

OFFICIAL STATEMENT DATED MARCH 18, 2014

New Issue – Book-Entry Only

Under existing statutes, regulations and decisions; (a) the Taxable Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized from their sale or exchange, shall be exempt from taxation of any kind by the State of Maryland, and any of its political subdivisions, or any other public entity; and (b) the interest on Series A Public Improvement Bonds and the Metropolitan District Bonds, and profit realized from their sale or exchange will be exempt from State of Maryland income taxation. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds, their transfer or the interest therefrom. Interest on the Taxable Bonds will be includable in gross income for federal income tax purposes. Assuming compliance with certain covenants described herein, under existing statutes, regulations and decisions, interest on the Series A Public Improvement Bonds and the Metropolitan District Bonds will be excludable from gross income for federal income tax purposes. Under existing law, interest on the Series A Public Improvement Bonds and Metropolitan District Bonds for federal income tax purposes is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment; however, interest on the Series A Public Improvement Bonds and the Metropolitan District Bonds will be taken into account in determining “adjusted current earnings” for purposes of computing the alternative minimum tax for corporations, and interest on the Series A Public Improvement Bonds and the Metropolitan District Bonds will be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States of America. See “TAX MATTERS.”

\$140,680,000 General Obligation Bonds



RATINGS: (See the section “RATINGS”)
Fitch.....AAA
Moody’s.....Aaa
Standard & Poor’s.....AAA

\$117,125,000 Consolidated Public Improvement Project and Refunding Bonds, 2014 Series A (Tax-Exempt Bonds)
\$1,500,000 Consolidated Public Improvement Bonds, 2014 Series B (Taxable Bonds)
\$22,055,000 Metropolitan District Project and Refunding Bonds, 2014 Series A

Dated: Date of Delivery

Due: February 15, as shown herein

Payable: Interest on and principal of the Bonds will be paid by the County to The Depository Trust Company, New York, New York, as securities depository. Disbursement of such payments will be made by DTC to its Participants which in turn will provide for payment to the Beneficial Owners of the Bonds, all as described herein. Beneficial Owners will not receive certificates evidencing their interests in Bonds purchased.

Redemption: The Bonds maturing on and after February 15, 2023 are subject to optional redemption on or any time after February 15, 2022 at a redemption price as set forth herein.

Purpose: Proceeds of the Bonds and investment earnings thereon are being used to (1) pay or reimburse the County for the payment of costs related to certain projects, (2) refund certain general obligation bonds and notes of the County, and (3) pay costs of issuance of the Bonds.

Security: The Bonds are general obligations of the County, and its full faith and credit and unlimited taxing power are irrevocably pledged to the punctual payment of principal of and interest on the Bonds when due.

Denomination: Integral multiples of \$5,000

Interest Payable: August 15 and February 15

First Interest Payment Due: August 15, 2014

FOR MATURITY SCHEDULES SEE INSIDE COVER

This cover page contains information for quick reference only. It is not a summary of the Bonds. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinions of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel. Public Financial Management, Inc. served as financial advisor to the County in connection with the issuance of the Bonds. The Bonds in definitive form will be available for delivery through the facilities of DTC on or about April 3, 2014.

Maturity Schedules

\$117,125,000 Consolidated Public Improvement Project and Refunding Bonds, 2014 Series A (Tax-exempt Bonds)

Due	Principal		Interest			Due	Principal		Interest		
Feb. 15	Amount	CUSIP	Rate	Price		Feb. 15	Amount	CUSIP	Rate	Price	
2015	\$ 2,330,000	4425657L5	5.000 %	104.189 %		2025	\$ 5,245,000	4425657W1	5.000 %	118.141 %	
2016	3,385,000	4425657M3	5.000	108.761		2026	5,510,000	4425657X9	3.000	100.696	
2017	3,550,000	4425657N1	5.000	112.944		2027	5,675,000	4425657Y7	3.000	99.048	
2018	3,895,000	4425657P6	5.000	116.166		2028	5,845,000	4425657Z4	3.125	99.162	
2019	4,330,000	4425657Q4	5.000	118.691		2029	6,025,000	4425658A8	3.250	99.297	
2020	4,480,000	4425657R2	5.000	119.894		2030	6,225,000	4425658B6	4.000	104.812	
2021	9,170,000	4425657S0	5.000	120.580		2031	6,470,000	4425658C4	4.000	104.177	
2022	9,540,000	4425657T8	5.000	121.005		2032	6,730,000	4425658D2	4.000	103.618	
2023	9,445,000	4425657U5	5.000	119.882		2033	7,000,000	4425658E0	4.000	103.131	
2024	4,995,000	4425657V3	5.000	118.771		2034	7,280,000	4425658F7	4.000	102.784	

\$1,500,000 Consolidated Public Improvement Bonds, 2014 Series B (Taxable Bonds)

Due	Principal		Interest		
Feb. 15	Amount	CUSIP	Rate	Price	
2015	\$ 1,500,000	44256PBC6	1.000 %	100.648 %	

