on national standardized tests such as the SAT and the ACT tests for high school students. Following is a comparison of the most recent data available for these tests for 2000.

	<u>SAT</u>	<u>ACT</u>
St. Mary's County	1026	22.3%
Maryland	1016	20.7
United States.....	1019	21.0

Technology in Education

The State of Maryland regularly assesses the availability and utilization of computers in the K-12 classroom. Following is information relevant to technology in the St. Mary's County Public School System.

	<u>Student:Computer Ratio</u>
St. Mary's County	4:1
Calvert County	5:1
Charles County.....	6:1
Maryland.....	5:1

Teacher knowledge and skills are also surveyed with respect to several factors. Following is the percentage of teachers who assess themselves at the intermediate level or above in the integration of technology in the classroom.

St. Mary's County	78%
Calvert County	65
Charles County.....	67
Maryland.....	67

Higher Education

St. Mary's County hosts a variety of outstanding higher education institutions offering graduate, undergraduate, noncredit, continuing education and enrichment programs.

Established in 1994 as the State of Maryland's provider of graduate degree programs for Southern Maryland citizens, the Southern Maryland Higher Education Center ("SMHEC") recruits and selects graduate degree programs and universities that meet the professional development needs of the Southern Maryland community. With nine university partners, including the College of Notre Dame of Maryland, Towson University, University of Maryland University College and University of Maryland College Park, George Washington University, Bowie State and Johns Hopkins University. SMHEC presents 38 graduate degrees in the areas of engineering, applied sciences, management and education. Three bachelor's degrees, five graduate certification programs, three graduate certificate programs, and two post-master's certificates in education also are presented.

The SMHEC is a premier facility for training programs, including those for U.S. Navy military and civilian personnel and the defense support industry. It is the site for two ongoing, major Navy programs: defense acquisition and procurement.

The SMHEC's second classroom building marks the next step in the enhancement of higher education opportunities and the evolution of the Center's 24-acre campus expansion. With the addition of the second classroom building's 36,410 square feet of space and 23 classrooms, the Center will expand to 58,410 square feet and a total of 37 classrooms. The new building, with state-of-the art instruction and training equipment and communications, is scheduled to be open for classes in Spring 2002.

St. Mary's College of Maryland, located in St. Mary's City, is a public liberal arts honors college offering Bachelor of Arts degrees and continuing education programs. The college's enrollment is approximately 1,500 full-time students and 200 part-time students. Majors include art, dramatic arts, music, language and literature, human development, psychology, philosophy, history, political science, anthropology, sociology, public policy, economics, mathematics, biology, chemistry, physics, and natural science.

Florida Institute of Technology is an accredited, coeducational, independently controlled and supported university. Florida Tech offers 12 Masters degrees in the following areas: Professional Master of Business Administration; Master of Public Administration; Master of Science in Acquisition and Contract Management; Aerospace Engineering; Computer Information Systems; Computer Science; Electrical Engineering; Engineering Management; Human Resources Management; Management; Mechanical Engineering; and Systems Management. At the Patuxent River Graduate Center, there are approximately 100 graduates each year and approximately 350 students enrolled in about 30 classes each semester.

Embry-Riddle Aeronautical University specializes in aviation and aeronautical education. The Patuxent River Center offers an Associate of Science degree in Professional Aeronautics, a Bachelor of Science degree in Professional Aeronautics and Management of Technical Operations and a Master of Aeronautical Science degree. Approximately 150 students are enrolled each term and approximately 35 students graduate yearly.

The College of Southern Maryland ("CSM") is a regionally accredited public two-year institution with an emphasis on workforce development. The St. Mary's County campus is currently comprised of two buildings on 62 acres. Design on a second phase is currently under way, with the next building slated to house additional classrooms, laboratories, and business support areas. The campus offers an array of associate's degree programs, industry certifications, career training, and wellness and fitness activities. CSM is known as a progressive, innovative and technologically-advanced institution. As a regionally-accredited institution that prides itself on delivering high quality educational services, it also serves as a catalyst for business, industry and government to identify the resources needed to grow and maintain a healthy economy and community.

CSM is home to the Economic and Community Development Institute. CSM prepares its students for transfer to bachelor's degree programs and provides the tools and resources needed to immediately succeed in a competitive marketplace. Approximately 1,100 students are enrolled each term at the St. Mary's campus. CSM offers over 600 credit and continuing education courses, providing students of all ages with a wide variety of convenient and affordable educational options, including traditional classroom settings as well as alternative learning formats such as Weekend College, Web-based courses, and telecourses.

Housing

The number of building permits issued by the County for the last five years are listed below:

<u>Year</u>	<u>Permits</u>
2000	1,095
1999	662
1998	1,045
1997	844
1996	838

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Note: Includes homes, mobile homes, townhouses and apartment units.
 Source: St. Mary's County Department of Building Permit Services.

The age of the County's housing stock was determined by the 1990 Census survey to be relatively low. A comparison of housing units in the Southern Maryland counties is set forth below:

	<u>Calvert</u>	<u>Charles</u>	<u>St. Mary's</u>
Under 10 years old.....	39.2%	37.3%	34.6%
10-20 years old.....	28.3	28.7	25.2
Over 20 years old.....	32.5	34.0	40.2

Source: 1990 Census Profile: Social and Economic Characteristics of Population and Housing (STF-3A), Maryland Office of Planning, June 1992.

Business and Industrial Composition

<u>Classification</u>	<u>Number of Reporting Units</u>	<u>% (*)</u>	<u>Quarterly Average</u>	
			<u>Employees</u>	<u>% (*)</u>
Wholesale and Retail Trade.....	398	22.7	6,399	18.9
Construction	271	15.5	1,441	4.3
Finance, Insurance & Real Estate.....	116	6.6	749	2.2
Transportation, Communication & Utilities	152	8.7	2,207	6.6
Manufacturing	31	1.8	746	2.2
Service & Other.....	<u>703</u>	<u>40.1</u>	<u>11,466</u>	<u>34.0</u>
Subtotal.....	1,671	95.4	23,008	68.2
Local Government.....	42	2.4	3,127	9.3
State Government.....	10	0.6	730	2.1
Federal Government.....	<u>31</u>	<u>1.8</u>	<u>6,811</u>	<u>20.2</u>
Total.....	<u>1,754</u>	<u>100</u>	<u>33,676</u>	<u>100</u>

*Columns may not add due to rounding

Source: Maryland Department of Labor, Licensing and Regulation Office of Labor Market Analysis and Information, "Employment and Payrolls Third Quarter 2000."

Employment Classification

The 1990 Census survey determined the worker classification for employed persons 16 and over. Comparative figures for the Southern Maryland counties are presented below:

	<u>Calvert</u>	<u>Charles</u>	<u>St. Mary's</u>
Private Wage.....	66.0%	62.3%	62.7%
Federal Government.....	13.3	22.5	18.4
State Government.....	3.7	2.0	5.2
Local Government	9.9	8.1	6.9
Self-Employed	6.8	4.8	6.4
Unpaid Family4	.4	.5

Source: 1990 Census Profile: Social and Economic Characteristics of Population and Housing (STF-3A), Maryland Office of Planning, June 1992.

Commuting Patterns

The 1990 Census survey determined the work commuting patterns for the labor forces of each of Maryland's counties and the City of Baltimore. Of the counties located in Southern Maryland, St. Mary's County has the largest percentage of its labor force (those 16 and over) who work within their resident county. Comparative figures for the Southern Maryland counties are presented below:

Calvert County	42.7%
Charles County	42.1
St. Mary's County	72.7

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Source: 1990 Census Profile: Social and Economic Characteristics of Population and Housing (STF-3A), Maryland Office of Planning, June, 1992.

Employment

Representative employment figures for some of the larger employers in the County follow:

<u>Employer</u>	<u>June 2001 Employment</u>
Public:	
Federal*: Civil Service.....	7,200
Military	3,000
State: State Government.....	815
St. Mary's College of Maryland	380
County: Public Schools.....	1,800
County Government.....	725
Charlotte Hall Veteran's Home	310
St. Mary's Nursing Center	254
Private/Defense Contractors:	
Dyn Corp.....	1,200
BAE (Marconi Systems Technologies).....	775
Eagan, McAllister Associates, Inc.	550
Veridian	700
Mantech	350
MACI.....	190
Bell Boeing	55
Northrup Grumman (PRB).....	400
Booz-Allen & Hamilton.....	250
Information Spectrum	279
Sabre Systems	200
DCS.....	200
Eagle Systems	200
J F Taylor	205
Planned Systems International	150
C-Cubed.....	115
Titan Systems (AverStar).....	9
National Technologies Assoc.....	100
Semcor	170
Private/Non Defense:	
St. Mary's Hospital.....	700
Walmart	360
Burch Oil Company, Inc.	300
McKay's Foodland	210
Merkle Mailing	250
Minitec (Mechanical Products).....	79
Harry Lundeburg (Paul Hall) School of Seamanship.....	200
Bayside Nursing Center	122
First National Bank of St. Mary's.....	101

Source: St. Mary's County Department of Economic and Community Development.

* Source: Management Analysis Division, Patuxent River Naval Air Station.

The following table sets forth the County's unemployment rate as compared with other counties of Southern Maryland, the State of Maryland and the United States for the years 1996-2000 and an average for the first four months of 2001:

Average Annual Unemployment Rate

	<u>2001(1)</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Calvert County	2.3%	2.6%	2.6%	3.6%	3.7%	4.0%
Charles County	2.5	2.6	2.5	3.2	4.0	3.4
St. Mary's County	2.7	3.7	3.1	4.0	4.4	4.6
State of Maryland	3.7	3.9	3.5	4.6	5.1	4.9
United States	4.5	4.0	4.4	4.5	4.9	5.4

(1) Average of January-April 2001.

Source: Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information May, 2001.

The number of persons living in the County who were available for work and composed the county labor force numbered 53,160 in April 2001, while total employment was 51,944 resulting in an unemployment rate of 2.3% for this period. Comparative unemployment rates are given below for April 2001.

Calvert County	1.9%
Charles County	2.1
St. Mary's County	2.3
State of Maryland.....	3.3
United States	4.2

Source: Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information, "Civilian Labor Force, Employment, and Unemployment by Place of Residence," May 2001.

LITIGATION

The County is a party to numerous legal proceedings, many of which normally recur in governmental operations. The legal proceedings are not, in the opinion of the County Attorney, likely to have a material adverse impact on the County's financial position.

EXPERTS

The audited financial statements included in Appendix A have been examined by Murphy and Murphy, P.A., independent certified public accountants for the County to the extent stated in the reports of such firms appearing herein. The audited financial statements have been included in reliance upon the reports of such firm, which reports are given upon their authority as experts in auditing and accounting.

INVESTMENT OF COUNTY FUNDS

County funds are invested by the Director of Finance in accordance with the County's investment policy which conforms to State of Maryland law on the investment of public funds. The County does not leverage its investment portfolio or buy reverse repurchase agreements. It does no borrowing or lending of securities. The County invests primarily in obligations of the United States government, its agencies or instrumentalities, repurchase agreements, and bankers' acceptances. The repurchase agreements into which the County enters are collateralized by United States government treasury obligations and obligations of agencies and instrumentalities of the United States government, held by an independent third party custodian and marked to market daily.

CONTINUING DISCLOSURE

The County will execute a Continuing Disclosure Agreement (the "Disclosure Agreement") prior to or simultaneously with the issuance of the Bonds. In the Disclosure Certificate, the County will covenant for the benefit of the Beneficial Owners from time to time of the Bonds to provide certain financial information and operating data relating to the County (the "Annual Report") by not later than March 31 each year, commencing March 31, 2000, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the County with each Nationally Recognized Municipal Securities Information Repository and the State Information Repository (if any). The notices of material events, if any, will be filed by the County with the Municipal Securities Rulemaking Board and the State Information Depository (if any). The County has made these covenants in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

The County has never failed to provide or notice of any material event as required by any undertaking pursuant to the Rule. On one occasion, the County failed to provide financial information as required by the Rule, by not timely filing a report. Such report was subsequently filed.

The form of the Disclosure Agreement is set forth in Appendix C.

SALE AT COMPETITIVE BIDDING

The Bonds were offered by the County at a competitive bidding on July 24, 2001, in accordance with the Official Notice of Sale (the form of which is attached as Appendix D). The interest rates shown on the cover page of this Official Statement are the interest rates to the County resulting from the award of the Bonds at the competitive bidding. The yields or prices shown on the cover page of this Official Statement were furnished by the successful bidders for the Bonds. All other information concerning the nature and terms of any reoffering should be obtained from the successful bidders for the Bonds and not from the County.

FINANCIAL ADVISOR

Davenport & Company LLC, Towson, Maryland, has rendered financial advice to the County in the preparation of this Official Statement.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of any of the Bonds.

The execution of this Official Statement and its delivery have been approved by County Commissioners of St. Mary's County.

**COUNTY COMMISSIONERS OF
ST. MARY'S COUNTY**

By _____

President
Board of County Commissioners

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APPENDIX B

Form of Opinion of Bond Counsel

_____, 2001

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County Commissioners of St. Mary's County Governmental Center
Leonardtown, Maryland 20650

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County Commissioners of St. Mary's County (the "County"), a body politic and corporate and a political subdivision of the State of Maryland, of its County Commissioners of St. Mary's County Consolidated Public Improvement Bonds of 2001, in an aggregate principal amount of \$25,000,000 (the "Bonds") dated July 15, 2001.

We have examined the law and such certified proceedings and other papers as we deem necessary to render the opinions set forth below.

The scope of our engagement as bond counsel extends to an examination of the facts and law incident to rendering the opinion specifically expressed herein.

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

The rights of the holders of the Bonds and the enforceability of the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and to the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or a court of equity).

Based upon the foregoing, we are of the opinion that, under existing law and as of the date hereof:

1. The County is a validly created and existing body politic and corporate and political subdivision of the State of Maryland (the "State"), possessing authority under the Acts (as hereafter defined) to issue the Bonds.
2. The Bonds are issued for valid public purposes as provided in Chapter 439 of the Laws of Maryland of 1996, Chapter 460 of the Laws of Maryland of 1997, as amended, Chapter 77 of the Laws of Maryland of 1998, as amended, Chapter 86 of the Laws of Maryland of 1999, as amended, Section 46-2 of the St. Mary's County Code, as amended, and Section 2C of Article 31 of the Annotated Code of Maryland, as amended (collectively, the "Acts"), and Resolution No. of the County adopted on July __, 2001 (the "Resolution"), and the issuance thereof is within every debt and other legal limit applicable to the County.
3. The Resolution has been validly adopted.
4. All actions for the authorization, approval, sale, execution and delivery of the Bonds have been taken in full compliance with the Constitution and laws of the State, the laws of the County, the Acts and the Resolution.
5. The Bonds are valid and binding general obligations of the County to the payment of which the County has pledged its full faith and credit and unlimited taxing power, and are payable as to principal, premium, if any, and interest from ad valorem property taxes upon all the legally assessable property within the corporate limits of St. Mary's County, and the County is required by law to levy and collect such taxes in rate and amount sufficient to provide for such payments when due.
6. By the terms of the Acts, the Bonds, their transfer, the interest payable thereon, and any income derived therefrom in the hands of the holders thereof from time to time, including any profit made in the sale thereof, shall be and remain exempt from State, county and municipal taxation of every kind and nature whatsoever in the State, but no opinion is expressed as to estate or inheritance taxes, Maryland franchise taxes on certain financial institutions measured by income, or to any other taxes not levied or assessed directly on the Bonds or the interest thereon.

7. Under existing law, the interest on the Bonds (i) is excluded from gross income for federal income tax purposes, and (ii) is not an enumerated preference or adjustment for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations, and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States.

In rendering the opinion expressed above in this paragraph (7), we have assumed continuing compliance with the covenants and agreements set forth in the Tax Certificate and Compliance Agreement of even date herewith executed and delivered by the County (the "Tax Agreement"), which covenants and agreements are designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the income tax regulations issued thereunder (the "Regulations") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal tax purposes. In our opinion, the covenants and agreements in the Tax Agreement are sufficient to meet such requirements (to the extent applicable to the Bonds) of the Code and Regulations. However, we assume no responsibility for, and will not monitor, compliance with the covenants and agreements in the Tax Agreement. In the event of noncompliance with such covenants and agreements, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includible in gross income for Federal income tax purposes, retroactive to the date of issuance of the Bonds.

Other than as set forth in the preceding paragraphs 6 and 7, we express no opinion regarding the federal or state income tax consequences arising with respect to the Bonds.

Very truly yours,

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APPENDIX C

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate, dated as of _____, 2001 (the "Disclosure Certificate"), is executed and delivered by County Commissioners of St. Mary's County (the "County") in connection with the issuance of \$25,000,000 County Commissioners of St. Mary's County Consolidated Public Improvement Bonds of 2001 (the "Bonds"). The County hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the holders from time to time of the Bonds and the beneficial owners from time to time of the Bonds and in order to assist the Underwriter (defined below) in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 4 and 5 of this Disclosure Certificate.

"Disclosure Representative" shall mean the Director of Finance of the County or his designee, or such other person as the County shall designate from time to time.

"Dissemination Agent" shall mean the County or any Dissemination Agent designated in writing by the County.

"Listed Events" shall mean any of the events listed in Section 6(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository recognized by the Securities and Exchange Commission for purposes of the Rule. Currently, the following are National Repositories:

BLOOMBERG MUNICIPAL REPOSITORY

Attn: Municipal Dept.
P.O. Box 840
Princeton, NJ 08542-0840
(609) 279-3225 (phone)
(609) 279-5962 (fax)
E-mail: MUNIS@Bloomberg.com

DPC DATA, INC.

One Executive Drive
Fort Lee, NJ 07024
(201) 346-0701 (phone)
(201) 947-0107 (fax)
E-mail: nrmsir@dpcdata.com

INTERACTIVE DATA

Attn: Repository
100 Williams Street
New York, NY 10038
(212) 771-6899 (phone)
(212) 771-7890 (fax)
E-mail: nrmsir@interactive.com

STANDARD & POOR'S J.J. KENNY REPOSITORY

55 Water Street, 45th Floor
New York, NY 10041-0003
(212) 438-4595 (phone)
(212) 438-3975 (fax)
E-mail: nrmsir_repository@sandp.com

"Repository" shall mean each National Repository and each State Repository. The listing of repositories herein shall be automatically amended from time to time if the Securities and Exchange Commission ("SEC") designates additional or other entities as "Nationally Recognized Municipal Securities Information Repositories" ("NRMSIRs") under the Rule, or if the SEC at any time revokes the designation of an entity as a NRMSIR under the Rule.

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

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Repository.

"Underwriter" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with the offering or sale of the Bonds.

SECTION 3. *Scope of Agreement.*

(a) The disclosure obligations under this Disclosure Certificate relate solely to the Bonds. Such disclosure obligations are not applicable to any other securities issued or to be issued by the County.

(b) The County is the only "obligated person" with respect to the Bonds within the meaning of the Rule.

SECTION 4. *Provision of Annual Reports.* The County shall, not later than March 31 after the end of the Fiscal Year, commencing with the Fiscal Year ending June 30, 1999, provide to each Repository an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Certificate. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report.

SECTION 5. *Content of Annual Reports.* The County's Annual Report shall contain or incorporate by reference the following:

- Comprehensive audited financial statements for the immediately preceding fiscal year, prepared in accordance with generally accepted accounting principles; and
- the information provided in the Official Statement prepared and delivered by the County with respect to the Bonds, under the headings "County Expenditures," "County Revenues," "State and Federal Assistance," "Summary of Revenues and Expenditures," "Fiscal Year 2000 Budget," and "Certain Debt Information," utilizing the same accounting standards as were used in preparing such information for the Official Statement and updated as of a date no earlier than the last day of the immediately-preceding fiscal year.

SECTION 6. *Reporting of Significant Events.*

(a) In a timely manner, the County will provide to each Repository and to the Municipal Securities Rulemaking Board, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- Principal and interest payment delinquencies;
- Non-payment related defaults;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers or their failure to perform;
- Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- Modifications to rights of Bondholders;
- Bond calls;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the Bonds; or
- Ratings changes.

The County hereby acknowledges that certain of the above-enumerated events do not, and are not ever expected to, apply to the Bonds. Nevertheless, the County intends to provide the Underwriter with complete assistance in complying with the Rule. Therefore, the County covenants to provide notice of all of the above-enumerated events should they occur.

(b) In a timely manner, the County will give to each Repository, or to the Municipal Securities Rulemaking Board and the State Repository (if any), notice of any failure to comply with the covenants set forth herein.

SECTION 7. *Termination of Reporting Obligation.* The County's obligations under this Disclosure Certificate shall terminate when there are no longer any Bonds outstanding.

SECTION 8. *Dissemination Agent.* The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. *Amendment; Waiver.* Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) said amendment or waiver 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, or type of business conducted by the County;

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(b) said provision, as amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the initial offering of the Bonds after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) said amendment or waiver does not materially impair the interests of holders of the Bonds, as determined either by nationally recognized bond counsel or by an approving vote of the holders of a majority of the outstanding aggregate principal amount of the Bonds.

SECTION 10. *Additional Information.* Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrences of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. *Default.* Failure to comply with this Disclosure Certificate shall not be deemed to be a default or an event of default with respect to the Bonds.

SECTION 12. *Beneficiaries.* This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent (if any), the Underwriter, and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

COUNTY COMMISSIONERS OF ST. MARY'S COUNTY

By: _____
Elaine B. Kramer
Director of Finance

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APPENDIX D

NOTICE OF SALE

ST. MARY'S COUNTY, MARYLAND

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\$25,000,000 COUNTY COMMISSIONERS OF ST. MARY'S COUNTY
CONSOLIDATED PUBLIC IMPROVEMENT BONDS OF 2001

Electronic bids and sealed, written proposals will be received at the office of the Director of Finance of St. Mary's County, Maryland located at 23115 Leonard Hall Drive, Leonardtown, Maryland 20650, until 11:00 a.m., local Baltimore, Maryland time, on July 24, 2001, for County Commissioners of St. Mary's County Consolidated Public Improvement Bonds of 2001 (the "Bonds").

Details of the Bonds

All Bonds shall be fully registered in form in the denomination of \$5,000 each or any integral multiple thereof, shall be dated July 15, 2001, and shall bear interest payable semiannually on the first days of January and July commencing January 1, 2002 (5 1/2 months), until maturity.

The Bonds will mature annually, subject to prior redemption, on July 1 in the following years and in the following aggregate amounts:

<u>Year</u>	<u>Amounts</u>
2002.....	\$885,000
2003.....	870,000
2004.....	895,000
2005.....	925,000
2006.....	955,000
2007.....	995,000
2008.....	1,030,000
2009.....	1,075,000
2010.....	1,120,000
2011.....	1,165,000

<u>Year</u>	<u>Amounts</u>
2012.....	\$1,215,000
2013.....	1,270,000
2014.....	1,330,000
2015.....	1,390,000
2016.....	1,455,000
2017.....	1,525,000
2018.....	1,600,000
2019.....	1,680,000
2020.....	1,765,000
2021.....	1,855,000

One bond representing each maturity of the Bonds will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds and each such bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the Bonds. 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.

The Bonds will be issued pursuant to Chapter 439 of the Laws of Maryland of 1996, Chapter 460 of the Laws of Maryland of 1997, as amended, Chapter 77 of the Laws of Maryland of 1998, as amended, Chapter 86 of the Laws of Maryland of 1999, as amended, Section 46-2 of the St. Mary's County Code, as amended, and Section 2C of Article 31 of the Annotated Code of Maryland, as amended, for the purpose of financing certain public improvements.

The Bonds will constitute an irrevocable pledge of the full faith and credit and unlimited taxing power of County Commissioners of

St. Mary's County, Maryland.

Optional Redemption

The Bonds which mature on or after July 1, 2011 are subject to redemption prior to their respective maturities, at the option of the County, on or after July 1, 2012, either as a whole at any time or in part on any Interest Payment Date, in such order as shall be determined by the County, at the following redemption prices, expressed as a percentage of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption:

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Period During Which Redeemed (both dates inclusive)	Redemption Price
July 1, 2011 to June 30, 2012.....	101.0%
July 1, 2012 to June 30, 2013.....	100.5
July 1, 2013 or thereafter.....	100.0

Submission of Bids

The Director of Finance will not accept and will reject any bid for less than all of the Bonds. The right is reserved to reject any and all bids and to waive irregularities in any bid.

Electronic Bids

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Electronic bids will be received via *PARITY*, in the manner described below, until 11:00 a.m., local Baltimore, Maryland time, on July 24, 2001.

Bids may be submitted electronically via *PARITY* pursuant to this Notice until 11:00 a.m., local Baltimore, Maryland time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in *PARITY* conflict with this Notice, the terms of this Notice shall control. For further information about *PARITY*, potential bidders may contact *PARITY* at Dalcomp (800) 730-9393 or (212) 806-8304.

Disclaimer

Each prospective electronic bidder shall be solely responsible to submit its bid via *PARITY* as described above. Each prospective electronic 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 the 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" hereinafter set forth. 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, he should telephone *PARITY* at Dalcomp (800) 730-9393 or (212) 806-8304 and notify the County's Financial Advisor, Davenport & Company LLC by facsimile at (410) 296-8517.

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 Baltimore, Maryland time, on Tuesday, July 24, 2001. 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.