\$22,055,000 Metropolitan District Project and Refunding Bonds, 2014 Series A

Due	Principal		Interest			Due	Principal		Interest		
Feb. 15	Amount	CUSIP	Rate	Price		Feb. 15	Amount	CUSIP	Rate	Price	
2015	\$ 805,000	44256PAA1	2.000 %	101.513 %		2028	\$ 485,000	44256PAP8	3.100 %	99.439 %	
2016	1,195,000	44256PAB9	2.000	103.161		2029	500,000	44256PAQ6	3.125	98.533	
2017	1,340,000	44256PAC7	2.000	104.263		2030	515,000	44256PAR4	3.250	98.774	
2018	1,385,000	44256PAD5	2.000	104.559		2031	530,000	44256PAS2	3.375	99.044	
2019	1,040,000	44256PAE3	2.000	104.252		2032	550,000	44256PAT0	3.500	99.339	
2020	1,060,000	44256PAF0	3.000	108.568		2033	570,000	44256PAU7	3.500	98.636	
2021	905,000	44256PAG8	3.000	107.583		2034	585,000	44256PAV5	3.625	99.645	
2022	795,000	44256PAH6	4.000	113.631		2035	610,000	44256PAW3	3.625	98.912	
2023	650,000	44256PAJ2	3.000	105.009		2036	630,000	44256PAX1	3.700	99.255	
2024	560,000	44256PAK9	3.000	103.911		2037	655,000	44256PAY9	3.750	99.691	
2025	440,000	44256PAL7	3.000	101.755		2038	680,000	44256PAZ6	3.750	99.216	
2026	455,000	44256PAM5	3.000	100.696		2039	705,000	44256PBA0	3.800	99.518	
2027	470,000	44256PAN3	3.000	99.468		2044	3,940,000	44256PBB8	3.800	98.588	

Howard County, Maryland

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County Executive

Ken Ulman

County Council

Calvin Ball, *Chairperson*
Courtney Watson, *Vice Chairperson*

Greg Fox, *Council Member*
Mary Kay Sigaty, *Council Member*
Jennifer Terrassa, *Council Member*

Certain Appointed Officials

John Byrd, *Director of Recreation and Parks*
Jessica Feldmark, *Chief of Staff*
Robert J. Frances, *Director of Inspections, Licenses and Permits*
Craig Glendenning, *County Auditor*
William F. Goddard III, *Director of Fire and Rescue*
James M. Irvin, *Director of Public Works*
Jack Kavanagh, *Director of Corrections*
Marsha McLaughlin, *Director of Planning and Zoning*
William McMahon, *Chief of Police*
Chris Merdon, *Director of Technology and Communication*
Lois Mikkila, *Director of Citizen Services*
Stanley J. Milesky, *Director of Finance*
Margaret Ann Nolan, *County Solicitor*
Lonnie R. Robbins, *Chief Administrative Officer*
Sheila Tolliver, *Administrator to the County Council*
Raymond S. Wacks, *Budget Administrator*

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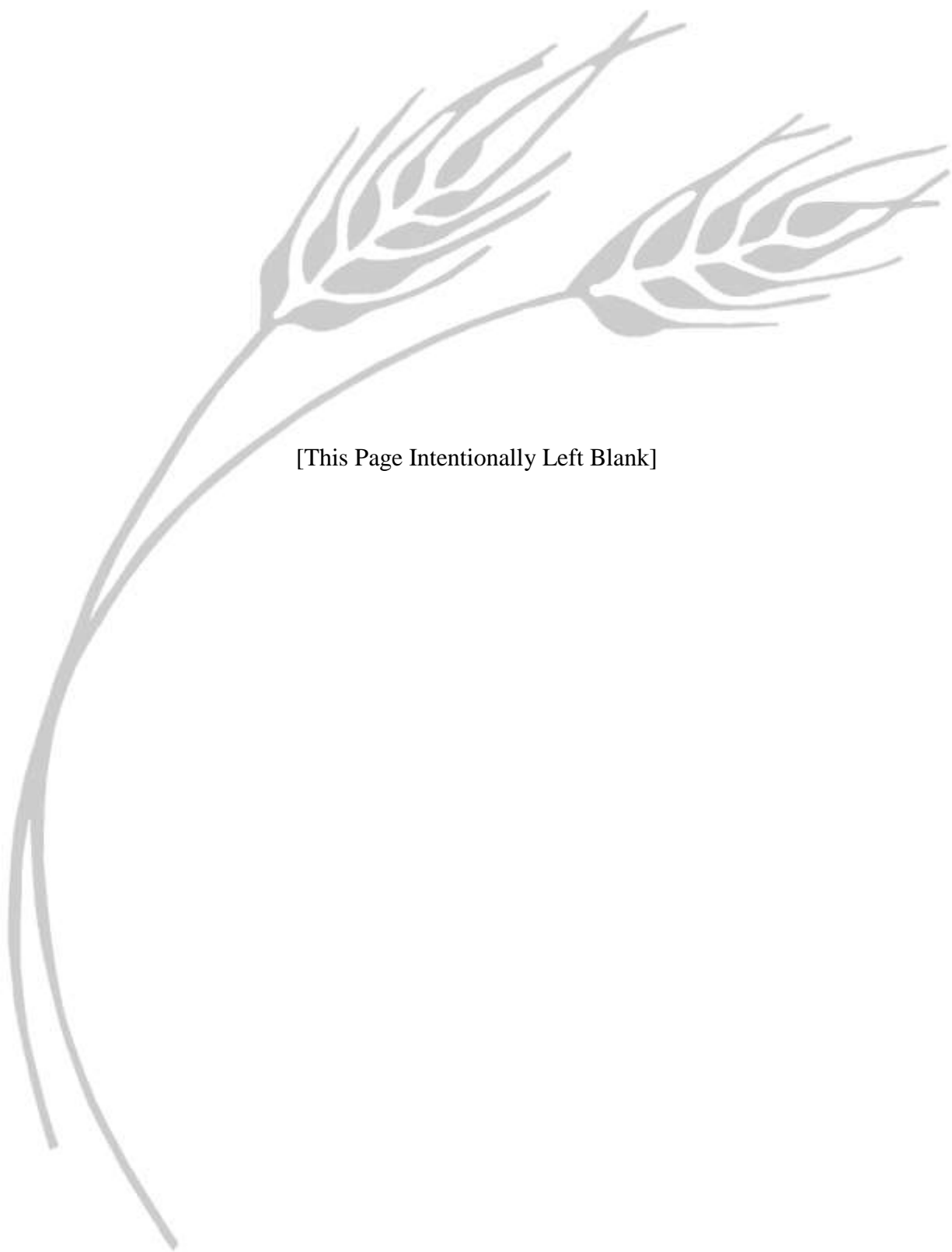
No dealer, broker, salesman or other person has been authorized by Howard County, Maryland to give any information or to make any representations with respect to Howard County, Maryland, or the Bonds, other than those contained in this Official Statement. If given or made, such other information or representations 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 any offer to buy, nor shall there be any sale of, the Bonds described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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 opinion and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice. 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 Howard County, Maryland since the respective dates as of which such information is given herein. This Official Statement is not to be construed as a contract or agreement between Howard County, Maryland and the purchasers or holders of any of the Bonds. Furthermore, this Official Statement does not contain any investment advice for purchasers or holders of any of the Bonds. Such persons should consult their own financial advisors regarding possible financial consequences of ownership of the Bonds.

In connection with the offering of the Bonds, the purchasers of the Bonds may over-allot or effect transactions that stabilize or maintain the market price of the Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

CUSIP numbers set forth herein are copyrighted by the American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and the County takes no responsibility for the accuracy thereof. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP Service Bureau.

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission (the "SEC") or with any state security agency. The Bonds have not been approved or disapproved by the SEC or any state securities agency nor has the SEC or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary may be a criminal offense.



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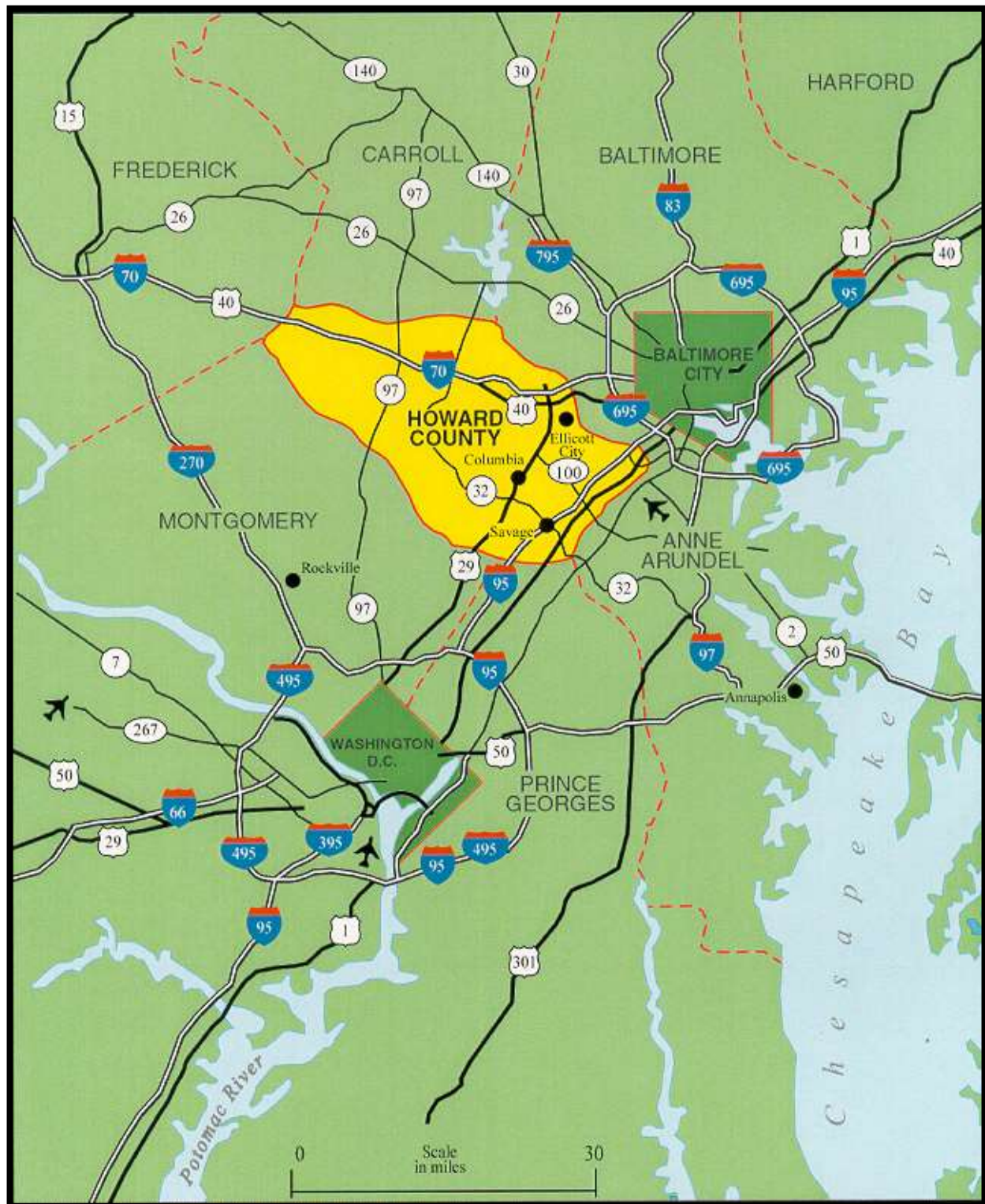
Appendix B

Continuing Disclosure Agreement	B-1
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The Bonds

Purpose of Official Statement

This Official Statement provides information regarding Howard County, Maryland (the “County”) and the offering of \$140,680,000 general obligation bonds (the “Bonds”). The Bonds consist of the following:

- \$117,125,000 Consolidated Public Improvement Project and Refunding Bonds, 2014 Series A (Tax-Exempt Bonds) (the “Series A Public Improvement Bonds”);
- \$1,500,000 Consolidated Public Improvement Bonds, 2014 Series B (Taxable Bonds) (the “Taxable Bonds” and together with the Series A Public Improvement Bonds, the “Public Improvement Bonds”); and
- \$22,055,000 Metropolitan District Project and Refunding Bonds, 2014 Series A (the “Metropolitan District Bonds”).