Written Sealed Proposals

Bids will also be accepted in written form on the form of Proposal for Bonds attached to this Notice. Written bids must be submitted on the prescribed form provided for that purpose by the Director of Finance and must be enclosed in a sealed envelope marked "Proposal for Bonds" and addressed to Director of Finance, 23511 Leonard Hall Drive, Leonardtown, Maryland 20650.

Good Faith Deposit

Each bid must be accompanied by a good faith deposit in the form of a Financial Surety Bond or a certified or bank cashier's check, in the amount of Five Hundred Thousand Dollars (\$500,000.00). If a check is used, it must be in the form of a certified check upon, or a cashier's, treasurer's or official check of, a responsible banking institution payable to the order of "County Commissioners of St. Mary's County," and it must accompany each bid. If a Financial Surety Bond is used, it must be from an insurance company acceptable to the County and licensed to issue such a bond in the State of Maryland, and such Financial Surety Bond must be submitted to the County prior to the opening of the bids and must be in form and substance acceptable to the County. The Financial Surety Bond must identify the bidder whose good-faith deposit is guaranteed by such Financial Surety Bond. If the bonds are awarded to a bidder utilizing a Financial Surety Bond, then such successful bidder is required to submit its good-faith deposit to the County in the form of a wire transfer not later than 12:00 p.m. Baltimore time on the next business day following the award. If such deposit is not received by that time, the

Financial Surety Bond may be drawn on by the County to satisfy the deposit requirement. If the Bonds are awarded to a bidder utilizing a check, such check will be cashed. The good-faith deposit of the successful bidder will be collected and the proceeds thereof retained by the County to be applied in part 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 its bid, the proceeds thereof will be retained as and for full liquidated damages. The checks of the unsuccessful bidders will be returned promptly.

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Bid Parameters

Each bidder shall submit one bid on the required form of Proposal for Bonds on an all-or-none basis for the Bonds. Each proposal must specify the amount bid for the Bonds, which shall be not less than 100% of par or more than 102% of par plus accrued interest from July 15, 2001 to the date of delivery of the Bonds. Each proposal 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 proposal for any other Bonds by more than 3%, or (d) for maturities from 201_ through 20__, an interest rate that is lower than the interest rate for the immediately preceding maturity (i.e., interest rates must ascend from a base year of 201_).

Award

The award, if made, will be made as promptly as possible after the bids are opened to the bidder offering the lowest interest rate to the County. All proposals shall remain firm until the time of award. The lowest interest rate shall be determined in accordance with the true interest cost ("TIC") method by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments from the payment dates to the date of the Bonds and to the price bid, excluding interest accrued to the date of delivery. In the event two or more bidders offer to purchase the Bonds at the same lowest interest rate to the County, then the Bonds may be apportioned between such bidders; provided, that if apportionment is not acceptable to such bidders, the County shall have the right to award the Bonds to one of such bidders. There will be no auction.

Official Statement; Continuing Disclosure

Not later than seven (7) business days after the award of the Bonds to the successful bidder on the day of sale, the County will authorize an Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. If so requested by the successful bidder at or before the close of business on the date of the sale, the County will include in the Official Statement such pricing and other information with respect to the terms of the reoffering of the Bonds by the successful bidder ("Reoffering Information"), if any, as may be specified and furnished in writing by the successful bidder. If no Reoffering Information is specified and 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. The successful bidder shall be responsible to the County and its officials for the Reoffering Information, and for all decisions made by the successful bidder with respect to the use or omission of the Reoffering Information in any reoffering of the Bonds, including the presentation or exclusion of any Reoffering Information in any documents, including the Official Statement. The successful bidder will also be furnished, without cost, with up to 400 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(b)(5) of the Securities and Exchange Commission. Such covenants are described in the Preliminary Official Statement dated July __, 2001.

Delivery of the Bonds

The Bonds will be delivered as soon as practicable, upon due notice and at the expense of the successful bidder, through the facilities of DTC in New York, New York, upon payment of the amount of the successful bid, plus accrued interest to the date of delivery, less the deposit theretofore made. Such payment shall be made in Federal funds. The Bonds will be accompanied by the customary closing documents, including a no-litigation certificate, effective as of the date of delivery, stating that there is no litigation pending, affecting the validity of any of the bonds included in these issues. It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that, simultaneously with or before delivery and payment for the Bonds, said bidder shall be furnished a certificate or certificates of appropriate County officials to the effect that, to the best of their knowledge and belief, the Official Statement (and any amendment or supplement thereto) (except for the Reoffering Information, as to which no view will be expressed) as if the date of sale and as

of the date of delivery of the Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and that between the date of sale and the date of delivery of the Bonds there has been no material adverse change in the financial position or revenues of the County, except as reflected or contemplated in the Official Statement (and any amendment or supplement thereto).

Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the County a certificate acceptable to bond counsel to the effect that (i) the successful bidder has made a bona fide public offering of the Bonds at the initial reoffering prices and (ii) a substantial amount of the Bonds was sold to the public (excluding bond houses, brokers and other intermediaries) at such initial reoffering prices.

THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THE INITIAL REOFFERING PRICES.

Miscellaneous

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 a 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 issuance of the Bonds will be subject to legal approval by Venable, Baetjer and Howard, LLP, Baltimore, Maryland, and copies of their opinions will be delivered upon request, without charge, to the successful bidder for the Bonds. Such opinions shall be substantially in the forms included in Appendix B to the Preliminary Official Statement.

The Preliminary Official Statement of St. Mary's County, Maryland, with respect to the Bonds, and the required form of Proposal For Bonds will be supplied to prospective bidders upon request made to the Director of Finance of St. Mary's County, Governmental Center, Leonardtown, Maryland 20650, or from Davenport & Company LLC, financial advisor to the County, at 8600 LaSalle Road, Suite 324, Towson, Maryland 21286 (410-296-9426). Such Preliminary Official Statement is deemed final by the County as of its date for purposes of SEC Rule 15c2-12 but is subject to revision, amendment and completion in the Official Statement referred to above.

By order of
COUNTY COMMISSIONERS OF ST. MARY'S COUNTY

PROPOSAL FOR BONDS

July 24, 2001

Director of Finance
St. Mary's County, Maryland
23115 Leonard Hall Drive
Leonardtwn, Maryland 20650

LIBERO 019 PAGE 91

Dear Sir:

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale which is incorporated by reference herein and made a part of this Proposal for Bonds, we offer to purchase the obligations of County Commissioners of St. Mary's County described in such Notice of Sale, being \$25,000,000 aggregate principal amount of County Commissioners of St. Mary's County Consolidated Public Improvement Bonds of 2001, such bonds to be dated July 15, 2001, maturing on July 1 in the years and aggregate principal amounts, respectively, as set forth in such Notice of Sale, and to bear interest as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2002	\$885,000	
2003	870,000	
2004	895,000	
2005	925,000	
2006	955,000	
2007	995,000	
2008	1,030,000	
2009	1,075,000	
2010	1,120,000	
<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	1,165,000	
2012	1,215,000	
2013	1,270,000	
2014	1,330,000	
2015	1,390,000	
2016	1,455,000	
2017	1,525,000	
2018	1,600,000	
2019	1,680,000	
2020	1,765,000	

2021

1,855,000

We will pay an amount equal to the par value of the Bonds \$ _____
plus a premium (not to exceed 2%) in the amount of

+\$

making a total of

LIBERO 019 PAGE 92

\$

and also accrued interest from July 15, 2001 to the date of delivery of the bonds.

Please indicate (x) the appropriate choice regarding the good faith deposit:

_____ We have posted a surety bond in the amount of \$500,000 in accordance with the annexed Notice of Sale.

_____ We enclose herewith a certified check upon, or a cashier's, treasurer's or official check of, a responsible banking institution, payable to the order of County Commissioners of St. Mary's County, in the amount of \$500,000, which check is to be applied in accordance with the annexed Notice of Sale.

We understand that (a) we are to provide a certification regarding the public sale of the bonds as described in the notice of sale on or prior to the closing date and (b) if notified that we are the successful bidder, we will be required to advise the county of the initial reoffering prices (as described in the notice of sale) for each maturity of the bonds at the time of such notification. In this regard, you may contact and rely on the information provided by _____, whose telephone number is _____.

and Associates (See List Attached)

(Not a part of this proposal. The following information is requested to expedite and facilitate prompt determination of the best bid. The inclusion, omission, accuracy or inaccuracy of these figures will not affect the validity of the proposal. The total amount of interest payable on the bonds referred to above under this proposal is \$ _____. The rate of interest determined in the manner set forth in the Notice of Sale is _____% per annum.)

The above good faith check has been returned and receipt thereof is fully acknowledged.

LIBERO 019 PAGE 93

Bidder

By: _____

Title: _____

D-6

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D-7

LIBERO 019 PAGE 94

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D-8

LIBERO 019 PAGE 95

ORDINANCE

WHEREAS, Article 25, Section 11A(b)(3-1) of the Annotated Code of Maryland authorizes the Board of County Commissioners for St. Mary's County, Maryland to sell, at public or private sale, any real property no longer needed for any public use, subject to notice and public hearing requirements; and

WHEREAS, by the authority of the Board of County Commissioners for St. Mary's County, notice of a public hearing was published in The Enterprise, a newspaper of general circulation in St. Mary's County, on April 4, 2001 and April 11, 2001 in accordance with the statutory provisions of Sections 3(r) and 11A(b)(3-1)(ii) of Article 25 of the Annotated Code of Maryland; and

WHEREAS, the Board of County Commissioners for St. Mary's County held a public hearing to receive comment and input from citizens and staff, as advertised and in accordance with applicable statutory provisions on April 24, 2001; and

WHEREAS, the Board of County Commissioners has determined that the property described as 6,524 square feet, more or less, identified as part of Tax Map 41, Parcel 280, located in the Third Election District of St. Mary's County, Maryland (hereinafter, the "Property"), as further identified on the attached Exhibit A entitled "Boundary Survey and Line of Agreement Plat" dated March 11, 1999, is no longer needed for any public use; and

WHEREAS, in furtherance of the public health, safety and welfare, the Board of County Commissioners has determined that disposition of the Property herein shall be via private sale to Charles B. Gatton and Hilda Mae Gatton.

NOW, THEREFORE, be it RESOLVED and ORDAINED by the Board of County Commissioners for St. Mary's County, that Julie B. Randall, Commission President, is hereby authorized to execute such documents necessary to sell/transfer the Property.

Date of Adoption: 07/10/01

Ayes: ALL

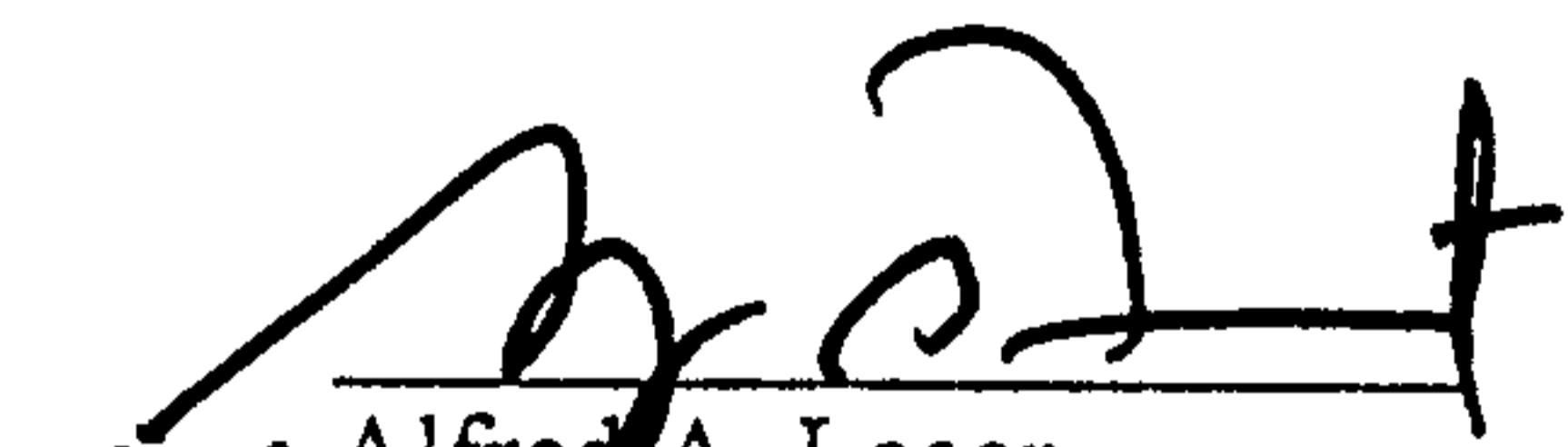
Nays: _____

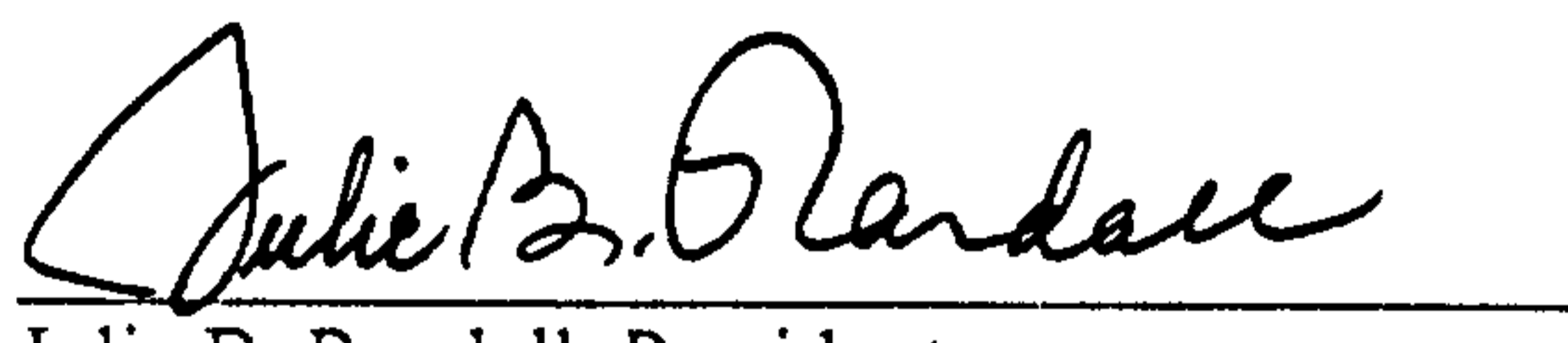
Effective Date: 07/10/01

Abstain: _____

ATTEST:

BOARD OF COUNTY COMMISSIONERS FOR ST. MARY'S COUNTY, MARYLAND


Alfred A. Lacer
County Administrator

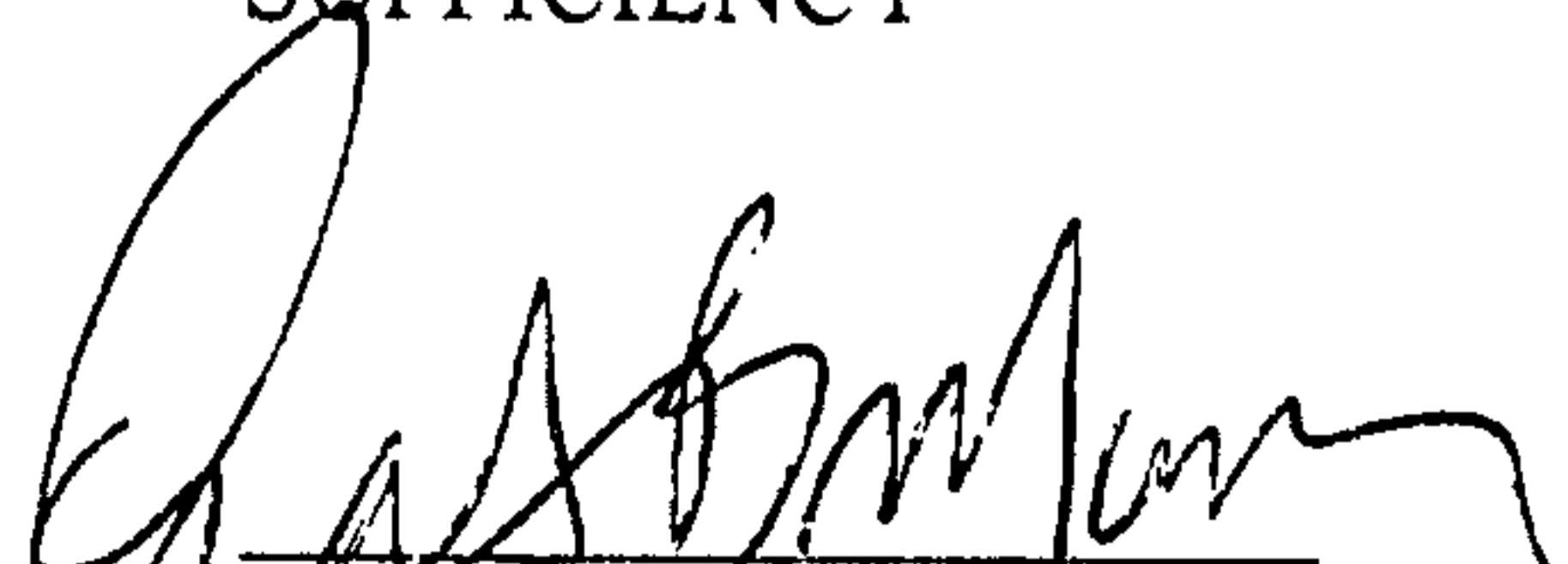

Julie B. Randall, President

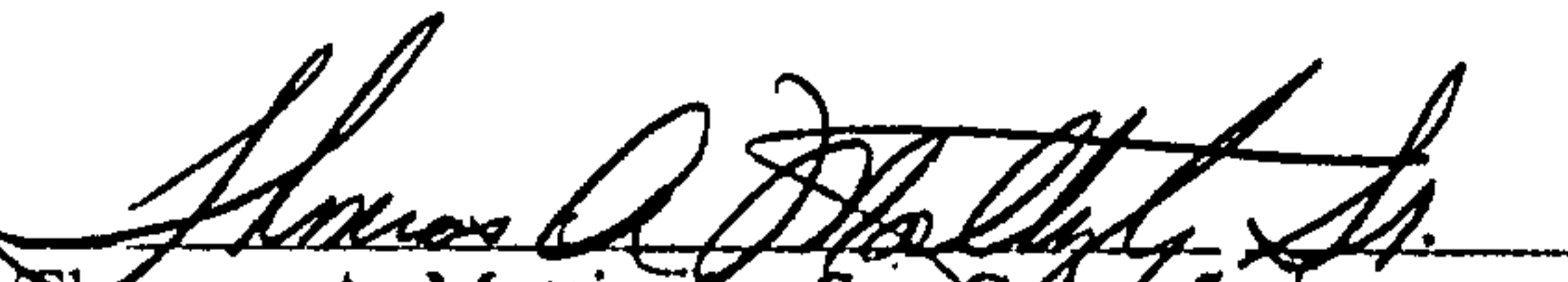
APPROVED AS TO
FORM AND LEGAL
SUFFICIENCY

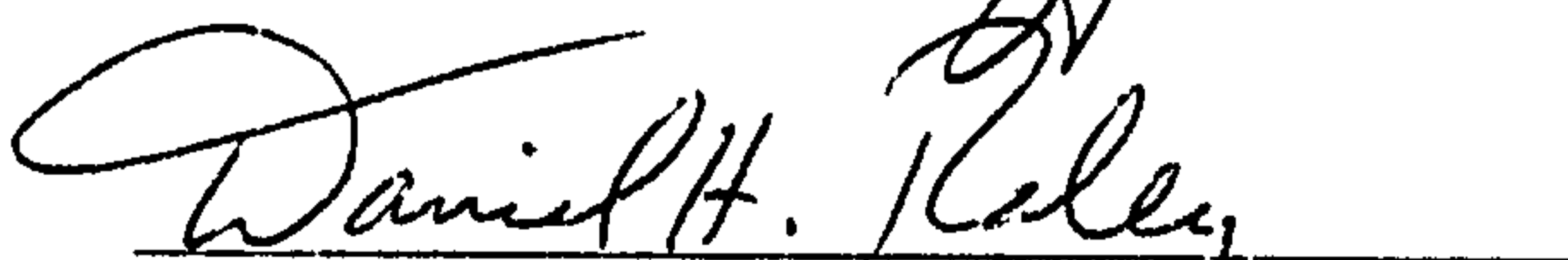

Joseph F. Anderson, Commissioner


Shelby P. Guazzo, Commissioner

RECORDING FEE 0.00
TOTAL 0.00
Res#SM02 Rcpt#999999
EMA PL BIK#1757
Jul 20, 2001 11:29 am


Patrick B. Murphy
County Attorney


Thomas A. Mattingly, Sr., Commissioner


Daniel H. Raley, Commissioner

ORDINANCE

WHEREAS, the Board of County Commissioners believe it is in the best interest of the County to amend the Fiscal Year 2001 Operating Budget to increase the appropriation for the Department of Recreation and Parks for St. Mary's County, and

WHEREAS, in accordance with the Code of Public Local Laws of Maryland, Article 19. (St. Mary's County) §27-9(A). The St. Mary's County Director of Finance has certified in writing that such funds in the amount of \$74,743.00 are available. For the purpose of increasing Building Rentals in the program supplies account to cover the cost of reimbursing SMC Public Schools for school usage by Recreation and Parks for FY 2000 and decrease retained earning.

WHEREAS, in accordance with the Annotated Code of Maryland, Article 25, §3(r), a public hearing was held on June 19, 2001 pursuant to notice published on or about June 6, 2001 and June 13, 2001 in the Enterprise.

NOW, THEREFORE, BE IT ORDAINED that the Board of County Commissioners after due notice conducted a public hearing on June 19, 2001 to present and explain the requirements to increase the Fiscal Year 2001 Budget in the amount of \$74,743.00 (Seventy Four Thousand Seven Hundred Forty Three Dollars) and such increase is hereby approved this 10th day of July, 2001, by the Board of County Commissioners of St. Mary's County, Maryland.

Those voting Aye: All
Those voting Nay: _____
Those Absent: _____

Date of Adoption: 07/10/01
Effective Date: 07/10/01

BOARD OF COUNTY COMMISSIONERS
OF ST. MARY'S COUNTY, MARYLAND

Julie B. Randall
Julie B. Randall, President

Joseph F. Anderson
Joseph F. Anderson, Commissioner

Shelby P. Guazzo
Shelby P. Guazzo, Commissioner

Thomas A. Mattingly, Sr.
Thomas A. Mattingly, Sr., Commissioner

Daniel H. Raley
Daniel H. Raley, Commissioner

ATTEST:

Alfred A. Lacer
Alfred A. Lacer
County Administrator

FUNDING AVAILABILITY VERIFIED:

Elaine M. Kramer
For Elaine M. Kramer
Director of Finance

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

Patrick B. Murphy
Patrick B. Murphy
County Attorney

RECORDING FEE 0.00
TOTAL 0.00
Res#SM02 Rec#999999
EWA FL Bk#1757
Jul 20, 2001 11:30 am

**CERTIFICATION OF FUNDS AVAILABILITY
DIRECTOR OF FINANCE
SUPPLEMENTAL OR EMERGENCY APPROPRIATION**

Section 27-9 of the St. Mary's County Code states that the County Commissioners may make additional, supplementary or emergency appropriations during any fiscal year only if the Chief Financial Officer certifies in writing that funds are available for appropriation.

LIBERO 019 PAGE 98

DATE: July 3, 2001

TO: Board of County Commissioners

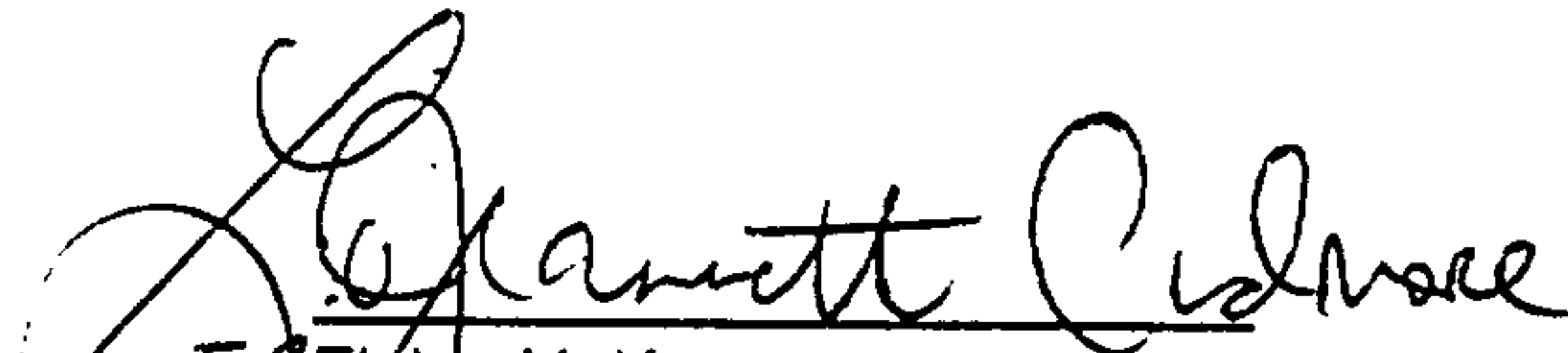
**ORDINANCE
NUMBER:** 2001-

PURPOSE: For the purpose of increasing building rentals in the program supplies account to cover the cost of reimbursing SMC Public Schools for school usage by Recreation & Parks for FY 2000.