The County

Howard County, Maryland is 251 square miles in area and is home to approximately 299,430 residents. The County is located in the State of Maryland (the “State”) between Baltimore, Maryland and Washington, D.C., and at its closest point is less than four miles from the former and 13 miles from the latter. The County was formed in 1851 and bears the name of Colonel John Eager Howard, the fifth Governor of Maryland. The County was predominately agricultural until 1966, when construction began on the new town of Columbia. The County’s population has grown an average of 1.73 percent annually since 2000, and is the third wealthiest in the nation. Under a home rule charter since 1968, the County is governed by an elected county executive (the “County Executive”) and five-member council.

Authorization

The Public Improvement Bonds are being issued pursuant to the authority of Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume) (“Section 10-203”), Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume) (“Section 19-207”), Section 19-101 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume), the Howard County Charter (the “Charter”), certain bond enabling bills of the County Council of Howard County, Maryland (the “Council”), and in accordance with Council Bill No. 42-2013 enacted during the 2013 Legislative Session (the “Bond Ordinance”) and Council Bill No. 53-2010 enacted during the 2010 Legislative Session (the “Refunding Ordinance”).

The Metropolitan District Bonds are being issued pursuant to the authority of Section 10-203, Section 19-207, the Charter, Chapter 991 of the Acts of the General Assembly of Maryland 1943, as amended, Chapter 609 of the Acts of the General Assembly of Maryland of 1945, as amended, Chapter 369 of the Acts of the General Assembly of Maryland of 1963, as amended and Chapter 356 of the Acts of the General Assembly of Maryland of 1965, as amended, certain bond enabling bills of the Council, and in accordance with the Bond Ordinance and Refunding Ordinance.

Description

The Bonds are dated and bear interest from their date of delivery (the “Closing Date”), and pay interest on February 15 and August 15 of each year, beginning August 15, 2014, at the interest rates set forth on the inside cover page of this Official Statement. Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds are issued as fully-registered bonds without coupons, book-entry form only, and are denominated in integral multiples of \$5,000. The Bonds mature, subject to prior redemption as described herein, on the dates and in the amounts set forth on the inside cover page of this Official Statement.

Registration, Payment and Transfer

Registration through Securities Depository

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond 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, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 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 (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 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 Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any 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 Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

Principal and interest payments and any premium on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC, DTC's nominee, the 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 or premium to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or its 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.

THE COUNTY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

Termination of Book-Entry System

DTC may discontinue providing its services with respect to the Bonds at any time by giving reasonable notice to the County or the Director of Finance of the County (the "Director of Finance"), or his successor as registrar for the Bonds (the "Bond Registrar"). In addition, the County Executive may discontinue the book-entry system with DTC. If the County Executive fails to identify another qualified securities depository to replace DTC, the County will deliver replacement Bonds in the form of fully registered certificates, and payments of principal of and interest on such replacement Bonds will be paid in accordance with the terms of the Bond Ordinance. Each Beneficial Owner, upon registration of certificates held in such Beneficial Owner's name, will become a Bondholder. Subject to the further conditions contained in the Bond Ordinance, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof by the registered owners or their duly authorized representatives. For every transfer and exchange of the Bonds, the registered owner may be charged a sum sufficient to cover any tax or other governmental charge required to be paid in connection with such exchange or transfer.

Record Dates

The record dates for the Bonds will be the fifteenth day preceding each interest payment date for the Bonds and the fifteenth day preceding the date of publication of any notice of redemption.

Redemption

Mandatory Sinking Fund Redemption

The Metropolitan District Bonds maturing on February 15, 2044 are subject to mandatory sinking fund redemption by the County at a redemption price equal to 100 percent of the principal amount thereof, together with interest accrued to the date fixed for redemption from sinking fund installments becoming due on February 15 of the following years and in the following amounts:

Metropolitan District Bonds Mandatory Sinking Fund Redemption

Term Bonds Due February 15, 2044			
<u>Year</u>	<u>Sinking Fund Installment</u>	<u>Year</u>	<u>Sinking Fund Installment</u>
2040	\$730,000	2043	\$815,000
2041	760,000	2044*	850,000
2042	785,000		
*Maturity			

Optional Redemption

Bonds maturing on or before February 15, 2022 are not redeemable prior to their stated maturities. Bonds maturing on and after February 15, 2023 are subject to redemption prior to their respective maturities, at the option of the County, on or at any time after February 15, 2022, in whole or in part, at a redemption price of 100 percent of the principal amount thereof, together with interest accrued to the redemption date.

If less than all of the outstanding Bonds of any series are called for optional redemption, the County will choose the maturities to be redeemed and the principal amount of each such maturity to be redeemed, in its sole discretion. If less than all of such Bonds of any one maturity are called for redemption, then the particular Bonds of such maturity or portions of such Bonds to be redeemed will be chosen by DTC in accordance with its normal and customary procedures (so long as the Bonds are in book-entry form), or by the Bond Registrar, by lot (if the book-entry system has been discontinued). For an optional redemption of Term Bonds, the County will choose the mandatory sinking fund redemption installments of such Term Bonds to be reduced and the amount of each such reduction, in its sole discretion. The Bonds are redeemable only in integral multiples of \$5,000.

Notice of Redemption

A notice calling for redemption of any Bonds will be delivered to DTC not less than 20 days prior to the date fixed for redemption (the "Redemption Date"), and otherwise as provided in the Bond Ordinance. If the book-entry system has been discontinued for the Bonds, a notice calling for redemption of any Bonds will be mailed, not less than 20 days prior to the Redemption Date, to all registered owners of the Bonds to be redeemed (in whole or in part), at their last addresses appearing on the registration books kept by the Bond Registrar, by first-class mail, postage prepaid. Failure to mail or deliver any such notice or any defect in the notice or its mailing or delivery will not affect the validity of any redemption proceedings. Any redemption notice will specify the series, CUSIP numbers, maturities and interest rates of any Bonds to be redeemed, the date of the notice, the Redemption Date, the redemption price, the name, address and telephone number of the Bond Registrar, and, for a partial redemption, the principal amount of each maturity of the Bonds to be redeemed. Such notice will further state that, on the Redemption Date, the Bonds called for redemption will be due and become payable, if sufficient funds are available, at the office of the Bond Registrar, and that, from and after the Redemption Date, interest thereon shall cease to accrue.

On the Redemption Date, if sufficient money to pay the redemption price of Bonds called for redemption and accrued interest on the Bonds are held by the Bond Registrar, such Bonds called for redemption will become due and payable, interest on such Bonds will cease to accrue and the registered owners of such Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest thereon to the Redemption Date.

Security and Sources of Payment

General Obligation

The Bonds are general obligations of the County, and its full faith and credit and unlimited taxing power are irrevocably pledged to the punctual payment of principal and interest on such Bonds when due and payable.

Public Improvement Bonds

In each and every fiscal year during which any of the Public Improvement Bonds are outstanding, the County will levy or cause to be levied ad valorem taxes on real and tangible personal property and on intangible property subject to taxation by the County in an amount sufficient, together with other available funds, to pay the annual interest on the outstanding Public Improvement Bonds and to pay the principal of the Public Improvement Bonds due and payable during the succeeding fiscal year. Without limiting the foregoing, portions of the Public Improvement Bonds are expected to be paid from transfer tax revenues, school facilities surcharges and building excise taxes on new construction.

Metropolitan District Bonds

The principal of and the interest on the Metropolitan District Bonds are payable from revenues obtained from: (1) special front foot benefit assessments collected by the County on all property in the Metropolitan District (described in more detail under “Government and Infrastructure, Water and Sewer System” herein) directly benefited by water and sewer facilities, (2) special annual ad valorem taxes levied by the County upon assessable property within the Metropolitan District, (3) water and sewer service charges for the use of utilities and charges for the upkeep of water and sewer systems that have a connection with water mains or sewers and (4) water and sewer connection charges. However, in the event such revenues in any fiscal year are insufficient to pay the annual interest on outstanding Metropolitan District Bonds and to pay the principal of the Metropolitan District Bonds due and payable, the County will levy ad valorem taxes on real and tangible personal property and on intangible property subject to taxation by the County in an amount sufficient, together with other available funds, to pay such annual interest and to pay the principal of such Metropolitan District Bonds. The County has never had to levy ad valorem taxes to pay the interest or principal due on Metropolitan District Bonds.

Purpose of Financing

Public Improvement Bonds

The County is issuing the Public Improvement Bonds to redeem the County’s outstanding Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2011 Series, to finance a portion of the costs of capital projects, to pay costs of issuance of the Public Improvement Bonds, and to provide funds that, together with investment earnings thereon will be sufficient to refund certain of the County’s outstanding general obligation bonds described below (the “Refunded Public Improvement Bonds”) at their respective maturities or optional redemption dates.

Refunded Public Improvement Bonds*

Dated Date	Principal Amount Outstanding	Principal Amount Being Refinanced	Maturities Being Refinanced	Redemption Date	Optional Redemption Price (%)
2/1/2004	3,885,000	3,415,000	8/15/2015 - 8/15/2019	2/15/2014	100
2/1/2004	69,440,000	15,035,000	8/15/2020 - 8/15/2022	2/15/2014	100

Metropolitan District Bonds

The County is issuing the Metropolitan District Bonds to finance a portion of the costs of County water and sewer capital projects, to pay costs of issuance of the Metropolitan District Bonds, and to provide funds that, together with investment earnings thereon will be sufficient to refund certain of the County's outstanding general obligation bonds described below (the "Refunded Metropolitan District Bonds") at their respective maturities or optional redemption dates.

Refunded Metropolitan District Bonds*					
Dated Date	Principal Amount Outstanding	Principal Amount Refinanced	Maturities Being Refinanced	Redemption Date	Optional Redemption Price (%)
2/1/2004	5,820,000	5,820,000	8/15/2014 - 8/15/2023	2/15/2014	100
1/15/2006	1,940,000	205,000	2/15/2022 - 2/15/2023	1/15/2015	100

Continuing Disclosure

In order to enable the bidders for the Bonds to comply with the requirements of paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"), the County will execute and deliver, on or before the date of issuance and delivery of the Bonds, a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"). The form of this agreement is included in Appendix B of this Official Statement. Certain of the events listed in Section 4(a) of the Continuing Disclosure Agreement have been included for purposes of compliance with Rule 15c2-12 but are not relevant for the Bonds. Those events relate to debt service reserves, credit enhancements and liquidity providers, and property or other collateral. The County has not failed to comply with the terms and provisions of previous continuing disclosure agreements entered into in order to comply with the requirements of Rule 15c2-12.