FUNDS CERTIFICATION:

Amount
\$74,743.00

Source
Per Budget Amendment request to increase building rentals in the program supplies account to cover the cost of reimbursing SMC Public Schools for school usage by Recreation & Parks for FY 2000.


Elaine M. Kramer
Director of Finance

FOR THE PURPOSE OF SETTING A RECORDATION TAX AND RATE IN ACCORDANCE WITH AND PURSUANT TO THE AUTHORITY GRANTED UNDER MARYLAND ANNOTATED CODE, TAX-PROPERTY ARTICLE, §12-101, ET SEQ. AND DESIGNATING A PORTION OF THE REVENUE THEREBY GENERATED FOR THE PURCHASE OF DEVELOPMENT RIGHTS THAT WILL PRESERVE AGRICULTURAL LANDS.

RECORDING FEE 0.00
TOTAL 0.00
Res#SM02 Rcft#999999
EWA PL Bk#1757
Jul 20, 2001 11:31 am

ORDINANCE

WHEREAS, Maryland Annotated Code, Tax-Property Article, §12-103(b) provides that “[t]he Mayor and City Council of Baltimore City or the governing body of a county may set, by law, the recordation tax rate in the county”; and

WHEREAS, the Board of County Commissioners for St. Mary’s County, Maryland exercised such authority in enacting Resolutions 69-1 and 82-16, each setting the Recordation Tax rate at Three and 30/100 Dollars, (\$3.30) per Five Hundred Dollars, (\$500.00), of consideration payable or of the principal amount of the debt secured for an instrument of writing; and

WHEREAS, pursuant to Maryland Annotated Code, Article 25, Section 3(r), a public hearing was held on June 12, 2001, after due and appropriate notice was published in The Enterprise, a newspaper of general circulation in St. Mary’s County, on June 1 and 8, 2001 and in the Washington Post, a newspaper of general circulation in St. Mary’s County, on June 6, 7, 10, and 11, 2001, for at least two successive weeks; and

WHEREAS, the Board of County Commissioners for St. Mary’s County, Maryland desire to protect the health, safety and well-being of present and future residents of St. Mary’s County by conserving and protecting agricultural land as an environmental resource of major importance and as the basis of a viable sector of the County’s economy; and

WHEREAS, after public input and serious consideration of input from staff and the public it is determined that it is in the County’s best interest to repeal, modify and re-enact the Recordation Tax, establishing the rate at Four Dollars, (\$4.00), per each or fraction of Five Hundred Dollars, (\$500.00), of consideration payable or of the principal amount of the debt secured for an instrument of writing recorded with the Clerk of the Circuit Court for St. Mary’s County, Maryland.

NOW, THEREFORE, BE IT ORDAINED, by the Board of County Commissioners for St. Mary’s County, Maryland that, pursuant to the authority granted under Maryland Annotated Code, Tax-Property Article, §12-103(b), there shall continue to be a Recordation Tax for each or fraction of Five Hundred Dollars, (\$500.00), of consideration payable or of the principal amount of the debt secured for an instrument of writing recorded with the Clerk of the Circuit Court for St. Mary’s County, Maryland.

BE IT FURTHER ORDAINED, by the Board of County Commissioners for St. Mary’s County, Maryland that the Recordation Tax Rate for St. Mary’s County shall be Four Dollars, (\$4.00) per each or fraction of Five Hundred Dollars, (\$500.00), of consideration payable or of the principal amount of the debt secured for an instrument of writing recorded with the Clerk of the Circuit Court for St. Mary’s County, Maryland.

BE IT FURTHER ORDAINED, by the Board of County Commissioners for St. Mary’s County, Maryland that 35/100 Dollars, (\$0.35), of each Four Dollars, (\$4.00)

collected after September 1, 2001, and each fiscal year thereafter, shall be applied to conserve and protect rural lands.

BE IT FURTHER ORDAINED, by the Board of County Commissioners for St. Mary's County, Maryland that this enactment shall be effective September 1, 2001.

BE IT FURTHER ORDAINED, by the Board of County Commissioners for St. Mary's County, Maryland that the recitals above are hereby incorporated and adopted as if fully written herein.

BE IT FURTHER ORDAINED, by the Board of County Commissioners for St. Mary's County, Maryland that the provision of this Ordinance shall be codified at Chapter 267, Article XI of the St. Mary's County Code.

Those voting Aye: Randall, Anderson, Guazzo, Raley

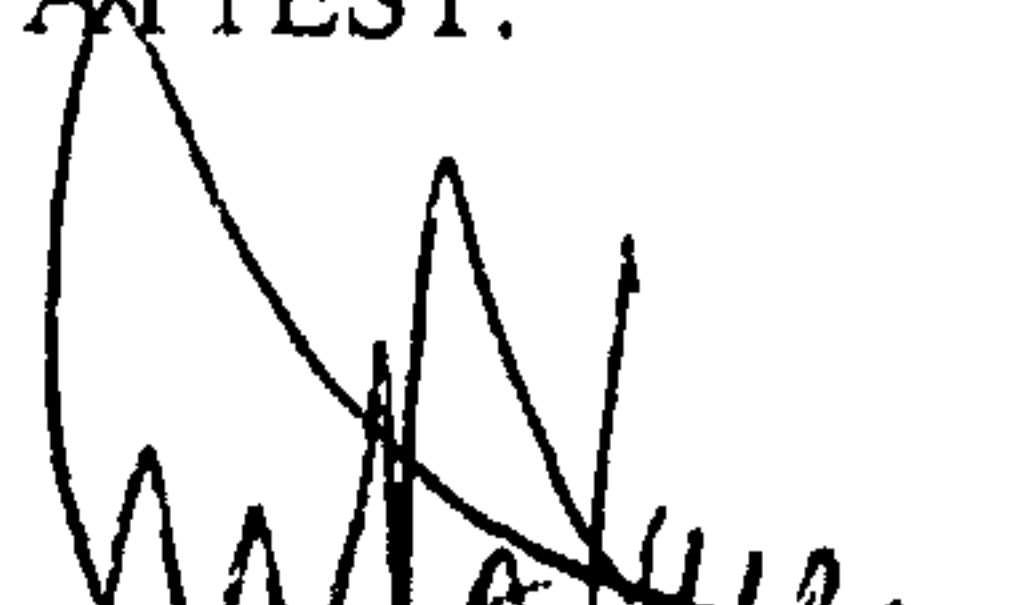
Those voting Nay: Mattingly

Those Absent: _____

ADOPTED: 6/28/01


EFFECTIVE: September 1, 2001

ATTEST:



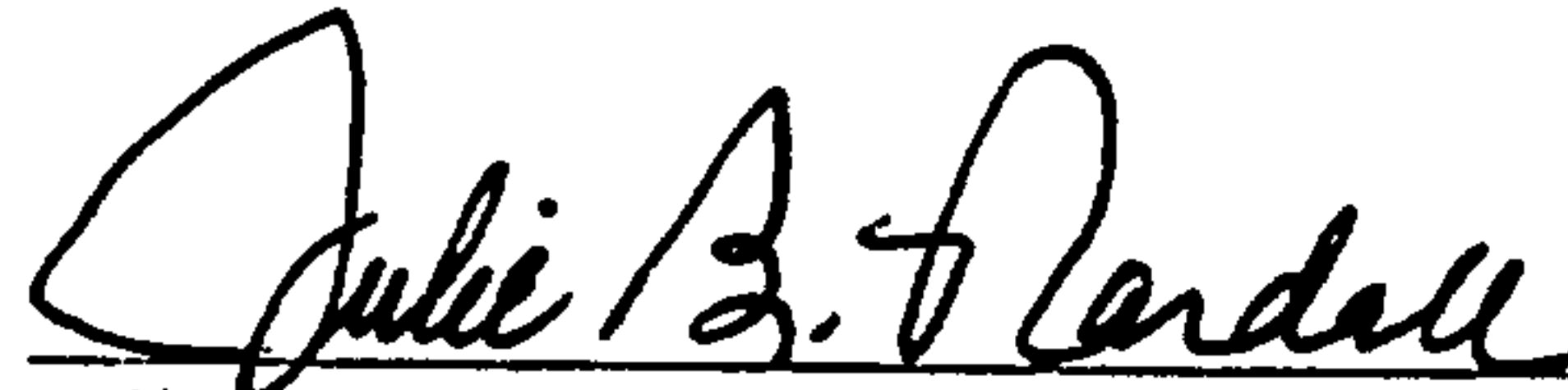
Alfred A. Lacer, County Administrator

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

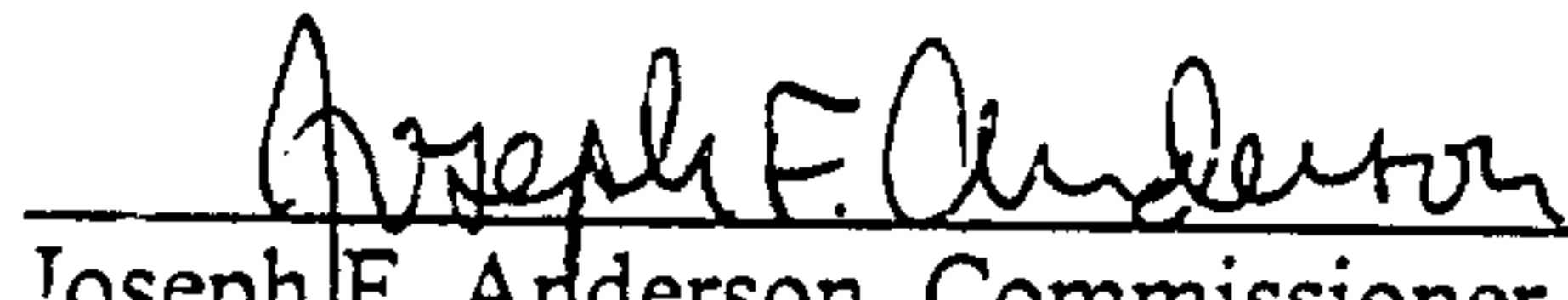


John B. Norris, III
Deputy County Attorney

BOARD OF COUNTY COMMISSIONERS FOR ST. MARY'S COUNTY, MARYLAND



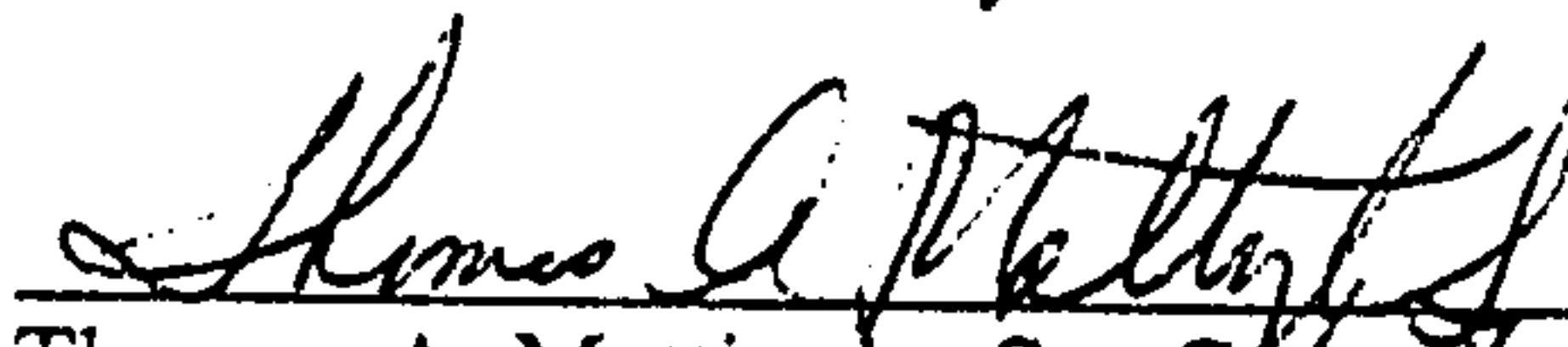
Julie B. Randall, President



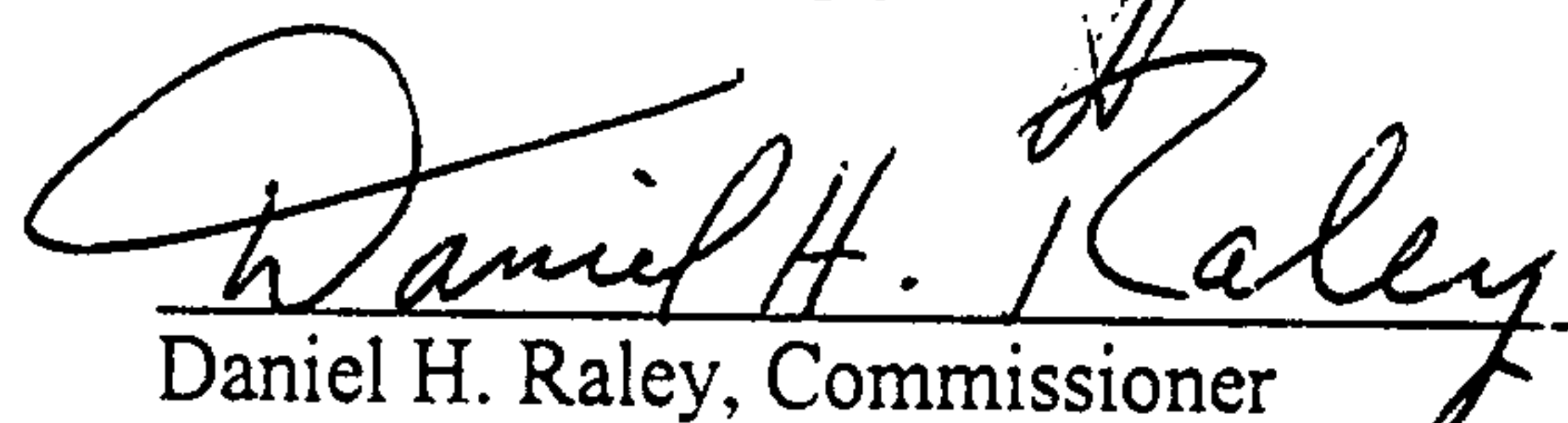
Joseph F. Anderson, Commissioner



Shelby P. Guazzo, Commissioner



Thomas A. Mattingly, Sr., Commissioner



Daniel H. Raley, Commissioner

Resolution No.-001- 36

"Smart Growth" and Neighborhood
Conservation - Community Legacy Program

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RESOLUTION

This Resolution designates St. Mary's County Maryland's "Community Legacy Area" and recognizes St. Mary's County Housing Authority as a sponsor for the Community Legacy Program.

WHEREAS, the 1992 Economic Growth Resource Protection and Planning Act sets forth seven visions for growth in the state of Maryland; and

WHEREAS, Maryland Legislative Chapter 759 "passed" in 1997 set forth the establishment by the state of Maryland for Smart Growth Policies and the designation of Priority Funding Areas related to growth and neighborhood conservation in Maryland; and this Chapter set forth October 1, 1998 as beginning date that the State may not provide funding for any growth related project which is not located within a Priority Funding Area; and

WHEREAS, the state of Maryland Office of Planning certified St. Mary's County Priority Funding areas as those identified by the attached county map and mapping legend; and

WHEREAS, Maryland Legislative Chapter 567 "passed" in 2001 House Bill 301 requires that state "Community Legacy Area" jurisdictions must mean an area located in a "Priority Funding Area"; and

WHEREAS, the Board of County Commissioners for St. Mary's County desire to enable, coordinate, and enhance resources and opportunities for Priority Funding Areas; and

WHEREAS, the Board of County Commissioners for St. Mary's County views Priority Funding Areas and Community Legacy Areas as complimentary; and

WHEREAS, St. Mary's County Housing Authority was established by St. Mary's County Board of Commissioners in July 1971 under Maryland Annotated Code, Article 44A; and

WHEREAS, Maryland Annotated Code, Article 44A authorizes the St. Mary's County Housing Authority to provide for safe sanitary accommodations for low to moderate income families and to prevent or reverse the decline of economically depressed or physically deteriorated areas in St. Mary's County through various means and methods; and

WHEREAS, St. Mary's County Housing Authority's mission and policies are directed by a five (5) member Housing Authority Board who develop strategic plans, and annual plans to carry out their mission; and

WHEREAS, the Housing Authority Board has programmatic experience and staff committed to homeownership/ self sufficiency services, managing assets, rental assistance programs, housing rehabilitation loans and various community development activities; and

WHEREAS, St. Mary's County Housing Authority administers existing revolving loan funds providing housing rehabilitation and homeownership opportunities; and

WHEREAS, St. Mary's County Housing Authority administers a housing voucher opportunities program which will provide vouchers for homeownership opportunities; and

WHEREAS, St. Mary's County Housing Authority is appropriately capitalized and uniquely qualified to address a range of housing and community development needs in St. Mary's County; and

WHEREAS, St. Mary's County Housing Authority since 1971 has actively involved itself as a community development organization improving the physical, economic and social environment of St. Mary's County; and

WHEREAS, St. Mary's County Housing Authority wishes to expand revolving loan activities to develop a Community Legacy Capital Revolving Fund; and

WHEREAS, St. Mary's County Housing Authority as a community advocate and landowner actively supports and provides capital improvements related to St. Mary's County Hotspots, Neighborhood Revitalization and St. Mary's County's Lexington Park Focus Enterprise Zone.

NOW THEREFORE BE IT RESOLVED THAT, Board of County Commissioners for St. Mary's County hereby designates St. Mary's County Priority Funding Areas as "Community Legacy Area". In addition the Board heartily endorses St. Mary's County Housing Authority as a sponsor and applicant for the State of Maryland "Smart Growth" and Neighborhood Conservation - Community Legacy Program.

Those voting Aye: ALL
Those voting Nay: _____
Those Absent: _____

Date of Adoption: 07/10/01
Effective Date: 07/10/01

BOARD OF COMMISSIONERS
ST. MARY'S COUNTY, MARYLAND

Julie B. Randall
Julie B. Randall, President

ATTEST:

Alfred A. Lacer
Alfred A. Lacer
County Administrator

Joseph F. Anderson
Joseph F. Anderson, Commissioner

Shelby P. Guazzo
Shelby P. Guazzo, Commissioner

APPROVED AS TO LEGAL
FORM AND SUFFICIENCY

Patrick Murphy
Patrick Murphy
County Attorney

Thomas A. Mattingly, Sr.
Thomas A. Mattingly, Sr., Commissioner

Daniel H. Raley
Daniel H. Raley, Commissioner

**St. Mary's County Housing Authority Community Legacy
Capital Revolving Loan Fund
Projects 2002 - 2005**

Project	Future requests for projects			
	2002	2003	2004	2005
Community Land Trust	\$120,000	\$120,000	\$120,000	\$120,000
Three Oaks Center Expansion	\$250,000			
Manufactured Housing Community Conservation & Homeownership Project	\$300,000	\$100,000	\$100,000	\$100,000
Family Support & Head Start Center	\$300,000			
The Old Racketball Club Acquisition & Renovation	\$150,000	\$250,000	\$250,000	\$250,000
Great Mills Court Apartment Acquisition & Rehabilitation	\$250,000	\$250,000		
Homeownership via Acquisition, Rehabilitation and Financial Assistance	\$200,000	\$200,000	\$200,000	\$200,000
		\$920,000	\$670,000	\$670,000

Current Request: **\$1,570,000**

To be added by the Housing Authority: **\$300,000**

What is available for the Housing Authority at 60% fund use: **\$1,870,000**

Blended financing from banks, using 40% of bank funds: **\$1,246,666**

Total Available in Capital Revolving Fund: **\$3,116,666**

LIBERO 0 1 9 PAGE 1 0 4

RESOLUTION

WHEREAS, pursuant to Section 25-102 of the Transportation Article of the Maryland Annotated Code, the Board of County Commissioners for St. Mary's County, Maryland, is authorized and empowered to regulate traffic by means of a traffic control device, and to designate any intersection as a stop intersection, or yield intersection.

WHEREAS, the Director of the St. Mary's County Department of Public Works and Transportation has identified the intersection of Sotterley Lane, a private road, and Sotterley Road, County Route 30184, located in the Sixth (6th) Election District, St. Mary's County, Maryland, as a threat to public safety and a hazardous condition due to the absence of a traffic control device at this intersection; and

WHEREAS, the Director of the St. Mary's County Department of Public Works and Transportation has, therefore, recommended that the Board of County Commissioners for St. Mary's County, Maryland, exercise its authority to regulate traffic at this intersection by means of a traffic control device, specifically, a stop sign on Sotterley Lane, a private road, at the intersection with Sotterley Road, County Route 30184.

NOW, THEREFORE, BE IT RESOLVED that the Board of County Commissioners for St. Mary's County, Maryland, finds that, upon the advice of the Director of the Department of Public Works and Transportation, a hazardous condition currently exists at the intersection of Sotterley Lane, a private road, and Sotterley Road, County Route 30184; and that in the interest of public safety and to eliminate a hazardous condition, Sotterley Lane, further identified as being located in the Sixth (6th) Election District, St. Mary's County, Maryland shall be designated as a Stop Street, which is a reasonable exercise of this Board's police powers.

BE IT FURTHER RESOLVED, that the Board of County Commissioners for St. Mary's County, Maryland, directs and instructs the Director of the Department of Public Works and Transportation to erect a traffic control device, specifically a stop sign, on Sotterley Lane, at the intersection with Sotterley Road, County Route 30184, as necessary to identify Sotterley Lane as a Stop Street.

Those voting aye: ALL

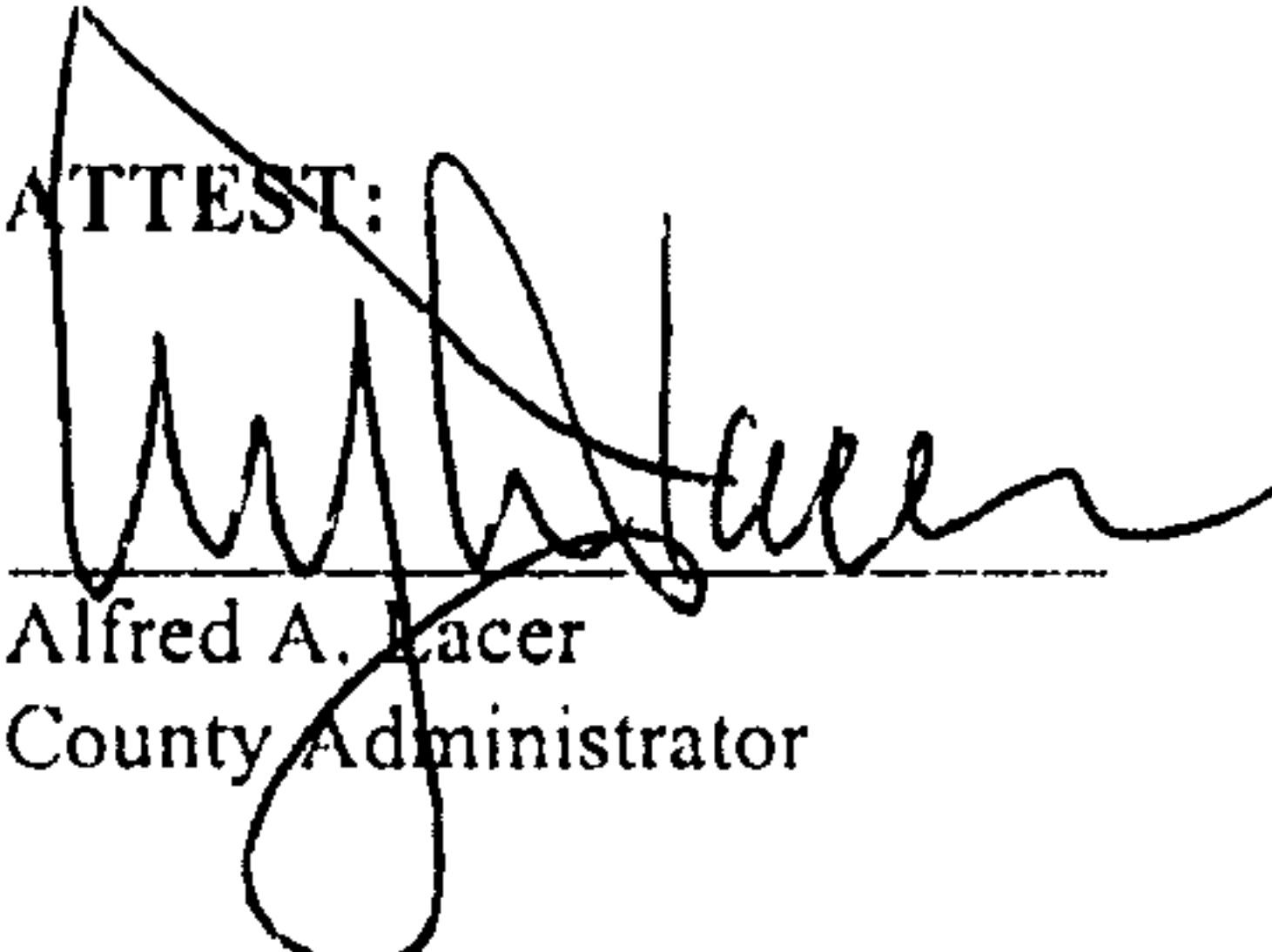
Those voting nay: _____

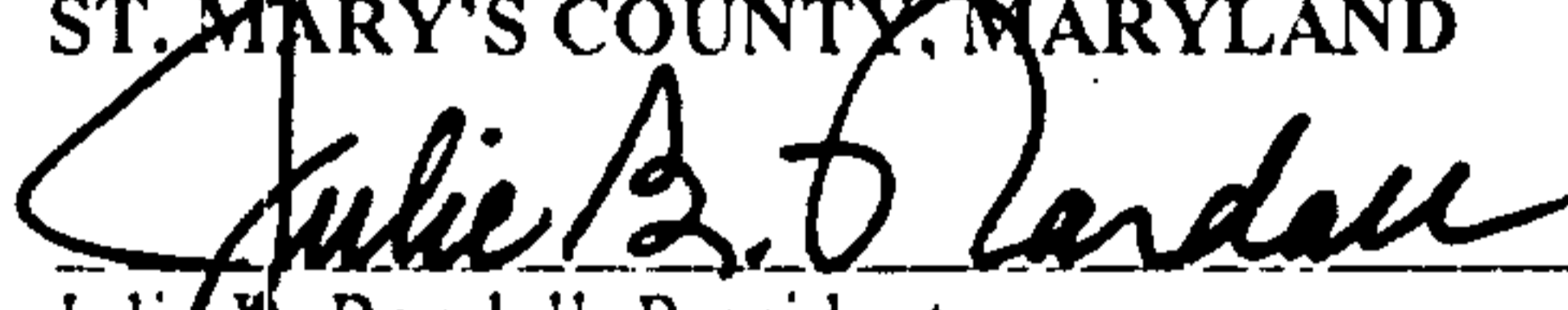
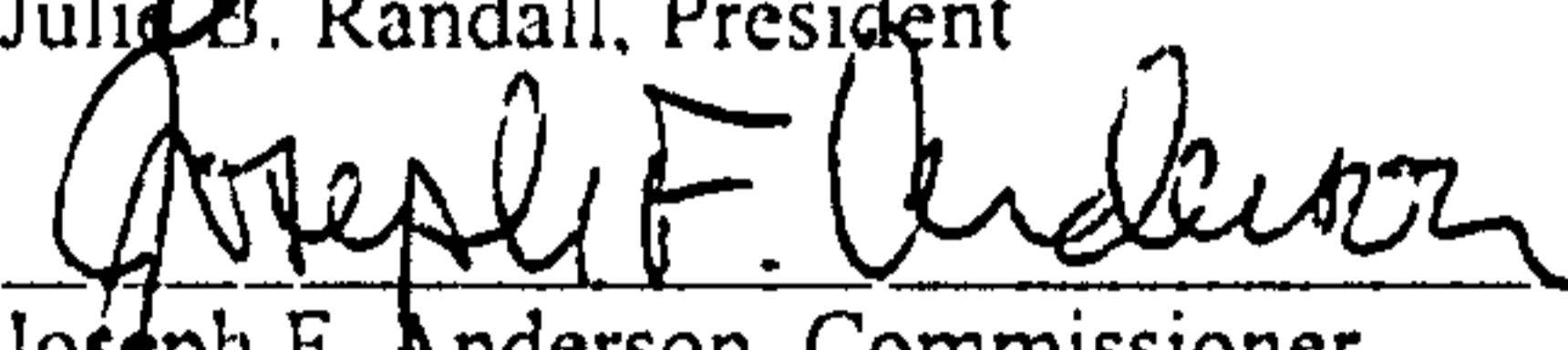
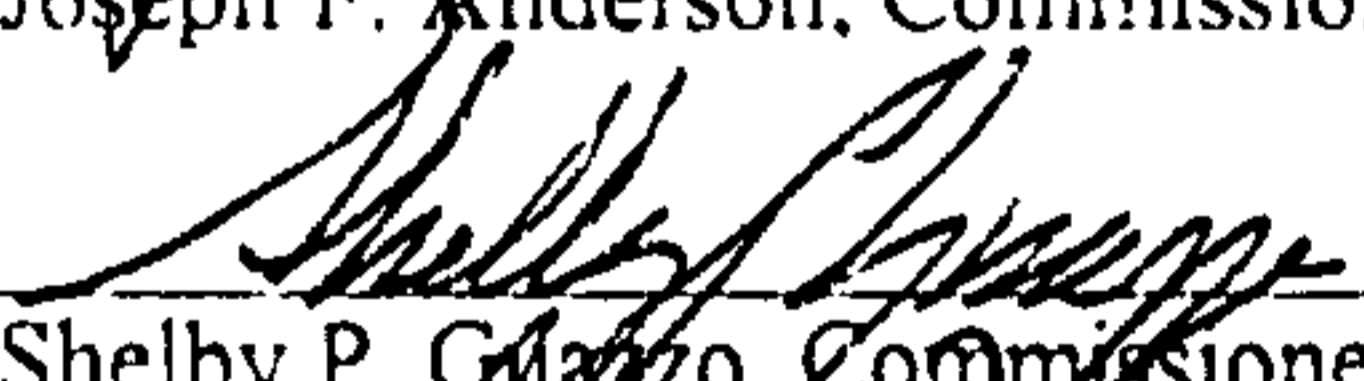
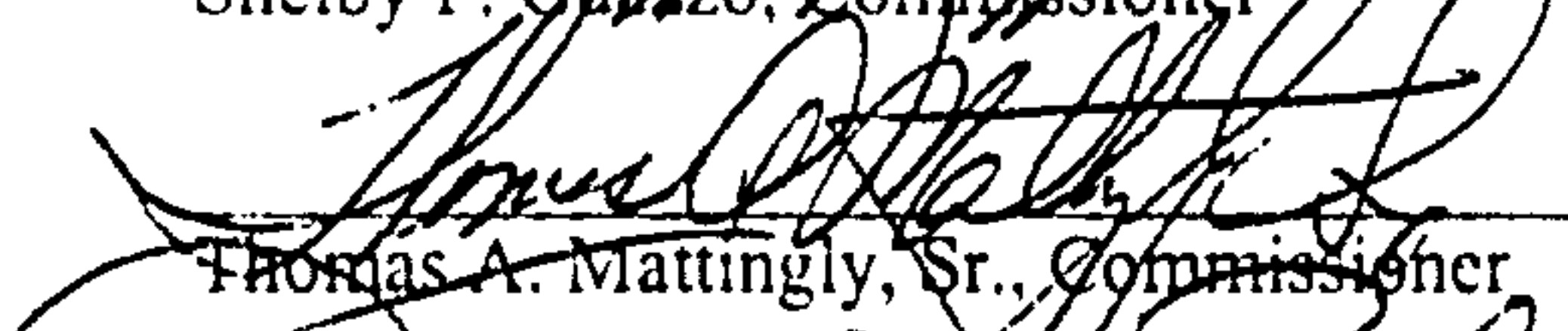
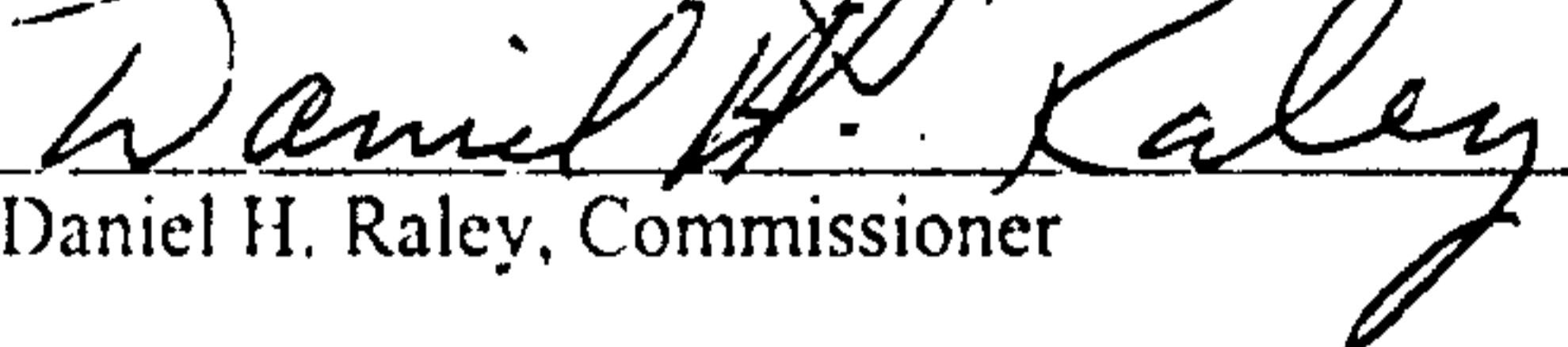
Those abstaining or absent: _____

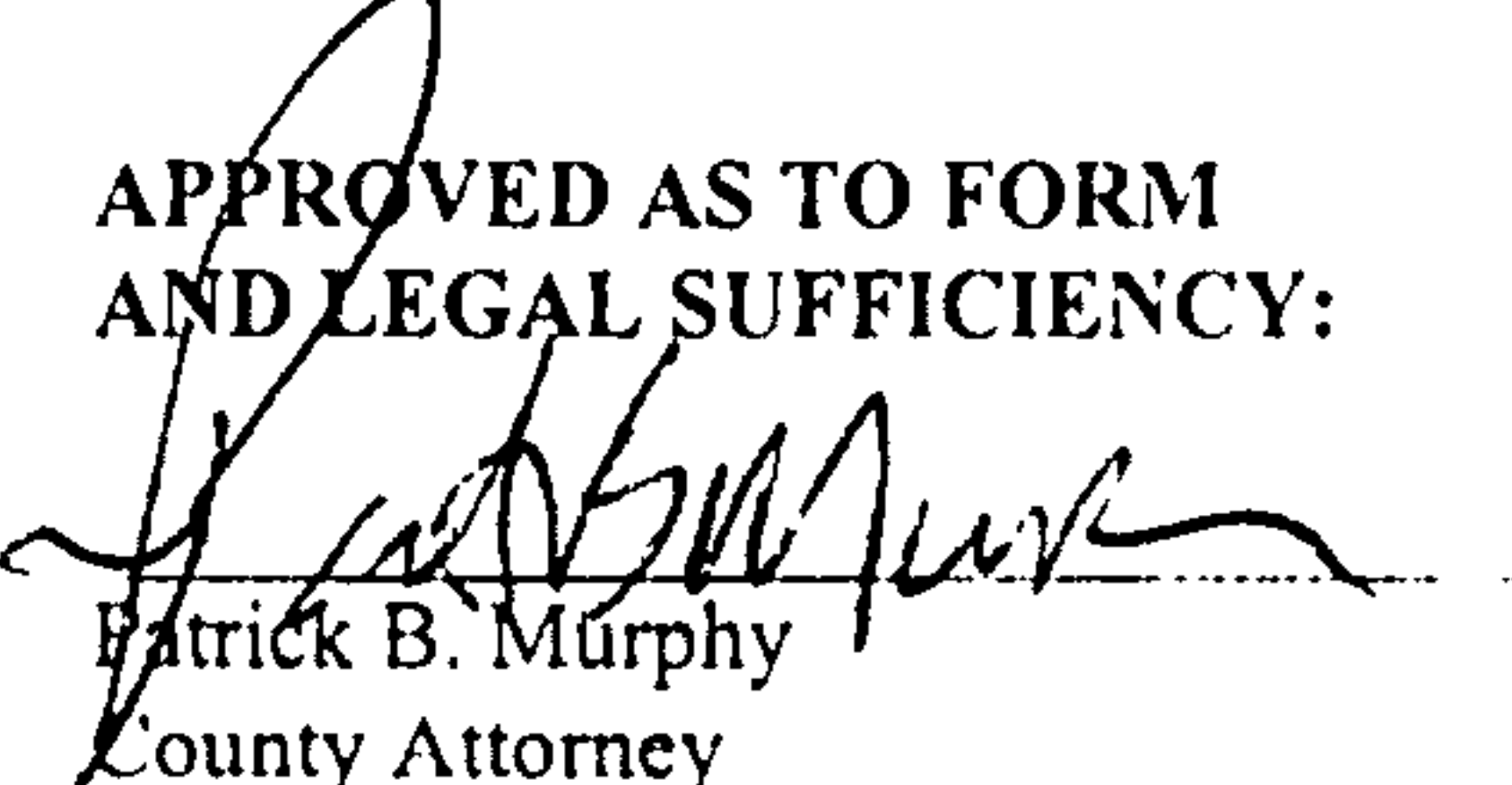
Date of Adoption: 7/31/01

Effective Date: 7/31/01

LIBEN 0019 PAGE 1 05

ATTEST:

Alfred A. Lacer
County Administrator

BOARD OF COUNTY COMMISSIONERS FOR
ST. MARY'S COUNTY, MARYLAND

Julie B. Randall, President

Joseph F. Anderson, Commissioner

Shelby P. Guazzo, Commissioner

Thomas A. Mattingly, Sr., Commissioner

Daniel H. Raley, Commissioner

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:

Patrick B. Murphy
County Attorney

RECORDING FEE 0.00
TOTAL 0.00
Res#SM02 Rcpt#999999
EWA TLC BIK#932
Aug 10, 2001 01:55 PM

NO.: 01- 38
SUBJECT: Old Village Road
Stop Signs
Old Village Road &
Mechanicsville Road
Multi-Way Stop Intersection

LIBERO 019 PAGE 06

RESOLUTION

WHEREAS, pursuant to Section 25-102 of the Maryland Annotated Code, the Board of County Commissioners for St. Mary's County, Maryland, is authorized and empowered to regulate traffic by means of a traffic control device, and to designate any intersection as a stop intersection, or yield intersection.

WHEREAS, the Director of the St. Mary's County Department of Public Works and Transportation has identified the intersection of Old Village Road, County Route 30044, and Mechanicsville Road, County Route 30029, located in the Fifth (5th) Election District, St. Mary's County, Maryland, as a threat to public safety and a hazardous condition due to the absence of additional traffic control devices at this intersection; and

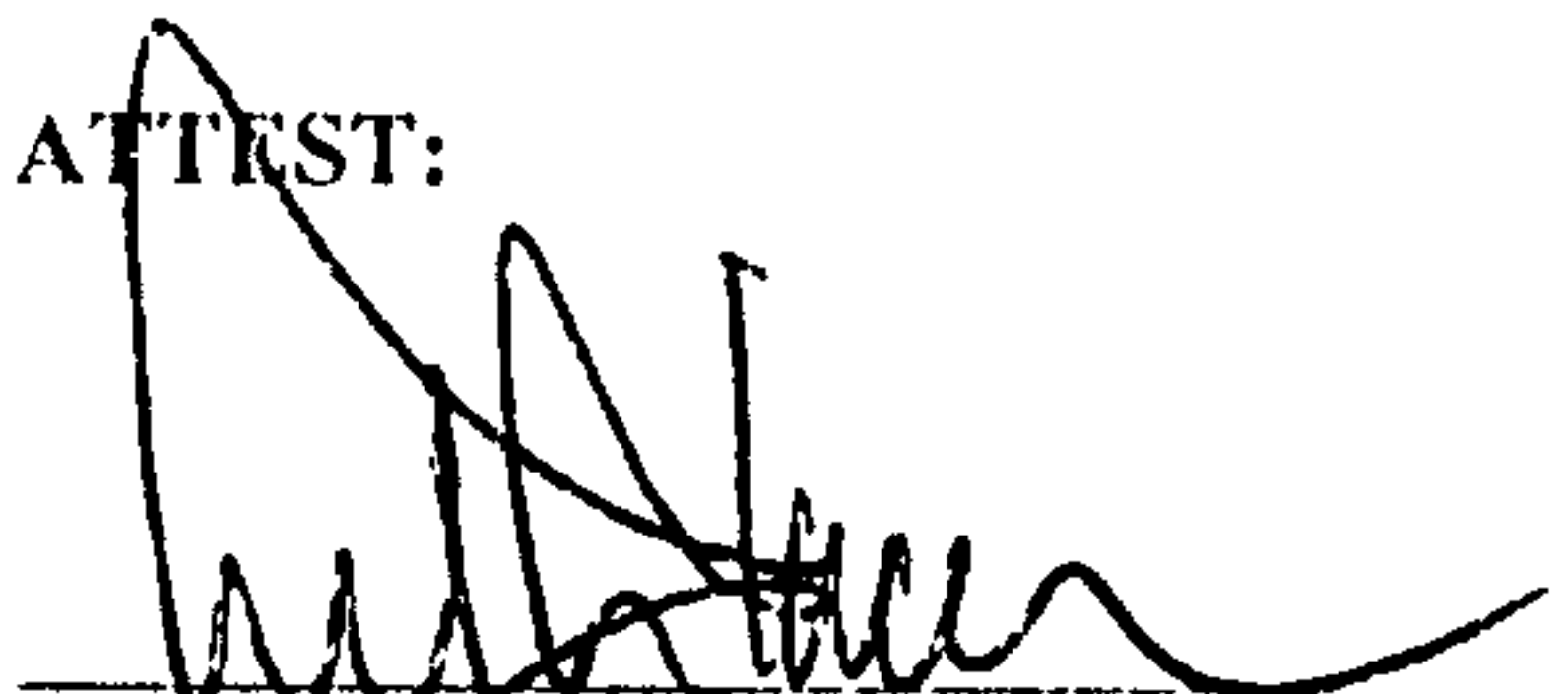
WHEREAS, the Director of the St. Mary's County Department of Public Works and Transportation has, therefore, recommended that the Board of County Commissioners for St. Mary's County, Maryland, exercise its authority to regulate traffic at this intersection by means of traffic control devices, specifically, Stop signs on Old Village Road, County Route 30044, at the intersection with Mechanicsville Road, County Route 30029, thereby creating a Multi-Way Stop traffic control condition.

NOW, THEREFORE, BE IT RESOLVED that the Board of County Commissioners for St. Mary's County, Maryland, finds that, upon the advice of the Director of the Department of Public Works and Transportation, a hazardous condition currently exists at the intersections of Old Village Road, County Route 30044, and Mechanicsville, County Route 30029; and that in the interest of public safety and to eliminate a hazardous condition, Old Village Road, County Route 30044, further identified as being located in the Fifth (5th) Election District, St. Mary's County, Maryland shall be designated as a Stop Street, thereby designating this intersection as a Multi-Way Stop Control Intersection, which is a reasonable exercise of this Board's police powers; and

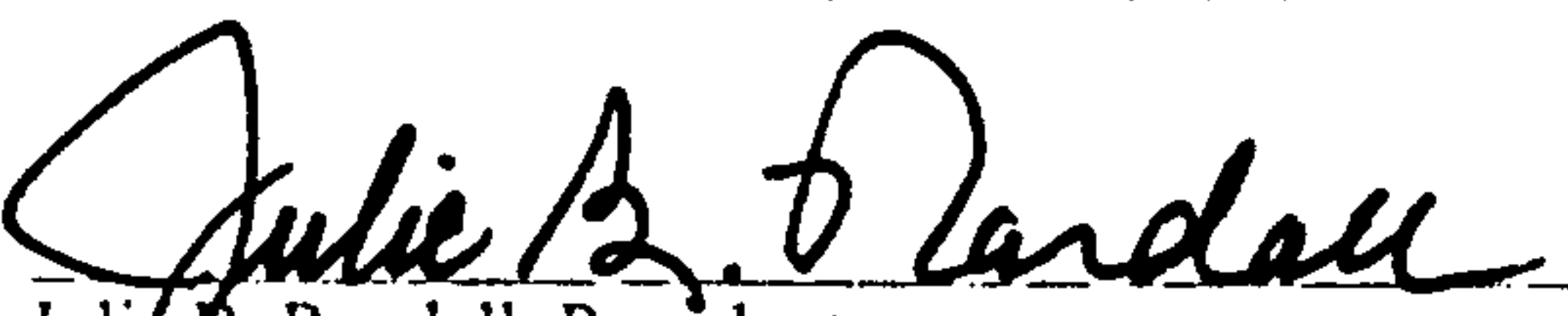
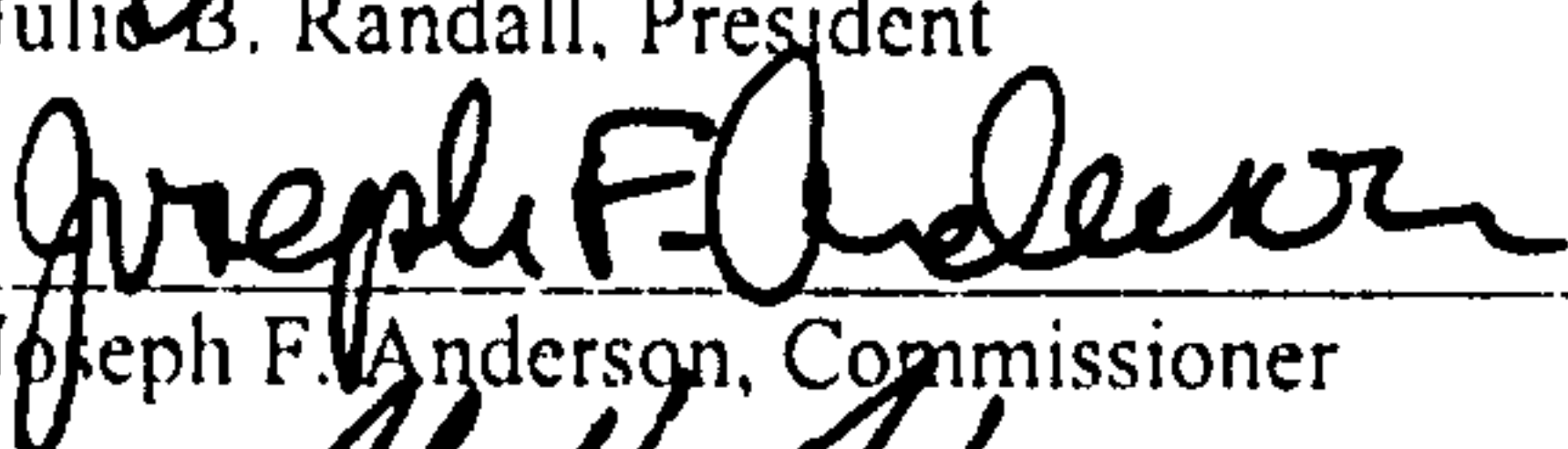

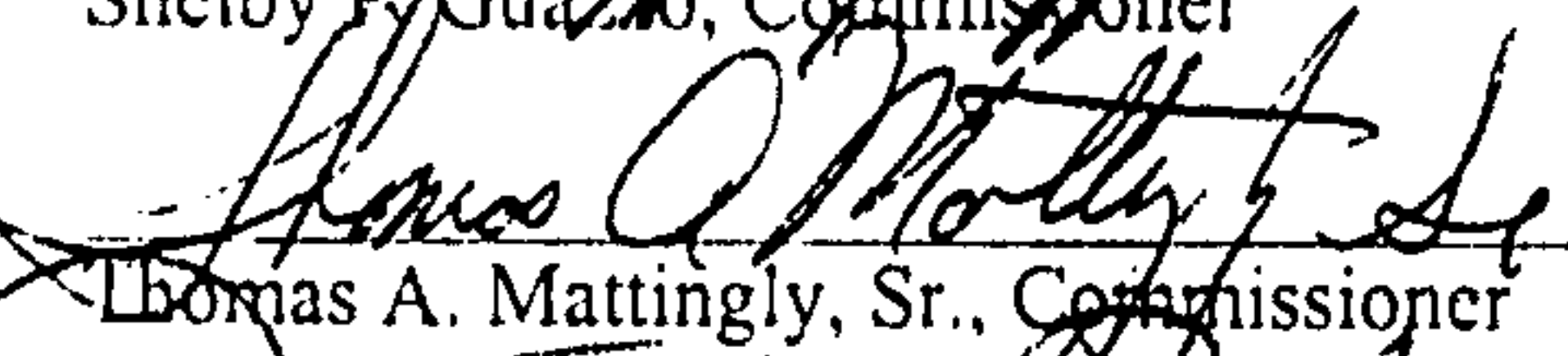
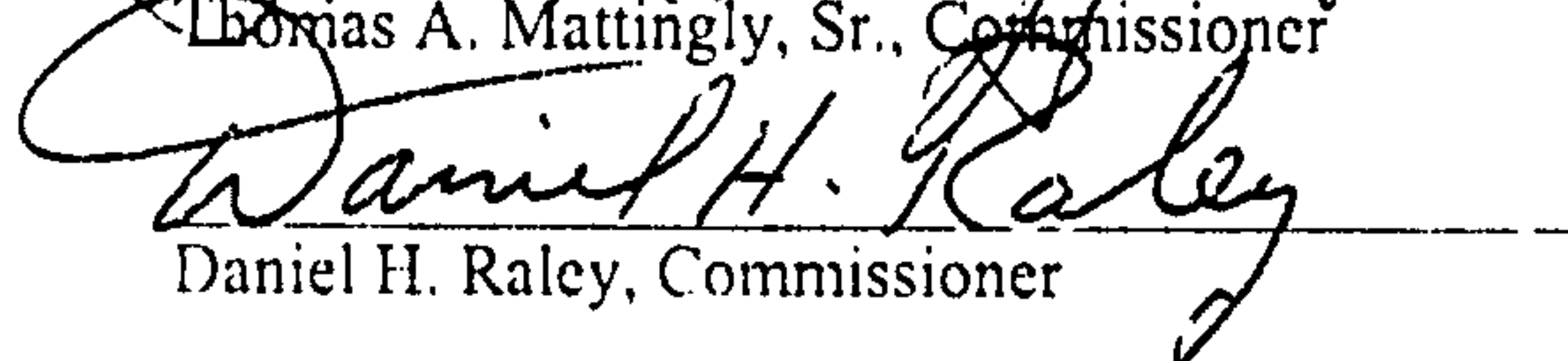
BE IT FURTHER RESOLVED, that the Board of County Commissioners for St. Mary's County, Maryland, directs and instructs the Director of the Department of Public Works and Transportation to erect traffic control devices, specifically Stop signs, on Old Village Road, County Route 30044, at the intersection with Mechanicsville Road, County Route 30029, as necessary to identify the Old Village Road approaches as Stop Streets, and designating the intersection of Old Village Road, County Route 30044, and Mechanicsville Road, County Route 30029, as a Multi-Way Stop Control Intersection.