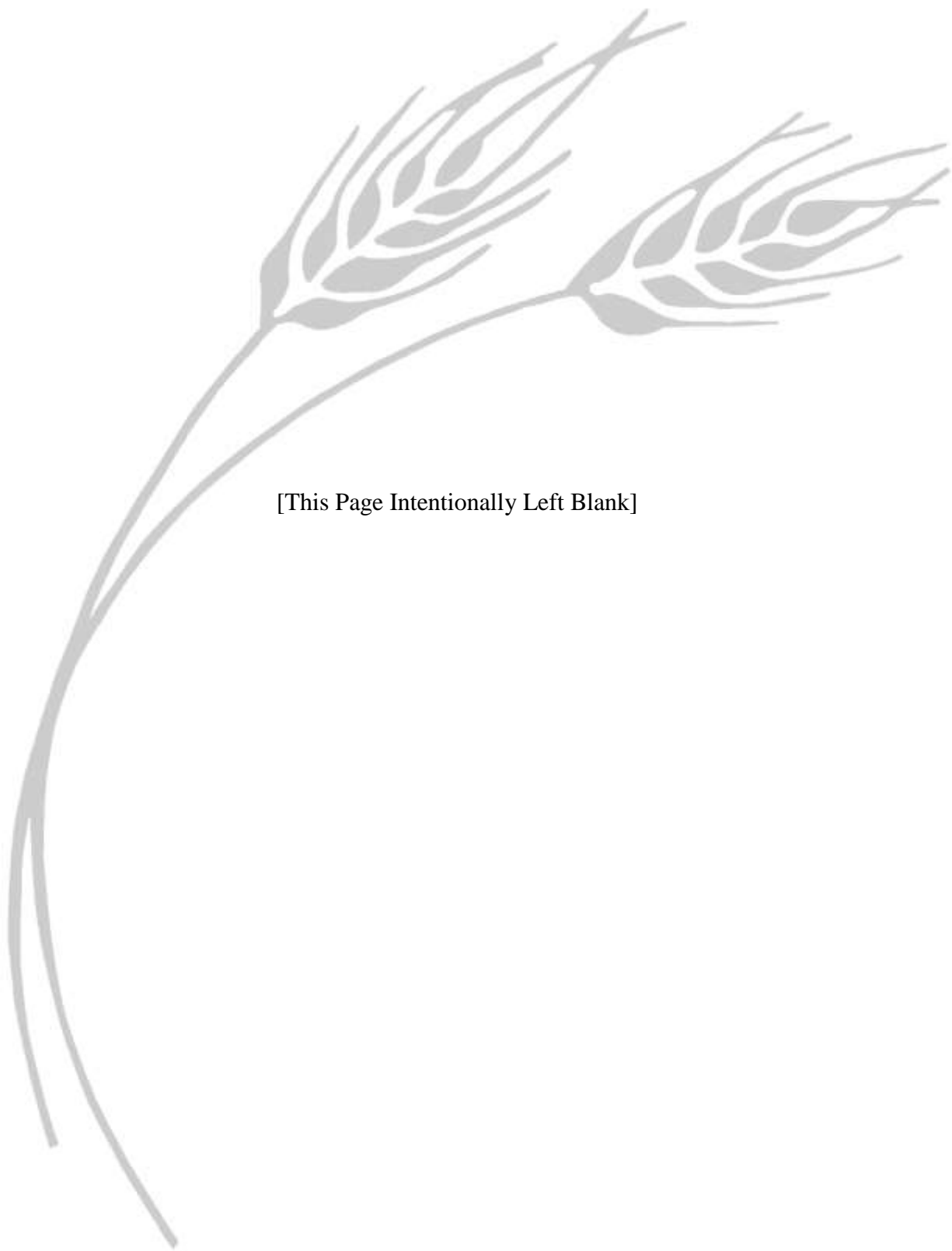
Deposits to Escrow Deposit Account

On the Closing Date, a portion of the proceeds of the Series A Public Improvement Bonds and the Metropolitan District Bonds and the other moneys of the County described above will be deposited by the Director of Finance with Manufacturers and Traders Trust Company (the "Escrow Deposit Agent") in a single trust fund (the "Escrow Deposit Account"), to be established under an Escrow Deposit Agreement to be entered into between the County and the Escrow Deposit Agent (the "Escrow Deposit Agreement"). The Escrow Deposit Agent will apply all or part of the funds so deposited in the Escrow Deposit Account to purchase United States Treasury or obligations guaranteed by United States of America (hereinafter referred to as the "Government Obligations").

The Government Obligations on deposit in the Escrow Deposit Account will mature in stated fixed amounts as to principal and interest at such times as will, together with cash on hand, be sufficient, without reinvestment, (a) to pay the interest on the Refunded Bonds until the specified optional redemption dates and (b) to redeem the Refunded Bonds on their respective optional redemption dates at the redemption prices set forth in the tables captioned "Refunded Public Improvement Bonds" and "Refunded Metropolitan District Bonds" under "Purpose of Financing" herein. Also See "Verification of Mathematical Computations" herein. The Government Obligations and cash, if any, on deposit in the Escrow Deposit Account will be used for the payment of the principal of and redemption premium (if any) and interest on the Refunded Bonds, and are not available for the payment of, redemption premium, if any, or interest on the Public Improvement Bonds, the Metropolitan District Bonds or any other obligations of the County.

Additional Information

This Official Statement speaks only as of the date appearing on the cover page, and the information contained herein is subject to change. Questions regarding this Official Statement should be directed to the Director of Finance at the address and telephone number listed on the inside of the cover page. The full text of the Bond Ordinance and the County's latest comprehensive annual financial report and budget are available from the Director of Finance for the cost of reproducing such material or at www.howardcountymd.gov or on the MSRB's EMMA website.



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Financial Information

Financial Reporting

Basis of Accounting

The County's audited basic financial statements for the fiscal year ended June 30, 2013 can be found at <http://www.howardcountymd.gov/displayprimary.aspx?id=6442454079> in the Financial Reports and Publications section of the Department of Finance webpage. These statements were audited by CohnReznick, independent certified public accountants, to the extent stated in their report. The accounting and financial reporting policies of the County conform to generally accepted accounting principles ("GAAP") as applicable to governmental units.