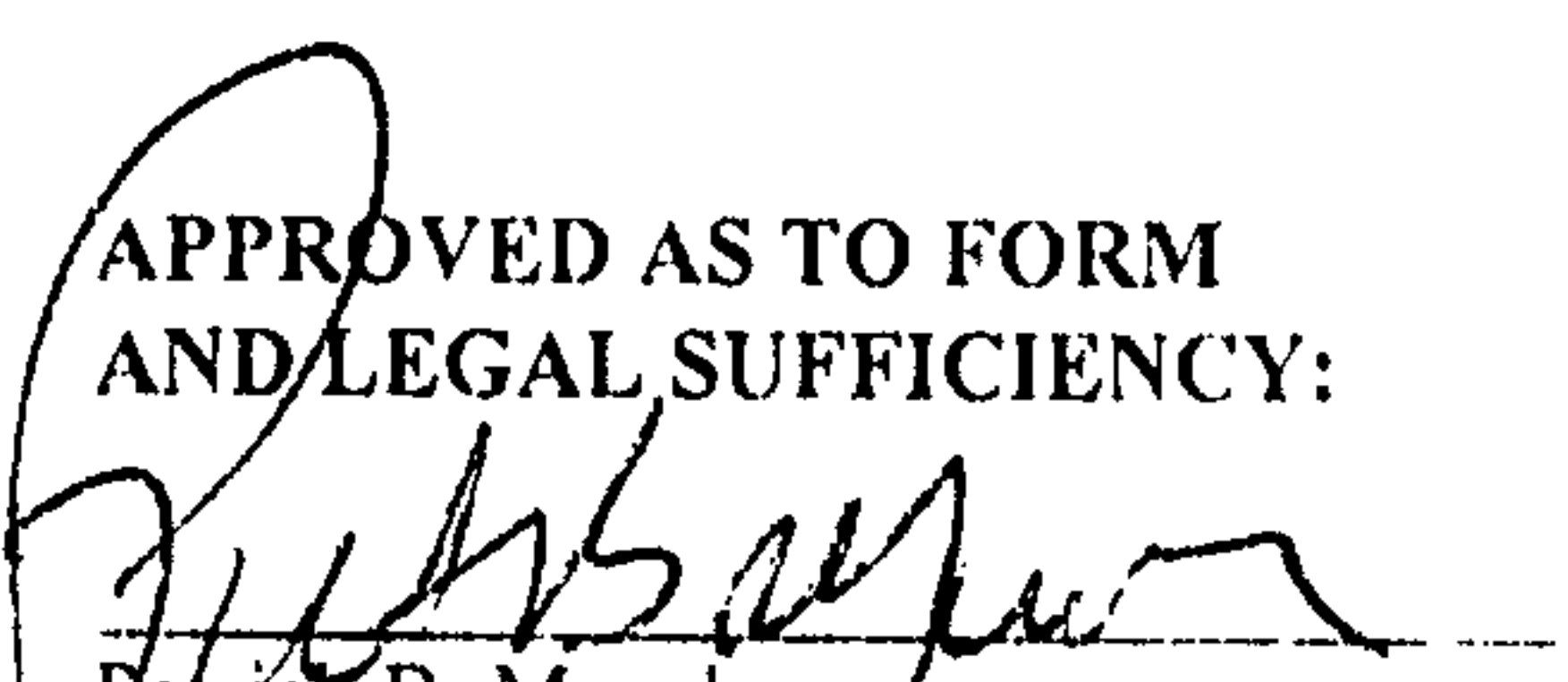
Those voting aye: ALL
Those voting nay: _____
Those abstaining or absent: _____
Date of Adoption: 08/07/01
Effective Date: 08/07/01

RECORDING FEE 0.00
TOTAL 0.00
Res#SN02 Rcpt#999999
EWA TLC Rlk#932
Aug 10, 2001 01:55 PM

ATTEST:

Alfred A. Lacer
County Administrator

BOARD OF COUNTY COMMISSIONERS FOR ST. MARY'S COUNTY, MARYLAND


Julie B. Randall, President

Joseph F. Anderson, Commissioner

Shelby P. Guazzo, Commissioner

Thomas A. Mattingly, Sr., Commissioner

Daniel H. Raley, Commissioner

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

Patrick B. Murphy
County Attorney

FOR THE PURPOSE OF APPROVING A SUPPLEMENTAL APPROPRIATION PURSUANT TO THE AUTHORITY GRANTED UNDER SECTION 27-9 OF THE ST. MARY'S COUNTY CODE TO THE FY2002 OPERATING BUDGET OF THE BOARD OF EDUCATION; SAID SUPPLEMENTAL APPROPRIATION TO BE FUNDED FROM THE INCREASE IN THE ST. MARY'S COUNTY RECORDATION TAX PURSUANT TO ORDINANCE 2001-21.

RECORDING FEE 0.00
TOTAL 0.00
Res#SM02 Rcpt#999999
EWA TLC Bk#932
AUG 10 2001 01:56 PM

ORDINANCE

WHEREAS, the Board of County Commissioners believes it is in the best interest of the County to amend the Fiscal Year 2002 General Fund Operating Budget to increase the appropriation for the Board of Education for St. Mary's County, and

WHEREAS, in accordance with the Code of Public Local Laws of Maryland, Article 19, (St. Mary's County) §27-9(A), the St. Mary's County Director of Finance has certified in writing, (Exhibit "A"), that such funds in the amount of \$270,000 are available as a result of revenue increases estimated to become available from the increase in the Recordation Tax as a result of Ordinance 2001-21; and

WHEREAS, pursuant to Maryland Annotated Code, Article 25, Section 3(r), a public hearing was held on June 12, 2001, after due and appropriate notice was published in The Enterprise, a newspaper of general circulation in St. Mary's County, on June 1, 2001 and June 8, 2001 and in the Washington Post, a newspaper of general circulation in St. Mary's County, on June 6, 7, 10, and 11, 2001, for at least two successive weeks; and

WHEREAS, the additional funds will be applied as outlined in the Board of Education's submission, a summary of which is as follows:

<u>Category</u>	<u>Amount</u>	<u>FTE</u>
Administration	\$ 830	0
Mid-Level Administration	5,030	0
Instructional Salaries	36,600	1.0
Instructional Textbooks & Supplies	59,704	0
Other Instructional Costs	14,740	0
Special Education	31,920	1.0
Student personnel Services	6,666	0
Health Services	17,132	1.0
Operation of Plant	53,360	0
Maintenance of Plant	15,140	0
Fixed Charges	28,528	0
Capital Outlay	350	0
	<u>\$270,000</u>	<u>3.0</u>

NOW, THEREFORE, BE IT ORDAINED by the Board of County Commissioners for St. Mary's County, Maryland that, after due notice and a public hearing on June 12, 2001 to consider a Supplemental Appropriation to the Board of Education for its FY 2002 Operating Budget, such appropriation in the amounts and to be allocated as set forth above is hereby **APPROVED**.

BE IT FURTHER ORDAINED, by the Board of County Commissioners for St. Mary's County, Maryland that the recitals above are hereby incorporated and adopted as if fully written herein.

BE IT FURTHER ORDAINED, by the Board of County Commissioners for St. Mary's County, Maryland that this enactment shall be effective as of the date written below.

Ordinance No.:

2001-22

LIBERO 019 PAGE 08

Subject: FY 2002 Supplemental
Appropriation Board of Education

Page 2 of 2

Those voting Aye: ALL

Those voting Nay: _____

Those Absent: _____

Date of Adoption: August 7, 2001

Effective Date: Aug 7, 2001

**BOARD OF COUNTY COMMISSIONERS
FOR ST. MARY'S COUNTY, MARYLAND**

Julie B. Randall
Julie B. Randall, President

Joseph F. Anderson
Joseph F. Anderson, Commissioner

Shelby P. Guazzo
Shelby P. Guazzo, Commissioner

Thomas A. Mattingly, Sr.
Thomas A. Mattingly, Sr. Commissioner

Daniel H. Raley
Daniel H. Raley, Commissioner

ATTEST:

Alfred A. Lacer
Alfred A. Lacer
County Administrator

Elaine M. Kramer
Elaine M. Kramer
Director of Finance

**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:**

John B. Norris, III
John B. Norris, III
Deputy County Attorney

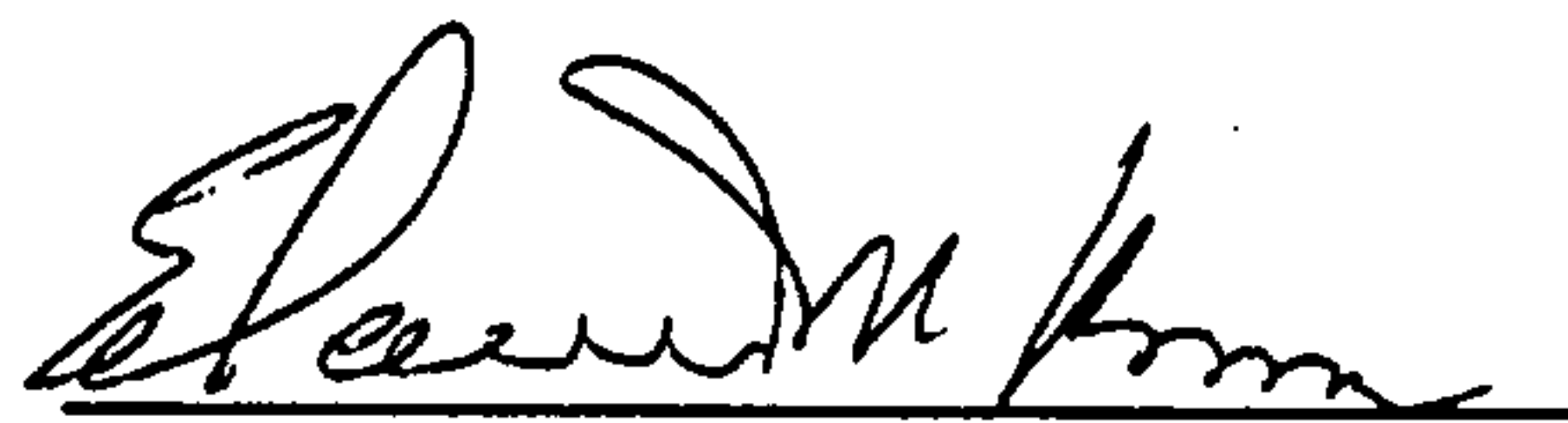
**CERTIFICATION OF FUNDS AVAILABILITY
DIRECTOR OF FINANCE
SUPPLEMENTAL OR EMERGENCY APPROPRIATION**

Section 27-9 of the St. Mary's County Code states that the County Commissioners may make additional, supplementary or emergency appropriations during any fiscal year only if the Chief Financial Officer certifies in writing that funds are available for appropriation.

DATE: July 26, 2001
TO: Board of County Commissioners
RE: Ordinance 2001-28
PURPOSE: Supplemental Appropriation of General Funds to the Board of Education for the FY2002 Operating Budget.

FUNDS CERTIFICATION:

<u>Amount</u>	<u>Source</u>
\$270,000	County Appropriation (funded from the increase in Recordation Tax, pursuant to Ordinance 2001-21)



Elaine M. Kramer
Director of Finance

LIBERO 019 PAGE 10

Exhibit A

Details of Budget Changes

LIBERO 019 PAGE 10

Recordation Funding Decreased to 270K

Item	\$621K (Deduct)	FTE	\$270K Add	FTE	High School
	Amount		Amount		
Elem Teacher	34,600	1.00	34,600	1.00	
Sign Language Int	28,350	1.00	28,350	1.00	
LPN	17,022	1.00	17,022	1.00	
Fixed Charges	28,528		28,528		
Non Cap	69,704		5,004		
Library	35,000		15,000		
Textbooks	50,000		25,000		
Bus	22,000				
Electricity	50,000		25,000		
Vehicles	50,000		20,000		
Moakley	23,000				
Grounds Upkeep	10,000		5,000		
Grounds Repair	30,000		10,000		
MOI	19,000		14,700		
Trainers	10,000		10,000		
Overtime	10,000		8,000		
Puprl Personnel Worker	6,296		6,296		
Printing	5,000		3,000		
Postage	7,000				
Travel	12,500		12,500		
Recruiting Stipend	3,000		2,000		
Total	521,000		270,000		

RESOLUTION

LIBERO 019 PAGE 1

TO ESTABLISH AND CREATE AN "AIRPORT
ADVISORY COMMITTEE" FOR MATTERS
RELATING TO THE DEVELOPMENT AND MANAGEMENT
OF THE CAPTAIN WALTER FRANCIS DUKE REGIONAL
AIRPORT IN ST. MARY'S COUNTY, MARYLAND

WHEREAS, the Captain Walter Francis Duke Regional Airport at St. Mary's County (hereinafter referred to as "Airport") is a significant community and economic asset managed by the Board of County Commissioners for St. Mary's County, Maryland (hereinafter referred to as "Board of County Commissioners"); and,

WHEREAS, Airport management and development decisions significantly affect the County's economic vitality; and,

WHEREAS, the Airport is an asset used by a wide range of government and business organizations; and,

WHEREAS, the Board of County Commissioners seeks to develop the Airport so as to improve the County's economic vitality and quality of life.

NOW, THEREFORE BE IT RESOLVED as follows:

1. That the Board of County Commissioners for St. Mary's County hereby establishes an Airport Advisory Committee to advise the Board of County Commissioners and County government on future planning and development, emerging opportunities and related issues of Airport management; and
2. That the Airport Advisory Committee shall be appointed by the Board of County Commissioners and shall consist of seven (7) members selected from a range of persons in the business community and community at large with expertise related to the operation and development of the Airport. The Airport Advisory Committee members shall serve terms of three (3) years from the date of appointment.; and
3. That the Board of County Commissioners shall appoint professional staff as ex officio members of the Airport Advisory Committee as the Board of County Commissioners shall deem appropriate and necessary from time to time; and
4. That the activities of the Airport Advisory Committee shall be governed through by-laws to be approved and adopted by the Board of County Commissioners.

Date of Adoption: 9/18/2001

Effective Date: 9/18/2001

Attest:

Alfred A. Lacer
County Administrator

BOARD OF COUNTY COMMISSIONERS
FOR ST. MARY'S COUNTY, MARYLAND

Julie B. Randall
Julie B. Randall, President

absent
Joseph F. Anderson

Shelby P. Guazzo
Shelby P. Guazzo

Thomas A. Mattingly, Sr.
Thomas A. Mattingly, Sr.

Daniel H. Raley
Daniel H. Raley

Approved as to Form and Legal Sufficiency:

Patrick B. Murphy
Patrick B. Murphy, County Attorney

RECORDING FEE 0.00
TOTAL 0.00
SEP 20 2001 11:12 AM
EVA H. GILKINSON
REC'D SEP 20 2001

SUBJECT: RESOLUTION TO APPROVE
BYLAWS OF THE BUILDING AUTHORITY COMMISSION

RESOLUTION

WHEREAS, the Building Authority Commission was established pursuant to Charter 475 of the Laws of Maryland of 1983, as amended and codified in Section 26-18 of the Public Local Laws of St. Mary's County, as a body politic and corporate and a public instrumentality of St. Mary's County; and

WHEREAS, pursuant to Section 26-18 of the Public Local Laws of St. Mary's County, the Bylaws used by the Building Authority Commission shall be approved by the Board of County Commissioners for St. Mary's County.

NOW, THEREFORE, BE IT RESOLVED, that the Board of County Commissioners for St. Mary's County hereby approves the Bylaws, attached hereto as Exhibit A, of the Building Authority Commission.

ADOPTED AND APPROVED by the Board of County Commissioners for St. Mary's County on 25th day of September, 2001.

Those voting Aye: Randall, Anderson, Guazzo, Raley

Those voting Nay: none

Those Absent: none

Date of Adoption: 9/25/01
Effective Date: 10/1/01

BOARD OF COUNTY COMMISSIONERS
FOR ST. MARY'S COUNTY, MARYLAND

Julie B. Randall
Julie B. Randall, President

Joseph F. Anderson
Joseph F. Anderson, Commissioner

Shelby P. Guazzo
Shelby P. Guazzo, Commissioner

ABSTAIN
Thomas A. Mattingly, Sr. Commissioner

Daniel H. Raley
Daniel H. Raley, Commissioner

ATTEST:
Alfred A. Lacer
County Administrator

RECORDING FEE 0.00
TOTAL 0.00
Res#SM03 Rcpt#999999
EWA LP Rik#60
Oct 02, 2001 10:27 am

APPROVED AS TO FORM AND SUFFICIENCY:
Patrick Murphy
Patrick Murphy
County Attorney

BUILDING AUTHORITY COMMISSION

BY-LAWS 019 PAGE 1 1 3

ARTICLE ONE – Offices

The principal office of the corporation shall be located at 23115 Leonard Hall Drive, at the Governmental Center, City of Leonardtown, County of St. Mary's, State of Maryland.

ARTICLE TWO – Members:

Section 1: In accordance with Section 26-18 D, E of the St. Mary's County Code, the Board of County Commissioners shall determine or approve all matters relating to the number, tenure, manner of appointment and compensation (if any) of its members.

Section 2: Voting Rights. Each member in good standing shall be entitled to one vote on each matter submitted to a vote of the members.

Section 3: Termination of Membership. In accordance with Section 26-18 D of the St. Mary's County Code, the Board of County Commissioners may suspend or remove a member at any time, with or without cause.

Section 4: Resignation. Any member may resign by filing a written resignation with the Board of County Commissioners.

Section 5: Transfer of Membership. Membership on the Building Authority Commission is not transferable or assumable.

ARTICLE THREE – Meeting of Members:

Section 1: The Building Authority Commission shall establish the setting and frequency of all Building Authority Commission meetings.

Section 2: Special Meetings. Special meetings of the members may be called by the president of the Building Authority Commission or by the Board of County Commissioners.

Section 3: Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of members shall be delivered either personally or by mail, to each member entitled to vote at such meeting, not less than two (2) days before the date of such meeting by those persons calling the meeting. In case of a special meeting or when required by these by-laws, the purpose or purposes for which the meeting was called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the Building Authority Commission, with postage thereon prepaid.

Section 4: Informal Action by Members. Any action required by law to be taken at a meeting of the members, or any action that may be taken at a meeting of members, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the members entitled to vote with respect to the subject matter thereof.

Section 5: Quorum. Members holding 51% of the votes that may be cast at any meeting constitute a quorum at such meeting. If a quorum is not present at any meeting of members, the majority of the members present may adjourn the meeting from time to time without further notice.

Section 6: Proxies. At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his duly authorized attorney in fact. No proxy shall be valid after two (2) months from the date of its execution, unless otherwise provided in the proxy.

ARTICLE FOUR – Officers:

Section 1: Officers. The officers of the corporation shall be a president, one vice president, and one secretary for record keeping purposes, and such other officers as may be appointed in accordance with the provisions of Section 26-18 of the St. Mary's County Code.

Section 2: Removal. Any officer appointed by the Board of County Commissioners may be removed by the Board of County Commissioners with or without cause, in accordance with Section 26-18 of the St. Mary's County Code.

Section 3: Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of County Commissioners for the unexpired portion of the term.

Section 4: Powers and Duties. The several officers shall have such powers and shall perform such duties as may from time to time be specified in resolution or other directions of the Board of County Commissioners. In the absence of such specifications, each officer shall have the powers and authority and shall perform and discharge the duties of officers of the same title serving in corporations having the same or similar general purpose and objectives as this corporation.

ARTICLE FIVE – Powers of President:

The president of the Building Authority Commission shall be the Commission's principal officer and shall exercise general supervision and control over all the business and affairs of the corporation. The president shall have the following powers and duties:

1. To preside at all meetings of the members at which he is present.
2. To have general and active management of the business of the corporation.

LIBER 00019 PAGE 14

- LIBERO 019 PAGE 15
3. To see that all orders and resolutions of the Commission are carried into effect.
 4. To have general superintendence and direction of all the other officers of the Commission and of the agents and employees thereof and to see that their respective duties are properly performed.
 5. To operate and conduct the business and affairs of the corporation accordingly to the orders and resolutions of the Board of County Commissioners, and accordingly to his own discretion whenever and wherever it is not expressly limited by such orders and resolutions.

ARTICLE SIX – Powers and Duties of the Vice-President:

The vice-president shall exercise the powers and perform the functions that are from time to time assigned to him by the president or by the Board of County Commissioners. The vice-president shall have the powers and shall exercise the duties of the president whenever the president, by reason of illness or other disability, or absence, is unable to act, and at other times when specifically so directed by the Board of County Commissioners.

ARTICLE SEVEN – Powers:

The Building Authority Commission may exercise no powers beyond those enumerated in Section 26-18 of the St. Mary's County Code or further amended and granted by the Board of County Commissioners.

ARTICLE EIGHT – Books and Records:

The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, and shall keep at the principal office a record giving the names and addressees of the members entitled to vote. All books and records of the corporation may be inspected by any member or his agent or attorney, for any proper purpose at any reasonable time.

ARTICLE NINE – Fiscal Year:

The fiscal year shall begin on the 1st day of July in each year and end at midnight on the 30th day of June of the following year.

ARTICLE TEN – Amendment to By-Laws:

These by-laws may be altered, amended, or repealed and new by-laws may be adopted by the Board of County Commissioners.

LIBERO 019 PAGE 116

RECORDING FEE 8.00
TOTAL 8.00
RECEIVED OCT 13 1999
EVA LP BIRKBE
OCT 20 2001 10:28 AM

NO: 01-2001-41
SUBJECT: ST. MARY'S
NURSING
CENTER

RESOLUTION

A RESOLUTION of the Board of County Commissioners of St. Mary's County ("the "Board"), approving the passage and adoption of a Resolution to be considered for adoption (the "Commission Resolution") by St. Mary's County Building Authority Commission (the "Commission") which Commission Resolution authorizes the execution and delivery of a Lease Agreement (the "Lease Agreement") between the Commission and St. Mary's Nursing Center, Inc. (the "Company"), with respect to the St. Mary's Nursing Center located in Leonardtown, Maryland (the "Nursing Center"); approving and concurring in the form of the Lease Agreement; authorizing and approving the form of an Assignment and Assumption Agreement among the Commission, the Company and County Commissioners of St. Mary's County; ratifying and confirming the members of the board of directors of the Company as the members of the citizens nursing home board pursuant to Section 254 of Article 25 of the Annotated Code of Maryland; ratifying and confirming the members of the Commission and the Commission's By-Laws; ratifying and confirming certain existing agreements relating to the Commission and the Nursing Center; repealing the Board's 1996 resolution asserting operational control of the Nursing Center by County Commissioners of St. Mary's County; authorizing the appropriation of certain funds for use by the Company with regard to the operation of the Nursing Center; and generally providing for and determining various matters in connection with the leasing and operation of the Nursing Center.

RECITALS

A. The St. Mary's County Building Authority Commission (the "Commission") was established pursuant to Chapter 475 of the Laws of Maryland of 1983, as amended (as codified in Section 26-18 of the Public Local Laws of St. Mary's County, the "Enabling Act") as a body politic and corporate and a public instrumentality of County Commissioners of St. Mary's County (the "County").

B. The Commission, in accordance with the authority granted by the Enabling Act, issued \$5,360,000 aggregate principal amount of limited obligation bonds designated "St. Mary's County Building Authority Commission Nursing Home Bonds of 1986" (the "1986 Bonds") for the purpose of financing the costs of acquiring and constructing a nursing home facility (the "Nursing Center") located at 21585 Peabody Street, Leonardtown, Maryland (the "Nursing Center Site").

C. By a Lease dated as of July 15, 1986 (the "1986 Lease") between the Commission and the County, the Commission leased to the County the Nursing Center and the Nursing Center Site. The term of the 1986 Lease is to end on the date on which the principal of and premium, if any, and interest on the 1986 Bonds has been paid or provision for the payment thereof made. In addition, by a Facility Site Lease dated as of July 15, 1986 (the "1986 Facility Site Lease") by and between the County and the Commission, the County leased the Nursing Center Site to the Commission. The term of the 1986 Facility Site Lease was equal to the term of the 1986 Lease.

D. The Commission, in accordance with the authority granted by the Enabling Act, issued \$8,910,000 aggregate principal amount of limited obligation bonds designated "St. Mary's County Building Authority Commission Nursing Home Project and Refunding Bonds of 1992" (the "1992 Bonds"), for the purpose of financing the cost of acquiring and constructing an addition and certain improvements to the Nursing Center, and refunding the 1986 Bonds outstanding.

E. By a Lease Agreement dated as of September 15, 1992 (the "1992 Lease") between the Commission and the County, the Commission leased to the County the Nursing Center, as expanded by the improvements financed with the proceeds of the 1992 Bonds. In addition, by a First Supplement to Facility Site Lease dated as of September 15, 1992, between

the Commission and the County, the Commission and the County extended the term of the 1986 Facility Site Lease. The term of the 1992 Lease and the 1986 Facility Site Lease is to end on the date on which the principal of and interest on the 1986 Bonds and the 1992 Bonds have been paid or provision for the payment thereof made. The 1986 Bonds have now been paid in full. The final maturity of the 1992 Bonds will occur on July 15, 2016.

F. Section 5.03 of the 1992 Lease provides, in part, that the Commission shall operate the Nursing Center for and on behalf of the County until otherwise notified in writing by the County.

G. Pursuant to a report of the Nursing Center Governance Study Committee to the Board of County Commissioners of the County, it was recommended, among other things, that a corporation constituting a 501(c)(3) corporation operate the Nursing Center on behalf of the County and that the County appoint the members of the board of directors of such corporation.

H. The County and the Commission have determined that the Commission will provide for the operation, maintenance and repair of the Nursing Center by leasing the Nursing Center and the Nursing Center Site to St. Mary's Nursing Center, Inc., a Maryland not-for-profit corporation constituting a 501(c)(3) corporation under the Internal Revenue Code (the "Company"), pursuant to a Lease Agreement between the Commission and the Company (the "Lease Agreement").

I. Pursuant to Section 254 of Article 25 of the Annotated Code of Maryland (the "Nursing Home Board Act"), the County has determined to appoint the members of the board of the Company as the citizens nursing home board (the "Nursing Center Board") pursuant to such section.

J. Pursuant to paragraph (f) of the Nursing Home Board Act, the Board of County Commissioners of the County is authorized to make annual appropriations in support of the operations of the Nursing Center Board. In addition, pursuant to Chapter 709 of the Laws of Maryland of 1976 (as codified in Section 26-19 of the Public Local Laws of St. Mary's County), the County may appropriate county funds for civic, community or public purposes, if in the judgment of the Board the appropriation encourages and fosters the public good and general welfare of the County. Such appropriated funds may be paid to any nonprofit organization or agency, whether private, semiprivate or public. Pursuant to such authority, the County has determined to transfer all right, title and interest of the County in and to the assets (other than the fee simple interest of the County and the Commission in the Nursing Center and the Nursing Center Site being leased to the Company pursuant to the Lease Agreement), liabilities and fund balances of the Nursing Center, which assets, liabilities and fund balances were generated from or incurred in connection with the operations of the Nursing Center.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. MARY'S COUNTY, THAT:

Section 1. It is hereby found and determined by the Board of County Commissioners of St. Mary's County (the "Board") that:

(a) Capitalized terms that are defined in the title or recitals of this Resolution shall have the meanings provided in the title or recitals.

(b) The leasing of the Nursing Center and the Nursing Center Site by the Commission to the Company pursuant to the Lease Agreement and the consummation of the transactions relating thereto will accomplish the public purposes of the Commission and the County. In order to accomplish such transaction, the provisions of Section 5.03 of the 1992 Lease are hereby confirmed as being in effect and the County hereby transfers possession of the Nursing Center and the Nursing Center Site to the Commission (the "Sublease").

(c) The members of the Commission shall be the County Administrator, the County Attorney, the County Director of Finance, the County Director of Department of Public Works and Transportation and the County Director of Facilities Management. Each such member shall serve effective immediately through the fiscal year of the County ending June 30, 2002. The officers of the Commission shall be as follows: County Administrator, President; Director of Finance, Vice President; and County Attorney, Secretary. The By-Laws of the

Commission which have been presented to the Board are hereby approved. Staffing requirements of the Commission shall be satisfied by County employees as determined by the Commission and approved by the Board unless such staffing requirements involve routine financial, administrative or engineering matters, in which case prior approval of the Board shall not be required. Commission members shall receive no compensation in addition to the compensation which they receive as employees of the County.

(d) The Board has appointed the members of the Nursing Center Board, such members being: Janice Bonham, Mike Colina, David Densford, Nell B. Hampton, Evelyn L. Holland, Debbie Knott, Thomas A. Mattingly, Sr., Kiram Mehta, Eleanor Tydings-Reynolds and Ernest C. Williams, Jr. The Nursing Center Board may exercise all powers with respect to the Nursing Center as are provided in the Nursing Home Board Act, such powers to include without limitation (i) the acquisition of personal property, including medical and other supplies, equipment and services necessary or desirable for the operation of the Nursing Center by any means determined by the Nursing Center Board regardless of County procedures for any such acquisition if such acquisition were undertaken by the County, (ii) the charging of fees for admission to and maintenance of the Nursing Center; (iii) the hiring and dismissal of employees of the Company, it being acknowledged and determined that such employees are employees of the Company and not the County and that all personnel, administrative and operational procedures of the Nursing Center shall be determined by the Nursing Center Board regardless of County personnel, administrative or operational procedures, and (iv) the acceptance of gifts, legacies, bequests, endorsements of any sort, and funds appropriated by the County, and the expenditure of such gifts, legacies, bequests, endorsements and funds to support the Nursing Center.

Section 2. The terms, provisions, form, content and substance of the Lease Agreement are approved and adopted. A copy of the Lease Agreement has been presented to the Board and has been placed in the official records of the County and made available for public inspection at the Office of the County Administrator.

The leasing of the Nursing Center and the Nursing Center Site by the Commission to the Company for use as provided in the Lease Agreement is approved. Such conveyance is hereby found and determined to be in furtherance of a public purpose of the County.

Section 3. The Board hereby ratifies and confirms the terms, provisions, form, content and substance of the 1986 Facility Site Lease and the 1992 Lease. The 1986 Facility Site Lease and the 1992 Lease remain in full force and effect.

Section 4. The 1996 Resolution of the Board relating to the Nursing Center and asserting operational control of the Nursing Center by the County is hereby revoked and shall be of no further force or effect. The Resolution of Commission relating to the Nursing Center which has been presented to the Board is hereby approved.

Section 5. The Board acknowledges that the Nursing Center has accumulated certain assets, liabilities and fund balances. Such assets, liabilities and fund balances are described or referred to in the Assignment and Assumption Agreement, a copy of which has been presented to the Board and has been placed in the official records of the County and made available for public inspection at the Office of the County Administrator. The terms, provisions, form, content and substance of the Assignment and Assumption Agreement are approved and adopted. The amount of such fund balances may be used by the Company in connection with the operation of the Nursing Center and subject to the terms of the Lease Agreement unless the Board does not enact an appropriation ordinance during this fiscal year with respect to such fund balances.

Section 6. This Resolution constitutes approval by the County of the leasing of the Nursing Center to the Company and of the plan of finance for the Nursing Center through the issuance of the 1992 Bonds pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended.

Section 7. The President of the Board and such other officials of the County as the President may designate are hereby authorized to execute and deliver on behalf of the County any certificates, acknowledgments, or other documents relating to the transactions approved by this Resolution (including, without limitation, a certificate as to Federal tax matters relating to

the transaction, and a confirmation of the Sublease to the Commission, if required by either party).

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Section 8. The provisions of this Resolution are severable, and if any provision, sentence, clause, section or part thereof is held illegal, invalid, unconstitutional or inapplicable to any person or circumstance, such illegality, invalidity, unconstitutionality or inapplicability shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of this Resolution or their application to other persons or circumstances. It is hereby declared to be the legislative intent that this Resolution would have been adopted if such illegal, invalid, unconstitutional or inapplicable provision, sentence, clause, section or part had not been included therein, and as if the person or circumstances to which this Resolution or any part thereof is inapplicable had been specifically exempted therefrom.

Section 9. This Resolution shall take effect on the date of its adoption.

ADOPTED AND APPROVED by the Board of County Commissioners on 25th day of September, 2001.

Those voting Aye: Randall, Anderson, Guazzo, Raley

Those voting Nay: none

Those Absent: none

Date of Adoption: 9/25/01
Effective Date: 10/1/2001

BOARD OF COUNTY COMMISSIONERS
OF ST. MARY'S COUNTY, MARYLAND

Julie B. Randall
Julie B. Randall, President

Joseph F. Anderson
Joseph F. Anderson, Commissioner

Shelby P. Guazzo
Shelby P. Guazzo, Commissioner

Abstain
Thomas A. Mattingly, Sr. Commissioner

Daniel H. Raley
Daniel H. Raley, Commissioner

ATTEST:
Alfred A. Lacer
County Administrator

APPROVED AS TO FORM AND SUFFICIENCY:
Patrick B. Murphy
County Attorney

RECORDING FEE 0.00
TOTAL 0.00
RESUBMIT ACCT# 1599999
EWA LP BIL# 68
Oct 02, 2001 10:23 am

LIBERO 019 PAGE 20

NO: 01-2001-42
SUBJECT: ST. MARY'S
NURSING
CENTER

A RESOLUTION of the St. Mary's County Building Authority Commission (the "Commission") approving the execution and delivery of a Lease Agreement (the "Lease Agreement") between the Commission and St. Mary's Nursing Center, Inc. (the "Company") and an Assignment and Assumption Agreement among the Commission, the Company and County Commissioners of St. Mary's County, with respect to the St. Mary's Nursing Center located in Leonardtown, Maryland (the "Nursing Center"); and generally providing for and determining various matters in connection with the leasing and operation of the Nursing Center.

RECITALS

A. The St. Mary's County Building Authority Commission (the "Commission") was established pursuant to Chapter 475 of the Laws of Maryland of 1983, as amended (as codified in Section 26-18 of the Public Local Laws of St. Mary's County, the "Enabling Act") as a body politic and corporate and a public instrumentality of County Commissioners of St. Mary's County (the "County").

B. The Commission, in accordance with the authority granted by the Enabling Act, issued \$5,360,000 aggregate principal amount of limited obligation bonds designated "St. Mary's County Building Authority Commission Nursing Home Bonds of 1986" (the "1986 Bonds") for the purpose of financing the costs of acquiring and constructing a nursing home facility (the "Nursing Center") located at 21585 Peabody Street, Leonardtown, Maryland (the "Nursing Center Site").

C. By a Lease dated as of July 15, 1986 (the "1986 Lease") between the Commission and the County, the Commission leased to the County the Nursing Center and the Nursing Center Site. The term of the 1986 Lease is to end on the date on which the principal of and premium, if any, and interest on the 1986 Bonds has been paid or provision for the payment thereof made. In addition, by a Facility Site Lease dated as of July 15, 1986 (the "1986 Facility Site Lease") by and between the County and the Commission, the County leased the Nursing Center Site to the Commission. The term of the 1986 Facility Site Lease was equal to the term of the 1986 Lease.

D. The Commission, in accordance with the authority granted by the Enabling Act, issued \$8,910,000 aggregate principal amount of limited obligation bonds designated "St. Mary's County Building Authority Commission Nursing Home Project and Refunding Bonds of 1992" (the "1992 Bonds"), for the purpose of financing the cost of acquiring and constructing an addition and certain improvements to the Nursing Center, and refunding the 1986 Bonds outstanding.

E. By a Lease Agreement dated as of September 15, 1992 (the "1992 Lease") between the Commission and the County, the Commission leased to the County the Nursing Center, as expanded by the improvements financed with the proceeds of the 1992 Bonds. In addition, by a First Supplement to Facility Site Lease dated as of September 15, 1992, between the Commission and the County, the Commission and the County extended the term of the 1986 Facility Site Lease. The term of the 1992 Lease and the 1986 Facility Site Lease is to end on the date on which the principal of and premium, if any, and interest on the 1986 Bonds and the 1992 Bonds have been paid or provision for the payment thereof made. The 1986 Bonds have now been paid in full. The final maturity of the 1992 Bonds will occur on July 15, 2016.

F. Section 5.03 of the 1992 Lease provides, in part, that the Commission shall operate the Nursing Center for and on behalf of the County until otherwise notified in writing by the County.

G. Pursuant to a report of the Nursing Center Governance Study Committee to the Board of County Commissioners of the County, it was recommended, among other things, that a

corporation constituting a 501(c)(3) corporation operate the Nursing Center on behalf of the County and that the County appoint the members of the board of directors of such corporation.

H. The County and the Commission have determined that the Commission will provide for the operation, maintenance and repair of the Nursing Center by leasing the Nursing Center and the Nursing Center Site to St. Mary's Nursing Center, Inc., a Maryland not-for-profit corporation constituting a 501(c)(3) corporation under the Internal Revenue Code (the "Company"), pursuant to a Lease Agreement between the Commission and the Company (the "Lease Agreement").

I. The County and the Commission have determined to transfer all of their right, title and interest in and to certain property relating to the Nursing Center to the Company pursuant to an Assignment and Assumption Agreement (the "Assignment and Assumption Agreement").

J. Pursuant to paragraph B (3) of the Enabling Act, the Commission may lease real property and improvements thereon to any non-profit corporation.

NOW, THEREFORE, BE IT RESOLVED BY THE ST. MARY'S COUNTY BUILDING AUTHORITY COMMISSION, THAT:

Section 1. It is hereby found and determined by the St. Mary's County Building Authority Commission (the "Commission") that:

(a) Capitalized terms that are defined in the title or recitals of this Resolution shall have the meanings provided in the title or recitals.

(b) The leasing of the Nursing Center and the Nursing Center Site by the Commission to the Company pursuant to the Lease Agreement and the consummation of the transactions relating thereto (including the acceptance of possession of the Nursing Center Site from the County through a sublease or other instrument so that the Commission may enter into the Lease Agreement) will accomplish the public purposes of the Commission.

Section 2. The terms, provisions, form, content and substance of the Lease Agreement and the Assignment and Assumption Agreement are approved and adopted. A copy of the Lease Agreement and the Assignment and Assumption Agreement have been presented to the Commission.

The leasing of the Nursing Center and the Nursing Center Site by the Commission to the Company for use as provided in the Lease Agreement is approved. Such conveyance is hereby found and determined to be in furtherance of a public purpose of the Commission.

Section 3. The Commission hereby ratifies and confirms the terms, provisions, form, content and substance of the 1986 Facility Site Lease and the 1992 Lease. The 1986 Facility Site Lease and the 1992 Lease remain in full force and effect.

Section 4. This Resolution constitutes approval by the Commission of the leasing of the Nursing Center to the Company and of the plan of finance for the Nursing Center through the issuance of the 1992 Bonds.

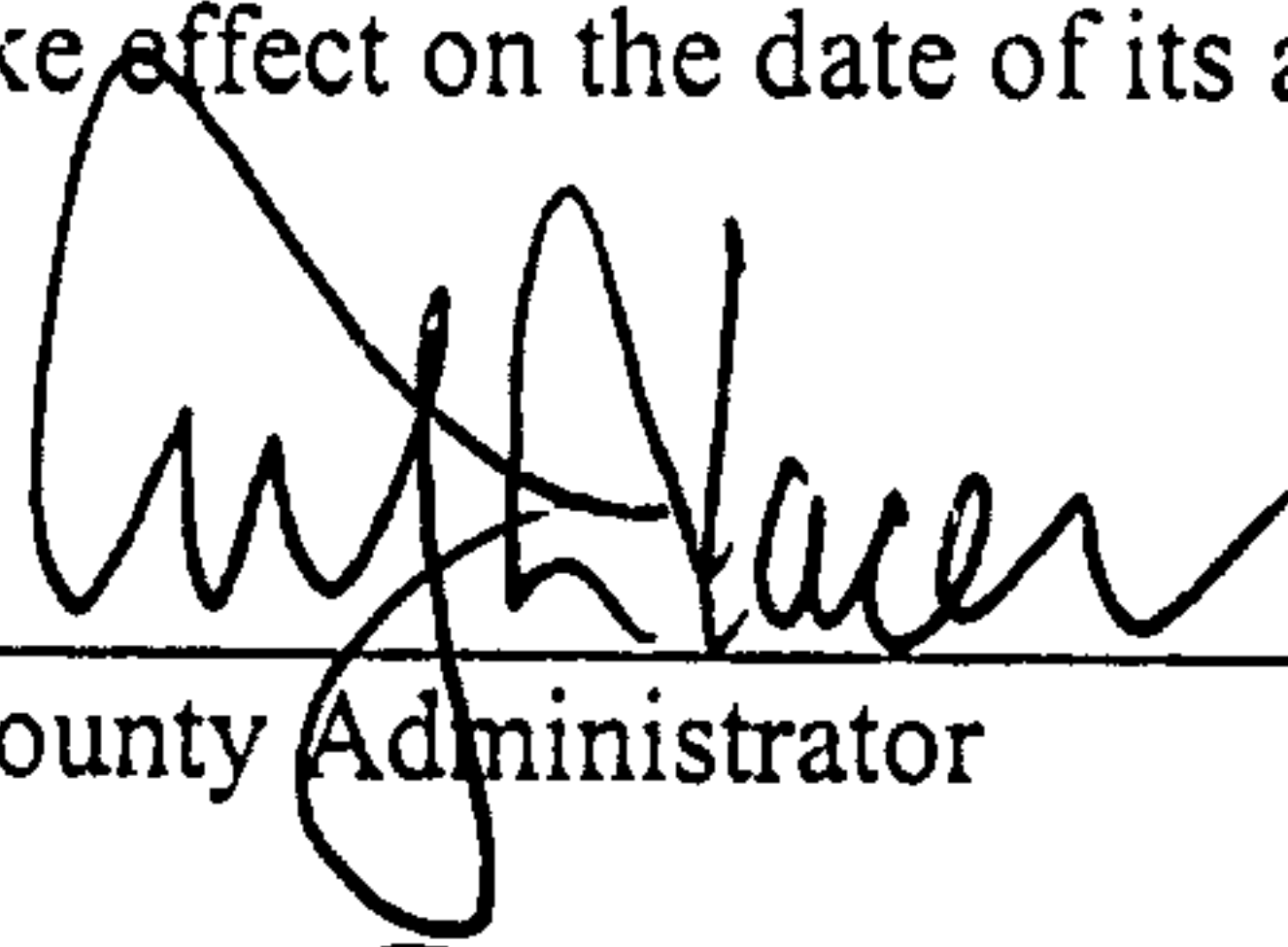
Section 5. Any member of the Commission is hereby authorized to execute and deliver on behalf of the Commission any certificates, acknowledgments, or other documents relating to the transaction approved by this Resolution (including, without limitation, a certificate as to Federal tax matters relating to the transaction and a sublease from the County).

Section 6. The provisions of this Resolution are severable, and if any provision, sentence, clause, section or part thereof is held illegal, invalid, unconstitutional or inapplicable to any person or circumstance, such illegality, invalidity, unconstitutionality or inapplicability shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of this Resolution or their application to other persons or circumstances. It is hereby declared to be the legislative intent that this Resolution would have been adopted if such illegal, invalid,

unconstitutional or inapplicable provision, sentence, clause, section or part had not been included therein, and as if the person or circumstances to which this Resolution or any part thereof is inapplicable had been specifically exempted therefrom.

Section 7. This Resolution shall take effect on the date of its adoption.

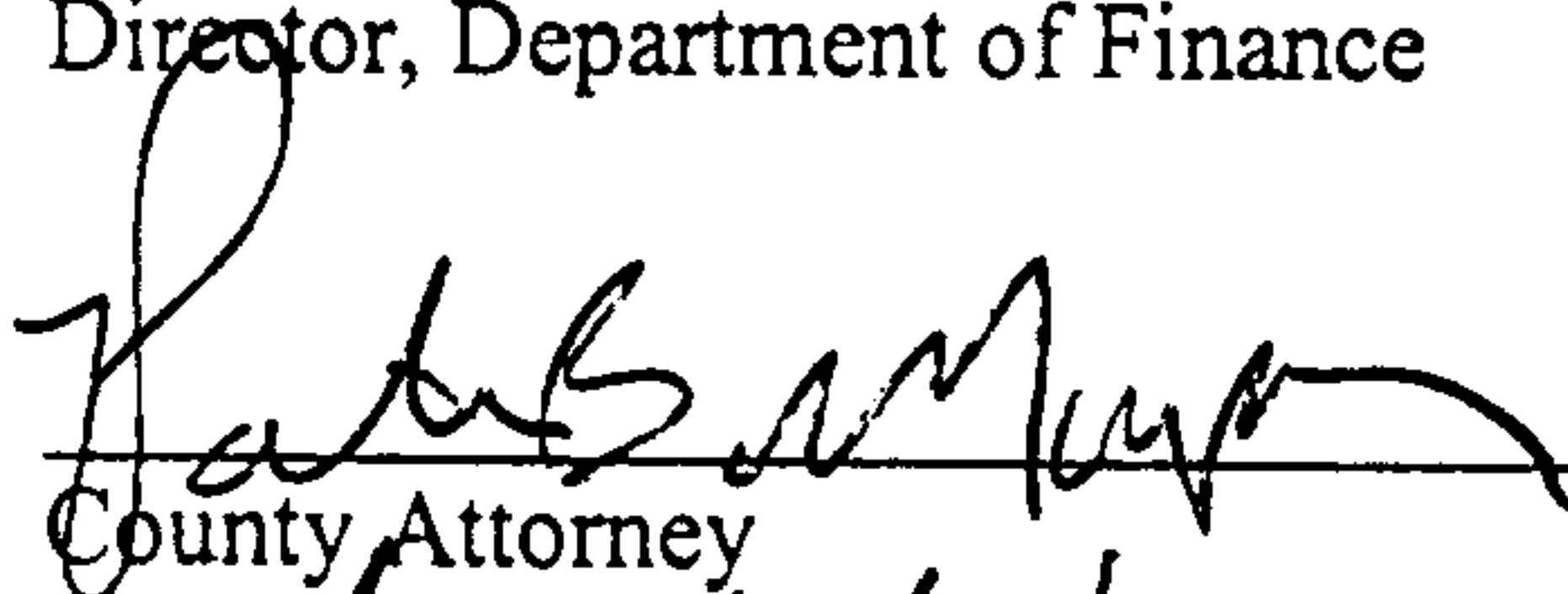
Adopted: September 25th, 2001



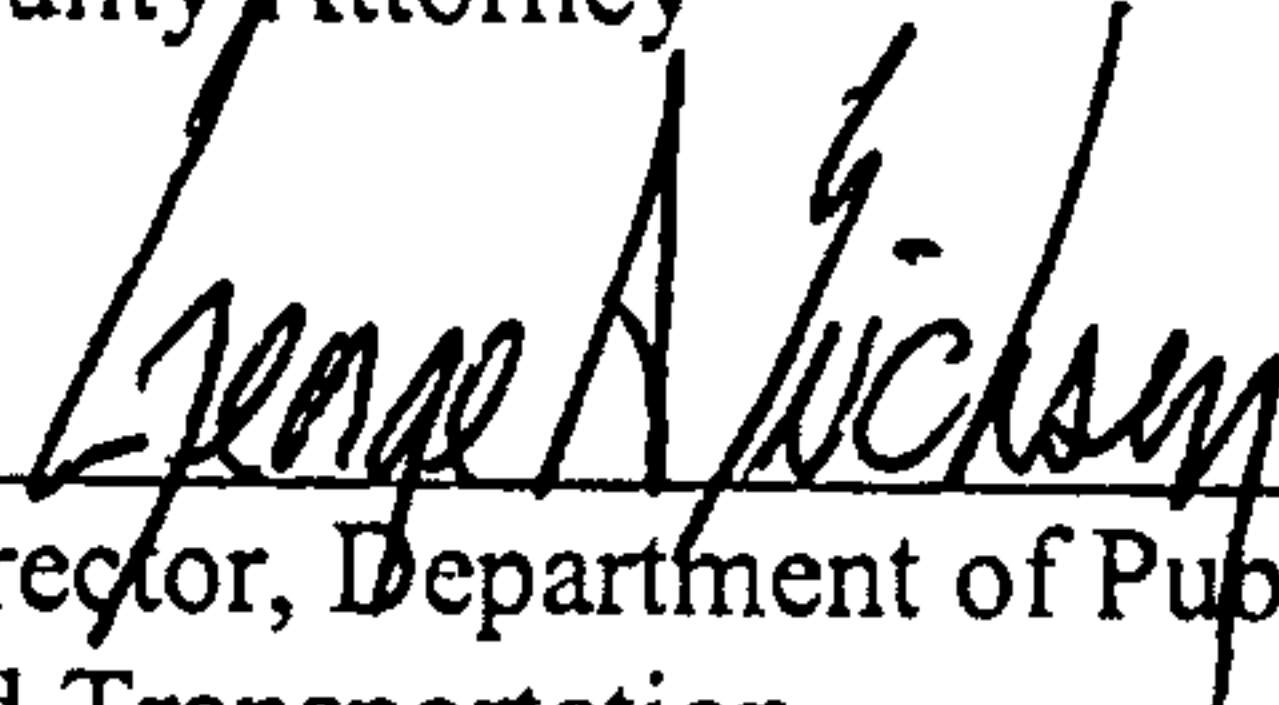
County Administrator



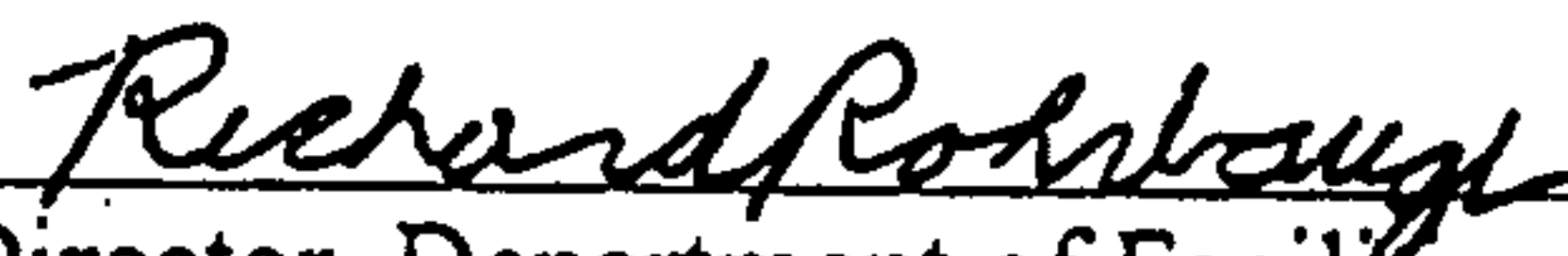
Director, Department of Finance



County Attorney



Director, Department of Public Works and Transportation



Director, Department of Facilities Management

LIBERO 019 PAGE 122

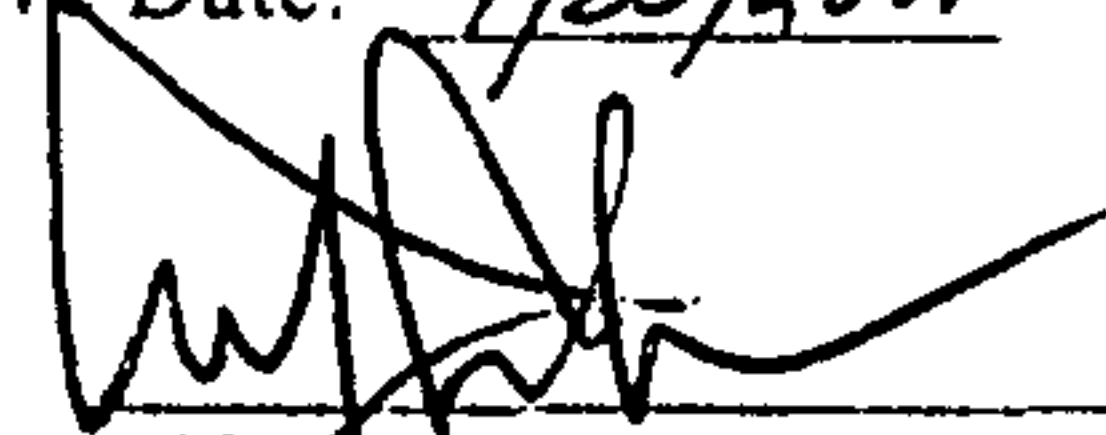
LIBERO 019 PAGE 23 **RESOLUTION**
TO APPOINT A RESIDENT AGENT FOR THE
BOARD OF COUNTY COMMISSIONERS
FOR ST. MARY'S COUNTY, MARYLAND