The County's accounts are organized on the basis of funds. Fund types include (1) the General Fund, which is the general operating fund of the County, (2) Special Revenue Funds, which account for specific revenues that by law are designated for particular activities, (3) Proprietary Funds, which include the enterprise funds that account for the County's water and sewer and golf course operations, and (4) Capital Projects Funds, which account for construction or acquisition of fixed assets.

The financial data for the Board of Education of Howard County (the "Board of Education"), the Howard County Library (the "Library"), Howard Community College (the "Community College") and the Howard County Housing Commission (the "Housing Commission," and collectively, the "Component Units") are discretely presented in the government-wide statements to emphasize their legal separation from the County. However, the County is responsible for levying taxes and has budgetary control over the Component Units.

The County's comprehensive annual financial report ("CAFR") for the fiscal year ended June 30, 2012 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada ("GFOA"). To receive this highest recognition from GFOA, a government unit's CAFR must be easily readable, efficiently organized and satisfy both GAAP and legal requirements. The County has received this certificate for each fiscal year since 1976 and has submitted its CAFR for the fiscal year ended June 30, 2013 to GFOA for another certificate.

Budget

The County's budget includes an operating and a capital budget. The operating budget is derived from programs detailing the nature, volume and cost of work to be performed by each of the County's agencies. This element of the budget includes revenues estimated to be received during and expenditures recommended for the ensuing fiscal year, surpluses or deficits estimated for the current fiscal year and debt service requirements. The operating budget also projects summaries of revenues and expenditures for the ensuing five fiscal years.

The capital budget describes each capital project proposed in the ensuing fiscal year and receipts anticipated from all borrowings and other sources for such projects. The capital budget also proposes capital projects to be undertaken in the ensuing five fiscal years and the means of financing such projects. (See "Capital Requirements and Debt Management, Capital Budget and Program" herein.)

The County's budget for the fiscal year ending June 30, 2013 was awarded the Distinguished Budget Presentation Award by GFOA. To receive this award, a government unit must publish a budget document that meets program criteria as a policy document, operations guide, financial plan and communication device. The County has received this certificate for each fiscal year since 1994.

The County Executive must submit a capital budget and an operating budget to the Council by April 1 and April 21, respectively. The Council may decrease or delete any budgetary item, except those mandated by State law and provisions to pay outstanding debt service or eliminate cash deficits. The Council has no power to alter revenue estimates or increase any recommended expenditures, except as expressly provided in State law. After enacting the operating budget and adopting the capital budget, the Council must then levy taxes required to balance budget revenues

and expenditures. If a new operating budget is not enacted by the Council before June 2 in any fiscal year, the operating budget proposed by the County Executive stands adopted and funds for expenditures stand appropriated.

No agency of the County may incur any liability in excess of the amounts appropriated for the same general classification of expenditure in the budget. Any such liability incurred, except for small purchases, must first have funds for the designated purpose certified as available by the Director of Finance. The Council, upon the request of the County Executive, may approve transfers between projects in the capital budget and supplemental operating budgets funded from the contingency reserve and from unappropriated funds in emergencies. After April 1 of each year, the Council, upon the request of the County Executive, may approve transfers between departments in the operating budget; the County Executive has authority to make operating budget transfers within a department at any time without approval of the Council.

Surplus revenues in any fiscal year must be appropriated into the Rainy Day fund until its balance equals seven percent of the audited General Fund expenditures for the prior fiscal year. Money in the fund may be used only for emergencies or to cover significant revenue shortfalls during a fiscal year that the County Executive determines cannot be offset by reducing expenditures. Surplus revenues not required for the rainy-day fund must be used to fund capital projects, reduce existing County debt or fund appropriations for non-recurring expenses, unless otherwise determined by a vote of two-thirds of the members of the Council.

To finance capital projects from borrowing, the Council adopts a bond issue authorization ordinance pursuant to enabling laws. Such ordinances are not subject to referendum, nor to executive veto. Any contract, lease or other obligation providing for payment of funds after the end of the fiscal year in which such obligation is made must be approved by ordinance. No contract for the purchase of real or leasehold property may be entered into unless funds therefor are included in the capital budget. No obligations of the County may be authorized in any fiscal year for any capital project not included in the capital budget.

Government-Wide Full Accrual Reporting

In 2013, the County implemented Statement No. 65 issued by the Governmental Accounting Standards Board (“GASB Statement 65”). The positive total net position shown below as of June 30, 2013, reflect the County’s commitment to maintaining infrastructure assets and its tradition of providing substantial pay-go funding for capital outlays.

Summary of Net Position

	Governmental Activities	Business-type Activities	Total
NET POSITION			
Invested in capital assets, net of related debt	740,258,162	343,029,639	1,083,287,801
Restricted	94,955,786	54,677,366	149,633,152
Unrestricted	(727,260,025)	114,065,506	(613,194,519)
Total net position	\$ 107,953,923	511,772,511	619,726,434

It is important to note that although counties in the State of Maryland issue debt for the construction of schools, the school buildings are owned by each county’s Public School System. The County also funds projects for Howard Community College and for intersection improvements to State owned roads. As of June 30, 2013 the outstanding debt for public school buildings was \$441.7 million and \$80.9 million for community college buildings. The negative unrestricted net position for governmental activities reflects the imbalance of liabilities, without corresponding assets, as well as the County’s Net OPEB Obligation of \$311.7 million. Ownership of school buildings no longer needed for educational purposes reverts to the County. The net value of buildings, improvements and construction in progress owned by the Board of Education was \$1.0 billion and \$191.6 million for those owned by Howard Community College. If those assets were included in the County’s financial statements, the unrestricted net position for governmental activities would increase from negative \$727.3 million to positive \$487.7 million.