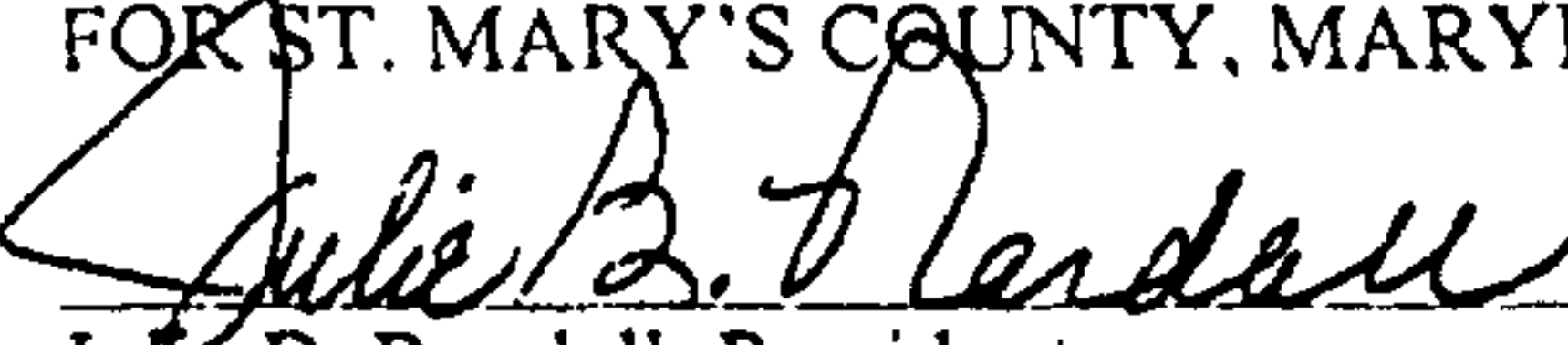
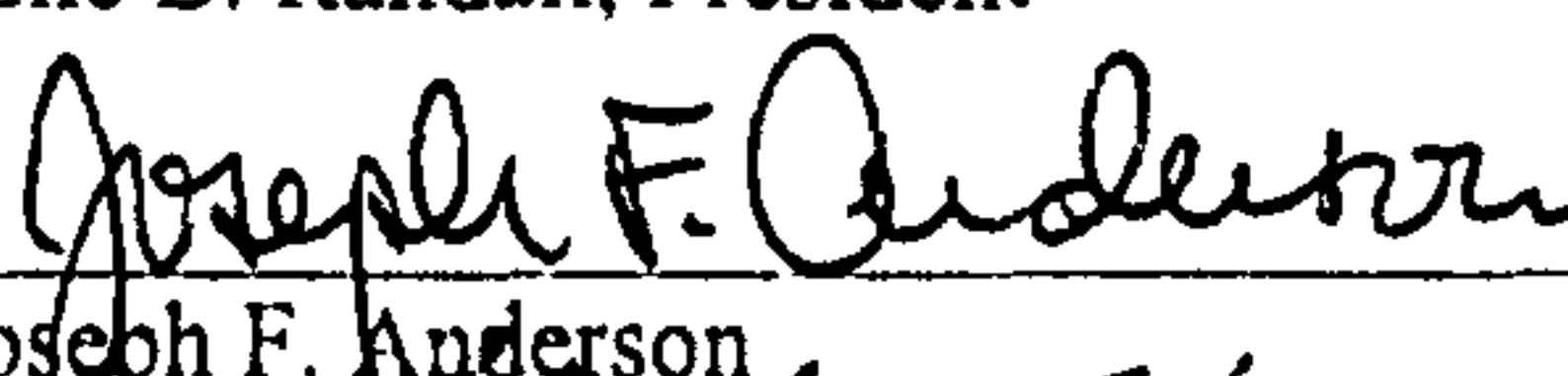
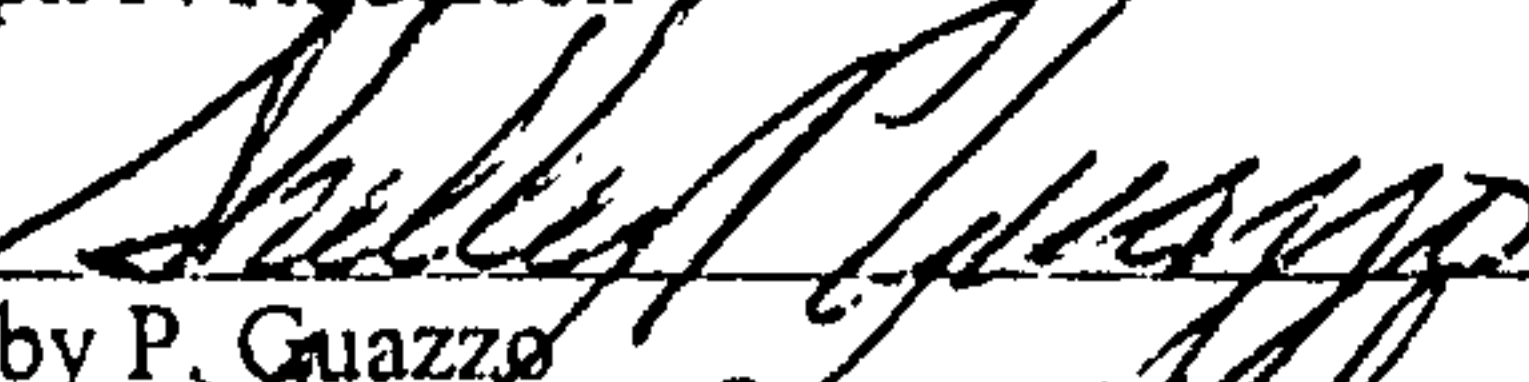

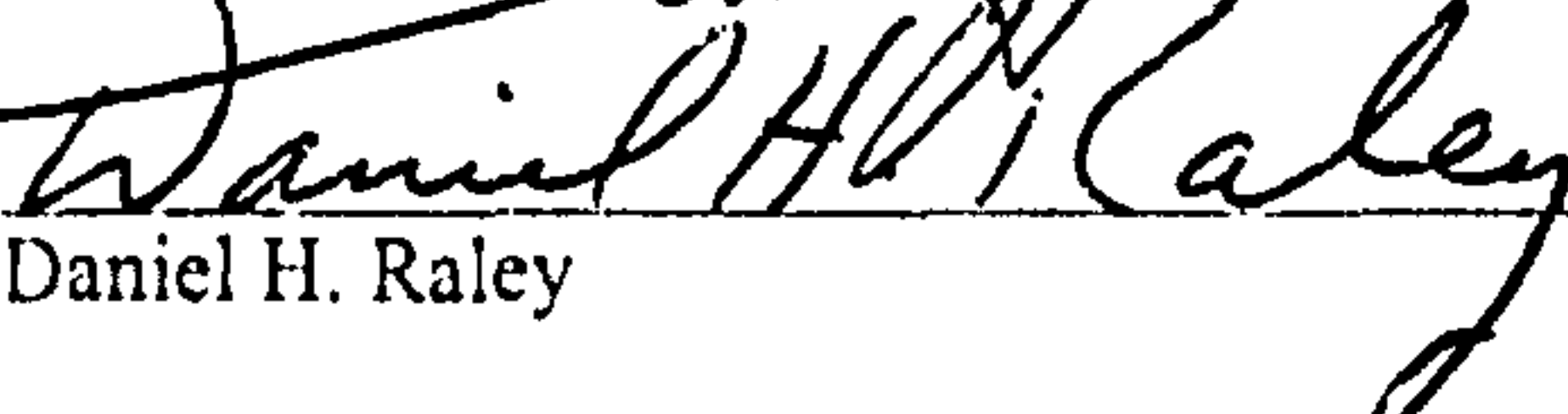
WHEREAS, Chapter 506, 2001 Laws of Maryland (House Bill 854) enacted by the Maryland General Assembly requires that the governing body of every political subdivision file with the State Department of Assessments and Taxation a designation of a resident agent to accept service of process.

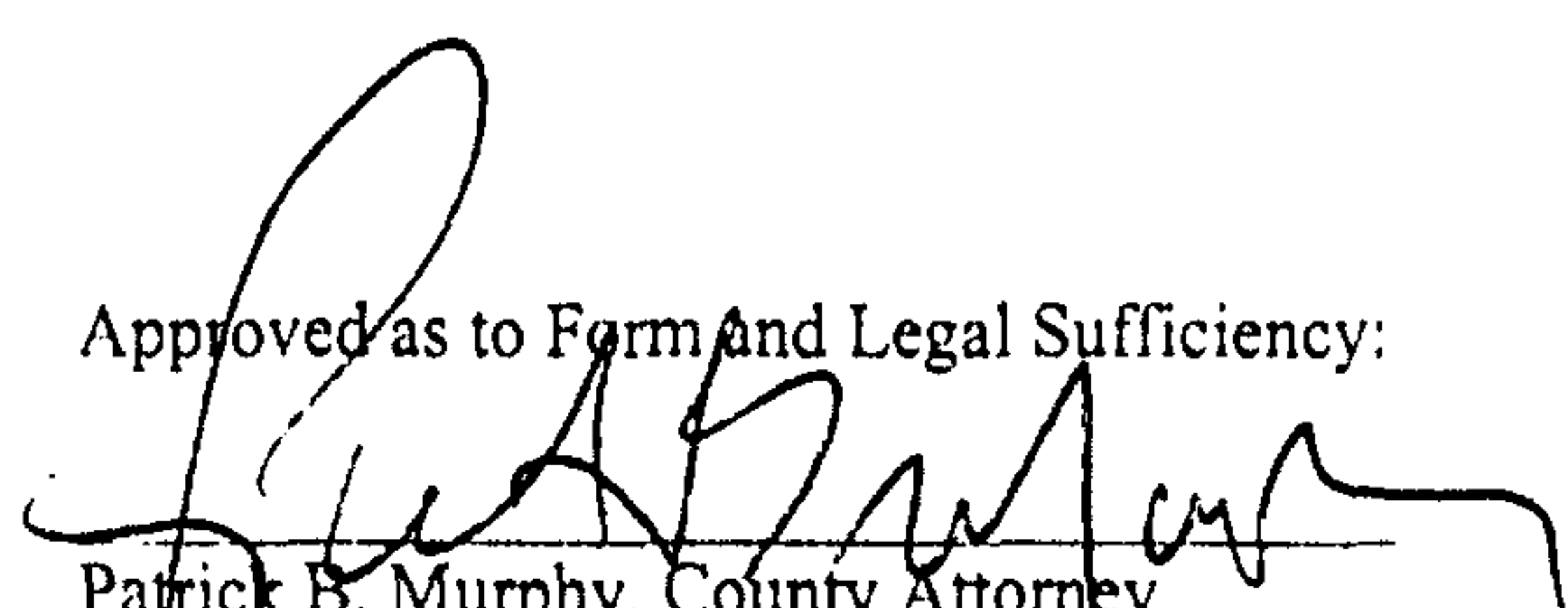
NOW, THEREFORE, BE IT RESOLVED that the Board of County Commissioners for St. Mary's County appoints and designates Patrick B. Murphy, County Attorney, having the street address of 23115 Leonard Hall Drive, Leonardtown, St. Mary's County, Maryland, as the resident agent for the Board of County Commissioners for St. Mary's County, Maryland.

Date of Adoption: 9/25/2001

Effective Date: 9/25/2001

Attest: 
Alfred A. Lacer
County Administrator

BOARD OF COUNTY COMMISSIONERS
FOR ST. MARY'S COUNTY, MARYLAND

Julie B. Randall, President

Joseph F. Anderson

Shelby P. Guazzo

Thomas A. Mattingly, Sr.

Daniel H. Raley

Approved as to Form and Legal Sufficiency:

Patrick B. Murphy, County Attorney

RECORDING FEE 0.00
TOTAL 0.00
Res#SM83 Rcpt#999999
EWA LP BIK#60
Oct 02, 2001 10:30 am

NO: 2001 - 23

LIBERO 019 PAGE 24

SUBJECT: ST. MARY'S COUNTY
PUBLIC ETHICS ORDINANCE
(REVISION)

ORDINANCE

WHEREAS, the 1979 Session of the Maryland General Assembly passed the Maryland Public Ethics Law (Chapter 513 of the Acts of 1979) which has become Article 40A of the Annotated Code of Maryland; and

WHEREAS, Section 6 of Article 40A requires each County to enact provisions similar to those contained in the Maryland Public Ethics Law (Chapter 513 of the Acts of 1979) which has become Article 40A of the Annotated Code of Maryland; and

WHEREAS, the St. Mary's County Board of County Commissioners adopted on June 29, 1982, as Ordinance No. 82-12 the St. Mary's County Public Ethics Ordinance and amended it on July 1, 1984, December 17, 1985, November 12, 1986, October 13, 1987, June 4, 1991, May 18, 1993, January 10, 1995, November 24, 1998 and May 8, 2001; and

WHEREAS, the St. Mary's County Ethics Commission has reviewed and discussed Section 6 and has concluded that a revision of the Public Ethics Ordinance is appropriate for the purpose of simplification of filing financial disclosure statements for appointees to voluntary boards and commissions; and

WHEREAS, in a meeting with the St. Mary's County Ethics Commission on February 20, 2001, the Board of County Commissioners discussed proposed Revision of Section 156-6 with the St. Mary's County Ethics Commission and granted authorization to publish notice for public hearing relative to the revising of the Public Ethics Ordinance; and

WHEREAS, the State Ethics Commission as required by State Government Article, Title 15, Annotated Code of Maryland, Subtitle 8 of the Public Ethics Law, and by Code of Maryland Regulations, COMAR 19A.04, reviewed and approved the St. Mary's County draft Public Ethics Ordinance's Revision of Section 158-6; and

WHEREAS, the St. Mary's County Board of County Commissioners now concludes it is necessary to further amend the Public Ethics Ordinance, notice of Public Hearing was published on April 24, 2001 and May 1, 2001 in The Enterprise, a newspaper of general circulation for the purpose of conducting a public hearing on the proposed draft Ethics Ordinance; and

WHEREAS, the St. Mary's County Board of County Commissioners conducted a Public Hearing on May 8, 2001;

NOW, THEREFORE, BE IT ORDAINED by the St. Mary's County Board of County Commissions that the St. Mary's County Public Ethics Ordinance is repealed and re-enacted as set forth herein and made effective May 29, 2001.

SECTION 1. - TITLE

This Chapter may be cited as the St. Mary's County Public Ethics Ordinance.

RECORDING FEE 0.00
TOTAL 0.00
Res#5402 Rc#t#999999
EMA TLC BIK#1247
Oct 15, 2001 11:00 am

SECTION 2. - STATEMENT OF PURPOSE AND POLICY

- A. St. Mary's County, recognizing that our system of representative government is dependent in large measure upon the people having trust and confidence in their public officials and employees, finds and declares that the people have a right to be assured that the impartiality and independent judgment of public officials and employees will be maintained.
- B. This confidence and trust is eroded when the conduct of St. Mary's County business is subject to improper influence or even the appearance of improper influence.
- C. For the purpose of guarding against improper influence, the Board of County Commissioners of St. Mary's County enacts this Public Ethics Ordinance.

SECTION 3. - DEFINITIONS

The definitions contained in this section of the Ordinance shall be observed and applied except where the context clearly indicates otherwise or a different definition is adopted for a particular section or subsection of this Ordinance. Words used in the present tense shall include the future tense and words used

in the singular number shall include the plural number and the plural number includes the singular unless the obvious construction of the wording indicates otherwise. Words used in the masculine gender shall include the feminine and words in the feminine gender shall include the masculine.

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Whenever used, the word "shall" is mandatory, and the word "may" permissive.

"Business entity" means corporation, general or limited partnership, sole proprietorship, joint venture, unincorporated association or firm, institution, trust, foundation or other organization, whether or not operated for profit.

"Commission" means the St. Mary's County Ethics Commission established pursuant to Section 4(a) of this Ordinance.

"Compensation" means any money or thing of value, regardless of form, received or to be received by any person subject to this Ordinance from a business entity for service rendered. If lobbying is only a portion of a person's employment, "compensation" means a prorated amount based on the time devoted to lobbying compared to the time devoted to other employment duties. For reporting purposes, a prorated amount shall be labeled as such.

"Doing business with" means:

- A. Having or negotiating a contract that involves the commitment (either in a single or combination of transactions within a calendar year) of \$3,500 or more, of county or county-controlled funds;
- B. Being registered as a lobbyist in accordance with Section 8 of this Ordinance; or
- C. Being regulated by the County or an agency thereof.

"Financial interest" means:

- A. Ownership of any interest as the result of which a person has received, within the past calendar year, or is presently receiving, or in the future is entitled to receive more than \$1,000 per calendar year; or
- B. Ownership of, or interest in more than five percent (5%) of a business entity.

"Gift" means the transfer of anything of economic value, regardless of the form, without adequate and lawful consideration. "Gift" does not include the solicitation, acceptance, receipt or regulation of political campaign contributions regulated in accordance with the provisions of Article 33, Section 26-1 *et seq.*, of the Annotated Code of Maryland or any other provision of state or local law regulating the conduct of elections or the receipt of political campaign contributions.

"Honoraria" means the payment of money or any thing of value for:

- A. Speaking to, participating in or attending a meeting, conference or other function; or
- B. Writing an article, other than a book, that has been or is intended to be published.

"Immediate family" means spouse and/or dependent child.

"Interest" means any legal or equitable monetary interest, whether or not subject to an encumbrance or a condition, which is owned or held, in whole or in part, jointly or severally, directly or indirectly.

"Interest" does not include:

- A. An interest held in the capacity of a personal representative, executor, administrator, agent, representative, custodian, fiduciary or trustee;
- B. An interest in a checking account or time or demand deposit in a financial institution;
- C. An interest in an insurance or endowment policy or annuity contract under which a company promises to pay a fixed number of dollars either in a lump sum or periodically for life or some other specified period; or
- D. A common trust fund or a trust which forms part of a pension or profit-sharing plan which has been determined by the Internal Revenue Code, as amended from time to time.

"Lobbying" means:

- A. Communicating in the presence of a St. Mary's County official or employee with the intent to influence any official action of that official or employee; or

- B. Engaging in activities having the express purpose of soliciting others to communicate with a St. Mary's County official or employee with the intent to influence any official action of that official or employee.

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"Official and/or employee" means any person elected to, appointed to or employed by St. Mary's County or any St. Mary's County agency, board, commission or similar entity, whether or not paid in whole or in part with St. Mary's County funds, and whether or not compensated.

"Person" includes an individual or business entity.

"Volunteer Member" means any member of any board or commission who serves without compensation or who is paid only a nominal sum or is reimbursed only for actual and necessary expenses approved by the appropriate county official.

SECTION 4. - ADMINISTRATION

- A. There shall be a St. Mary's County Ethics Commission which shall consist of five (5) members appointed by the Board of County Commissioners. The Commission members shall be appointed for staggered terms of three (3) years. The Commission shall select its Chairman in July of each year by majority vote. A member shall serve until a successor has been appointed. The Commission, upon request, shall be assisted in carrying out its responsibilities by the County Attorney or such other counsel as the County Commissioners may from time to time appoint.
- B. This Commission shall be the advisory body responsible for interpreting this Ordinance and advising persons subject to it as to its application.
- C. The Commission shall be responsible for hearing and deciding any complaint filed regarding an alleged violation of this Ordinance.
- D. The Commission shall be the custodian of all statements, registrations, reports and complaints submitted in accordance with this Ordinance.
- E. The Commission shall be responsible for conducting information and education programs regarding the purpose and implementation of this Ordinance.
- F. Persons governed by this Ordinance may request the Commission for an advisory opinion concerning its application to them. The Commission shall respond within a reasonable time to the requests, provided that interpretations based on the facts are provided or reasonably available to it. The Commission may, in its discretion, also respond to such requests from persons not specifically governed by this Ordinance. Copies of the responses shall be made available to the public in accordance with and subject to any applicable state or county law regarding public records. Information which may identify the person who is the subject of the opinion shall be deleted to the fullest extent possible from advisory opinions.
- G. Persons may file, under oath, a written signed complaint with the Commission alleging a violation of any of the provisions of this Ordinance. Also, the Commission, on its own motion, may issue complaints alleging violations of the Ordinance. Upon receipt of a complaint, after reviewing the allegations, the Commission may:
1. Dismiss the complaint if deemed plainly frivolous or if the facts alleged do not indicate a violation of the Ordinance.
 2. Conduct an investigation into the allegations of the complaint or refer the complaint to the County Attorney or other legal counsel for investigation and report. Counsel shall refer the evidence collected to the Commission for its disposition.
 3. Based upon the Commission's investigation or the investigation and report of counsel, the Commission may, if appropriate, proceed as follows:
 - a. Dismiss the complaint.
 - b. Notify the Complainant and the Respondent that if any action is taken by the Respondent to cure the violation or violations within a time period specified by Commission regulations, the complaint may be dismissed if such dismissal is not contrary to the purposes of the Ordinance.
 - c. If not dismissed pursuant to (a) or (b), the Commission shall hold a hearing on the complaint.
- H. Review.
1. The Respondent may be represented by counsel, and the proceeding shall be conducted in accordance with regulations governing hearings as adopted by the Commission.

- LIBERO 019 PAGE 127
2. Any final determination resulting from the hearing shall include findings of fact, conclusions of law and recommendations. If a violation is found, the Commission may take and/or recommend any enforcement action provided for by Section 9 of the Ordinance.
 3. If aggrieved by a final order of the Commission, the respondent may request judicial review in accordance with the provisions of Rules 7-201 through 7-210 of the Maryland Rules of Procedure, and any final order of the Commission shall be stayed automatically until the time for requesting judicial review has expired. If a timely appeal for judicial review is filed, the final order shall be further stayed until final disposition by the reviewing court.
 4. If in the course of considering any complaint filed with it, or made upon its own motion, the Commission has reasonable grounds to believe that the respondent named in the complaint may have committed a criminal offense, the matter shall be promptly referred to the appropriate prosecuting authority. All pertinent evidence under the control of the Commission shall be made available to the prosecuting authority.
 5. Following the filing of a complaint and unless and until the matter is referred for prosecution or a finding of a violation has been made, the proceedings of the Commission in connection with the complaint shall be conducted in a confidential manner, unless such confidentiality is waived by the Respondent.
 6. In carrying out the provisions of the Ordinance, the Commission may issue subpoenas in aid of investigations, to compel attendance and testimony of witnesses at hearings and for the production of books, papers, records, documents or other tangible objects. Such subpoenas may be judicially enforced.
- I. The Commission shall by majority vote have the authority to exempt from the definition of "gift" a specific thing or class of things of economic value which the Commission, upon a finding in writing, determines not to be detrimental to the impartial conduct of the business of the County and that the gift is purely personal and private in nature.
 - J. The Commission may grant exemptions and modifications to the provisions of Section 5 and 6 of this Ordinance if it determines that the application of those provisions would:
 1. Constitute an unreasonable invasion of privacy; and
 2. Significantly reduce the availability of qualified persons for public service and further
 3. Not be required to preserve the purpose of this Ordinance.
 - K. The Commissioners may adopt rules and regulations in order to carry out the provisions of the Ordinance.

SECTION 5. – CONFLICTS OF INTEREST

- A. Participation prohibitions. Except as permitted by other provisions of this Ordinance or by Commission regulation or opinion, a St. Mary's County official or employee shall not participate in:
 1. Any matter, except in the exercise of an administrative or ministerial duty which does not affect the disposition or decision with respect to that matter, if, to his/her knowledge, he/she, his/her spouse, child, parent, brother or sister has an interest therein.
 2. Any matter, except in the exercise of an administrative or ministerial duty, when any of the following is a party thereto:
 - a. Any business entity in which he/she has a financial interest of which he/she may reasonably be expected to know;
 - b. Any business entity of which he/she is an officer, director, trustee, partner or employee or in which entity he/she knows or may reasonably be expected to know that any of the relatives listed above have such an interest;
 - c. Any business entity which the official or employee knows is his/her creditor or obligee or that of a member of his/her immediate family as defined herein with respect to a thing of economic value. For the purposes of this subsection, retail credit accounts and any liability of less than \$1,000 are exempted.
- B. If a disqualification pursuant to this Section leaves any St. Mary's County agency, board, commission or similar entity with less than a quorum capable of acting or if the disqualified official or employee is required by law to act or is the only person authorized to act, the disqualified person shall disclose the nature and circumstances of the conflict of interest and a satisfactory explanation of the necessity to participate and act in a letter directed to the Ethics Commission, which shall be a public record. The Ethics Commission in a public meeting shall

review the conflict of interest and vote on the appropriateness of the official's participation. In its deliberations, the Ethics Commission will consider the degree and extent of conflict, the effect the official's participation would have on the spirit of the Ordinance and whether the official's participation would or would not be in the best interest of St. Mary's County. The Ethics Commission's decision will be transmitted in writing to the involved official and be a matter of public record. If the Ethics Commission finds that participation would be inappropriate, the involved official will not participate.

C. Outside employment restrictions. Except as permitted by other provisions of this Ordinance or by ruling or regulation of the Commission when such interest is disclosed or when the employment does not create a conflict of interest or appearance of conflict, a St. Mary's County official or employee may not:

1. Be employed by or have a financial interest in any business entity subject to his/her authority or that of the St. Mary's County agency, board or commission with which he/she is affiliated or any entity which is negotiating or has entered into a contract with that agency, board or commission; or
2. Hold any employment relationship or have a financial interest which would impair the impartiality or independence of judgment of the official or employee.
3. The prohibitions in paragraphs 1. and 2. do not apply to:
 - a. An official or employee who is appointed to a regulatory or licensing authority pursuant to a requirement that persons subject to the jurisdiction of such authority be represented in appointments to it;
 - b. An official or employee whose duties are ministerial and not involved with the decision-making processes of the agency, board or commission, if the private employment or financial interest does not create a conflict of interest or an appearance of a conflict of interest, as permitted and in accordance with the regulations adopted by the Commission.
 - c. Subject to other provisions of law, including Section 5 of this Ordinance, any member of a board or commission in regard to a financial interest or employment held at the time of appointment, provided that it is publicly disclosed to and approved by the appointing authority and the Commission.
4. The prohibitions in paragraph 1. above do not apply to volunteer members of boards and commissions.

D. Solicitation or acceptance of gifts. A St. Mary's County official or employee shall not:

1. Solicit any gift nor knowingly accept any gift, directly or indirectly, from any person or business entity that he/she knows or has reason to know:
 - a. Is doing business with the office, agency, board or commission with which such official or employee is affiliated; or
 - b. Has an interest that may be substantially and materially affected, in manner distinguishable from that of the public generally, by the performance or nonperformance of his/her official duty.
2. However, unless a gift of any of the following would tend to impair the impartiality and the independence of judgment of the official or employee receiving it or, if of significant value, would give the appearance of doing so, or, if of significant value, the recipient official or employee believes or has the reason to believe that it is designed to do so, an official or employee may accept:
 - a. Meals and beverages;
 - b. Ceremonial gifts or awards which have no significant monetary value;
 - c. Unsolicited gifts of nominal value or trivial items of informational value;
 - d. Reasonable expenses for food, travel, lodging and scheduled entertainment of the official or the employee for a meeting which is given in return for participation in a panel or speaking engagement at the meeting;
 - e. Gifts of tickets or free admission extended to an elected official or employee to attend a professional or intercollegiate sporting event or charitable, cultural or political events, if the purpose of this gift or admission is a courtesy or ceremony extended to the office;

- f. Gifts from a person related by blood or marriage or a spouse, child, ward, financially dependent parent or other relative who shares the official's or employee's legal residence, or a child, ward, parent or other relative over whose financial affairs the person has legal or actual control; or
- g. Honoraria, except as provided in subparagraph h. of this Section.
- h. Exceptions.
 - (1) Except as provided in paragraph (2) of this subparagraph, officials or employees may not accept honoraria if:
 - (a) The Payor has an interest that may be substantially and materially affected, in a manner distinguishable from the public generally, by the performance or nonperformance of the recipient's official duty; and
 - (b) The offering of the honorarium is in any way related to the individual's official position.
 - (2) The prohibition under this subsection does not apply to:
 - (a) The payment of or reimbursement for reasonable expenses for the official's meals, travel and lodging actually incurred by the official in speaking to, participating in or attending a meeting, conference or other function or in writing an article, other than a book, that has been or is intended to be published; or
 - (b) Acceptance or receipt of gifts described under subsection 2.b. and c. of this Section.

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E. General restrictions. A St. Mary's County official or employee shall not:

1. Use the prestige of his/her office or employment for his/her financial benefit or that of another or for the financial benefit of any business entity in which he/she has a financial interest.
2. Represent a person before or involving any St. Mary's county agency, board or commission.
3. Except when any such representation is on a contingent fee basis, the prohibition in subparagraph 2, above, does not apply to any volunteer member of a board or commission; provided, however, that no volunteer member shall assist or represent any person in any matter before or involving the board or commission with which they are affiliated, whether or not compensated.
4. Within one year following termination of County service, act as a compensated representative of another in connection with any specific matter in which he/she participated substantially as a county official or employee.
5. Other than in the discharge of his/her official duties, use confidential information acquired in his/her official county position for his/her own benefit or that of another.

SECTION 6. - FINANCIAL DISCLOSURE

- A. The following boards, commissions and committees, including ad hoc committees and task forces appointed by the Board of County Commissioners or by any other board or commission, and the officials, employees and candidates for office as such when the positions are elective are required to file the financial disclosure statements as provided in this section. If the official title of any of the boards, commissioners or individuals listed below is changed, those persons fulfilling the same function shall be required to file financial disclosure statements as provided in this section.
1. Elected Officials and Employees of St. Mary's County:
 - a. Board of County Commissioners
 - b. County Treasurer
 - c. County Administrator
 - d. Deputy County Administrator
 - e. County Attorney
 - f. Assistant County Attorney
 - g. Director of Finance
 - h. Director, Department of Human Resources
 - i. Procurement Officer

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- j. Director, Department of Public Works
- k. Director, Office of Capital Projects
- l. Director, Economic and Community Development
- m. Director, Office on Aging
- n. Director, Emergency Management Agency
- o. Director, Planning and Zoning
- p. Director, Recreation and Parks
- q. Director, Office of Community Services
- r. Director, Emergency Communications
- s. Director, Permits and Inspections
- t. Director, Information and Technology
- u. Board of Education
- v. Alcohol Beverage Board
- w. Housing Authority
- x. Metropolitan Commission
- y. Planning Commission
- z. Zoning Board of Appeal
- aa. Ethics Commission

2. Appointees to Voluntary Boards and Commissions:

- a. Agricultural Preservation Advisory Board
- b. Historic Preservation Board
- c. Economic Development Commission
- d. Electrical Examiners Board
- e. Plumbing Board
- f. Recreation and Parks Advisory Board
- g. Building Authority Commission
- h. Members of ad-hoc committees providing advice and/or recommendations regarding acquisition, zoning or designation of land, whether appointed by the Board of County Commissioners or appointed by other local government boards or commissions authorized to make such appointments.

- B. Any person who is newly appointed to an employee position listed in Subsection A above shall, together with acceptance of employment, file a financial disclosure statement containing the necessary information for the calendar year immediately preceding the official appointment date.
- C. All members of boards, commissions and committees listed in Subsection A above, and all members of ad hoc committees and task forces providing advice and/or recommendations regarding acquisition, zoning or designation of land, whether appointed by the Board of County Commissioners or appointed by other local government boards or commissions authorized to make such appointments, shall, together with the member's acceptance letter, submit a financial disclosure statement which shall include disclosure of any and all potential conflicts of interest that may be foreseeable as a result of accepting the board, commission or committee appointment.
- D. Candidates for elected office shall simultaneously file a financial disclosure statement with the candidate's registration of candidacy for office with the St. Mary's County Board of Supervisors of Elections.
- E. Thereafter, the officials, candidates, appointees and employees identified in Subsection A hereof shall all file the required statement with the Ethics Commission on or before the 30th day of April of each year for the calendar year immediately preceding during any part of which the official, appointee or employee held an office or position or was a candidate for office.
- F. Upon leaving office:
 - 1. Any official or employee who leaves an office identified in Subsection A for any reason, except the official's death, shall within thirty (30) days after the departure date file a financial disclosure statement covering any period or periods for which the official or employee has not filed such a statement, including all required information up to the date of departure.

2. An official or employee who leaves one office identified in Subsection A hereof for another such office shall not be required to file a financial disclosure statement in accordance with Subsection A above if the official or employee has filed a currently required statement in the former position or office.
- G. All financial disclosure statements required by this section shall be on a form provided by the Commission and shall be signed and sworn to before a notary public by the person required to file. Elected officials and employees of St. Mary's County listed in Subsection 6(A)(1) shall disclose the information concerning the interests of said person as described in Subparagraphs 6(G)(1) through 6(G)(5) below. Appointees to voluntary boards and commissions listed in Subsection 6(A)(2) shall disclose only those interests as described in Subparagraphs 6(G)(1) through 6(G)(5) below that create a relationship, direct or indirect, lease or contract, with the board, committee, or commission for which the person is a member.
1. Interests in real property.
 - a. A listing of all real property, wherever located, in which the person has an interest, including the location of the property by either street address, mailing address or otherwise, and also including its size in acres or square footage or its dimensions.
 - b. The nature of the property (whether residential, commercial, industrial, etc.) and the extent of the interest held, including any conditions thereto and encumbrances thereon; i.e., mortgages, liens, life estate, reversionary interest, etc.; and
 - c. The identity of any other person with an interest in the property.
 2. Interests in business entities.
 - a. The name and address of all business entities in which a financial interest as defined herein was held at any time during the reporting period, whether or not the business entity does business with the county.
 - b. If any business entity listed in response to the reporting requirement in Subsection G(2)(a) above is either doing business with the county or doing business in the county or is the owner of real property in the county, then the names and addresses of all partners, shareholders or other investors holding a five percent (5%) or greater ownership interest in such entity or entities shall be listed if legally and reasonably ascertainable. Such disclosure shall not be required where the business entity is a publicly held company traded on a national stock exchange.
 3. Gifts received during the reporting period from persons or business entities doing business with the county and as to each such gift the nature and value thereof, the identity of the donor from whom or on behalf of whom, directly or indirectly, it was received and if given to another person at the direction of the official or employee required to file, the identity of that person.
 4. Any office, directorship, partnership or salaried employment in any business entity held during the reporting period other than those listed in response to Subsections G(2) and G(3) above in which an interest was held.
 5. The name and address of any person to whom or entity to which the official or employee was indebted at any time during the reporting period. For the purpose of this subsection, "indebtedness" does not include retail credit accounts or any liability of less than \$1,000.
- H. When April 30 or any other deadline for filing in this Section falls on a Saturday, Sunday or legal holiday, the financial disclosure filing date shall be extended to the next working day.

SECTION 7. - PUBLIC INSPECTION

All statements, registrations and reports filed pursuant to this Ordinance shall be maintained by the Commission and shall be made available during normal office hours for examination and copying by the public, subject, however, to such reasonable fees and administrative procedures as the Commission may establish from time to time. These documents shall be retained for four (4) years from the date of receipt.

Any person examining and/or copying a financial disclosure statement shall be required to record his/her name, telephone number, home address and the name of the person whose financial disclosure statement was examined and/or copied. This record shall be forwarded to the person whose financial disclosure statement is so examined or copied.

SECTION 8. - LOBBYING DISCLOSURE

- A. Any person who lobbies a St. Mary's County official or employee and who, in connection with such lobbying, expends or reasonably expects to expend in a given calendar year in excess of \$500 on gifts, including but not limited to meals, tickets, admission passes, awards or honoraria

for county officials and/or employees, shall file a registration statement with the Commission not later than seven (7) days of the first of the two above alternatives to occur.

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- B. The registration statement shall include identification of the registrant by name, occupation, mailing address and telephone number and similar information about the person on whose behalf the registrant is acting. It shall also identify the subject matter about which the registrant is lobbying.
- C. Registrants under this Section shall file a written report by April 15 following any calendar year during which they were registered disclosing the value, date and nature of any gifts, including but not limited to meals, tickets or admission passes, awards or honoraria provided to County officials and/or employees during the preceding calendar year. The official or employee shall be identified by name and official title.

SECTION 9. - ENFORCEMENT

- A. The Commission may issue a cease and desist order against any person found to be in violation of this Ordinance and may seek enforcement of such order in the Circuit Court for St. Mary's County. The Court may issue a cease and desist order and may also impose a fine or civil penalty of up to \$500 for any violation of the provisions of this Ordinance.
- B. On recommendation of the Commission, a County official or employee found to have violated this Ordinance may be subject to disciplinary or other appropriate personnel action.
- C. The Commission may issue letters of reprimand.

SECTION 10. - EFFECT OF ADOPTION

The above and preceding is adopted to have the full force and effect of law in St. Mary's County.

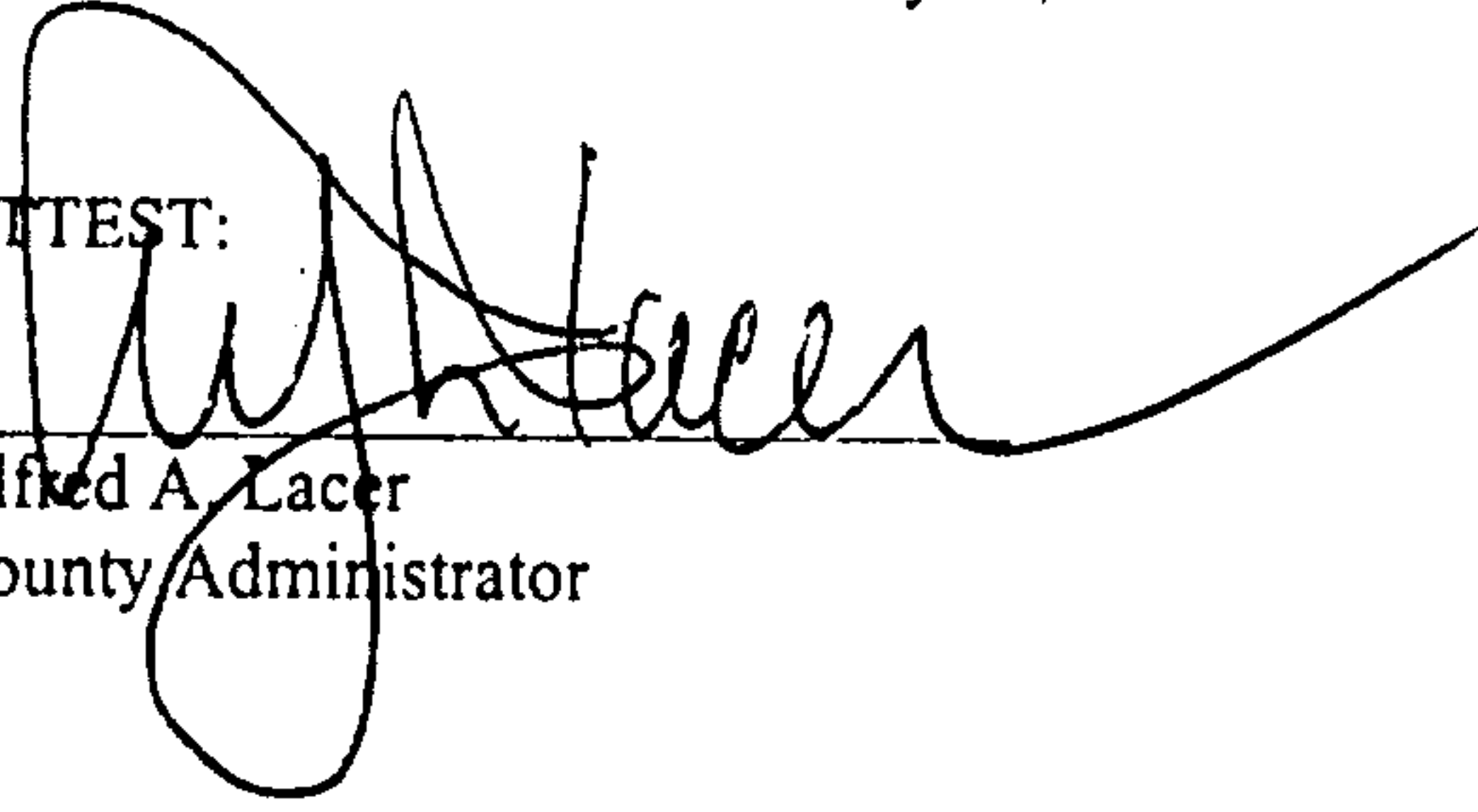
THOSE VOTING AYE: Randall, Guazzo, Mattingly, Raley

THOSE VOTING NAY: Anderson

ADOPTED THIS DATE: May 29, 2001

EFFECTIVE THIS DATE: May 29, 2001

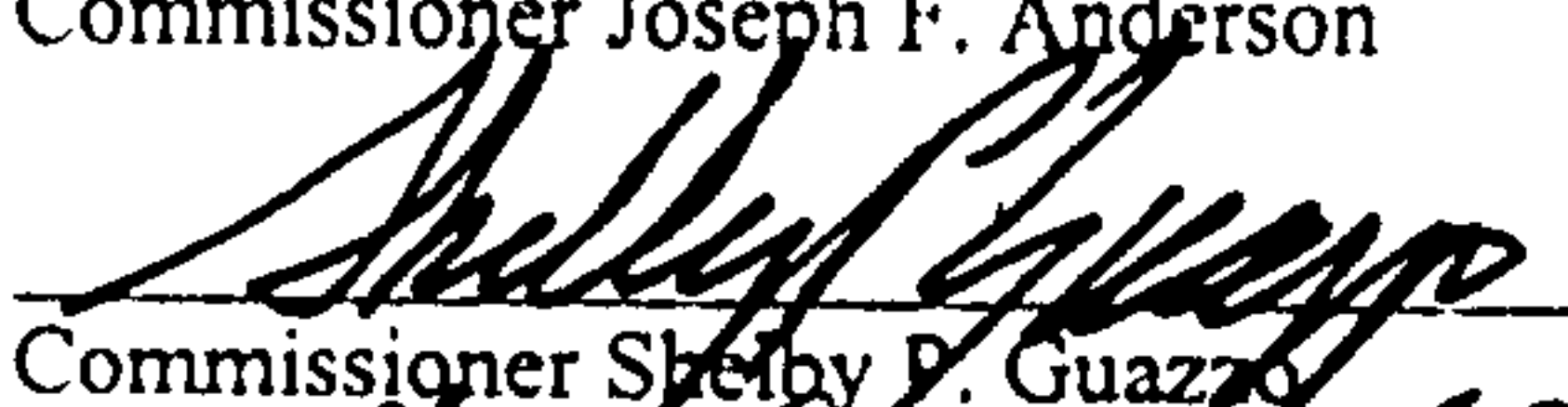
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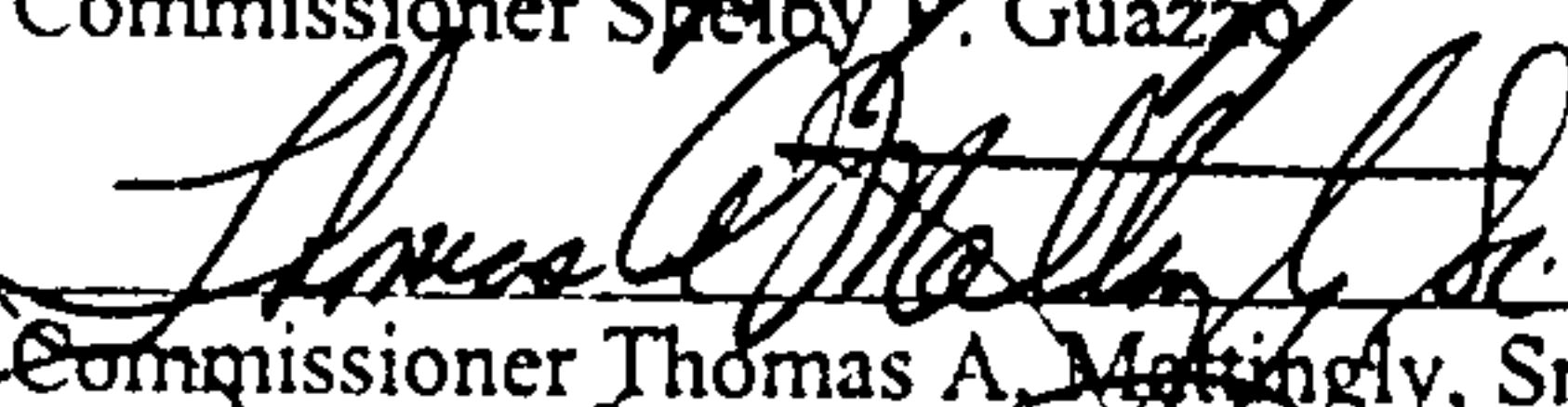

Alfred A. Lacer
County Administrator

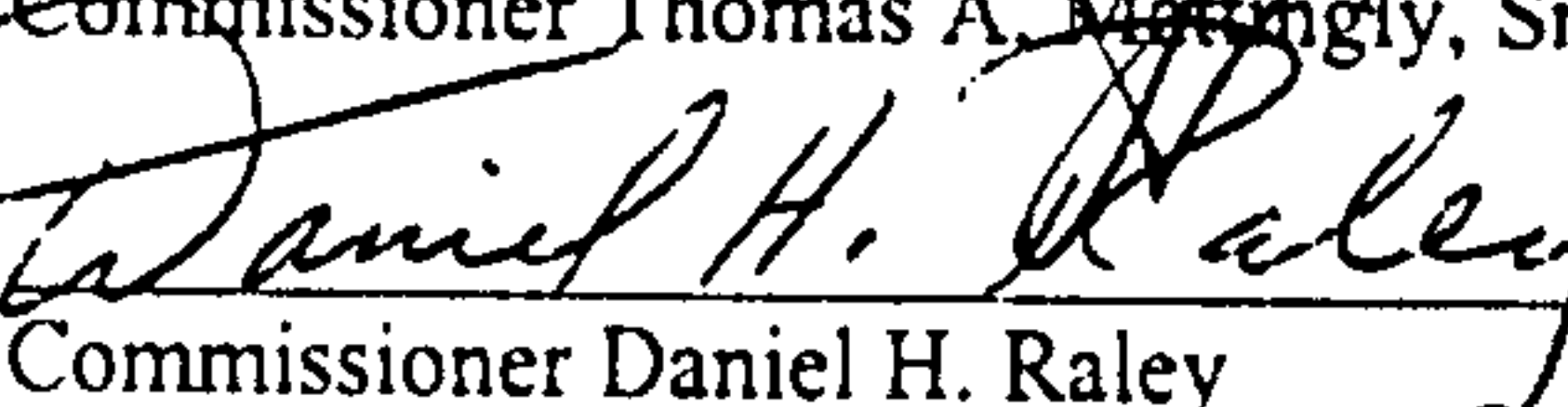
BOARD OF COUNTY COMMISSIONERS
ST. MARY'S COUNTY, MARYLAND


Commissioner President Julie B. Randall

VOTED NAY
Commissioner Joseph F. Anderson


Commissioner Shelby P. Guazzo


Commissioner Thomas A. Mattingly, Sr.


Commissioner Daniel H. Raley

Approved as to form and legal
sufficiency:


Patrick B. Murphy, County Attorney