The schedule below shows the value of net assets resulting from operations in fiscal year 2013 for governmental and business activities combined.

Changes in Net Position

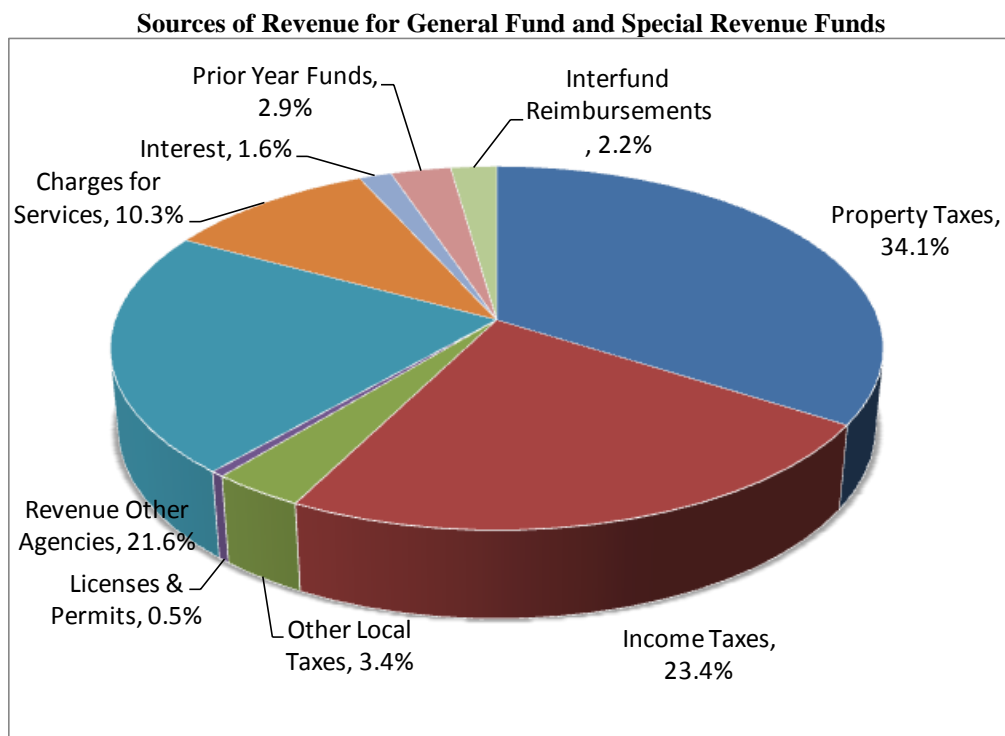
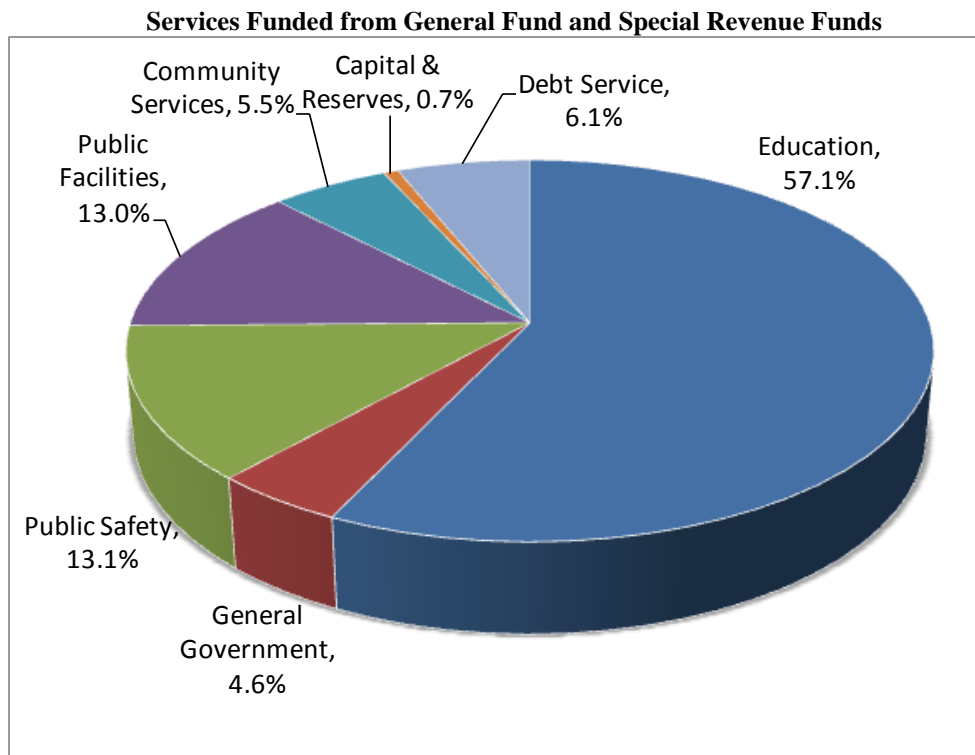
	Governmental Activities	Business-type Activities	Total
Revenues	1,132,020,308	102,242,985	1,234,263,293
Expenses	1,200,237,696	89,454,477	1,289,692,173
Increase in net position before transfers	(68,217,388)	12,788,508	(55,428,880)
Transfers	-	-	-
Increase in net position after transfers	(68,217,388)	12,788,508	(55,428,880)
Adjustments to restate net position	(87,126,634)	(82,463,744)	(169,590,378)
Net Position - July 1, 2012	263,297,945	581,447,747	844,745,692
Net Position - June 30, 2013	107,953,923	511,772,511	619,726,434

Overview of Revenues and Expenditures

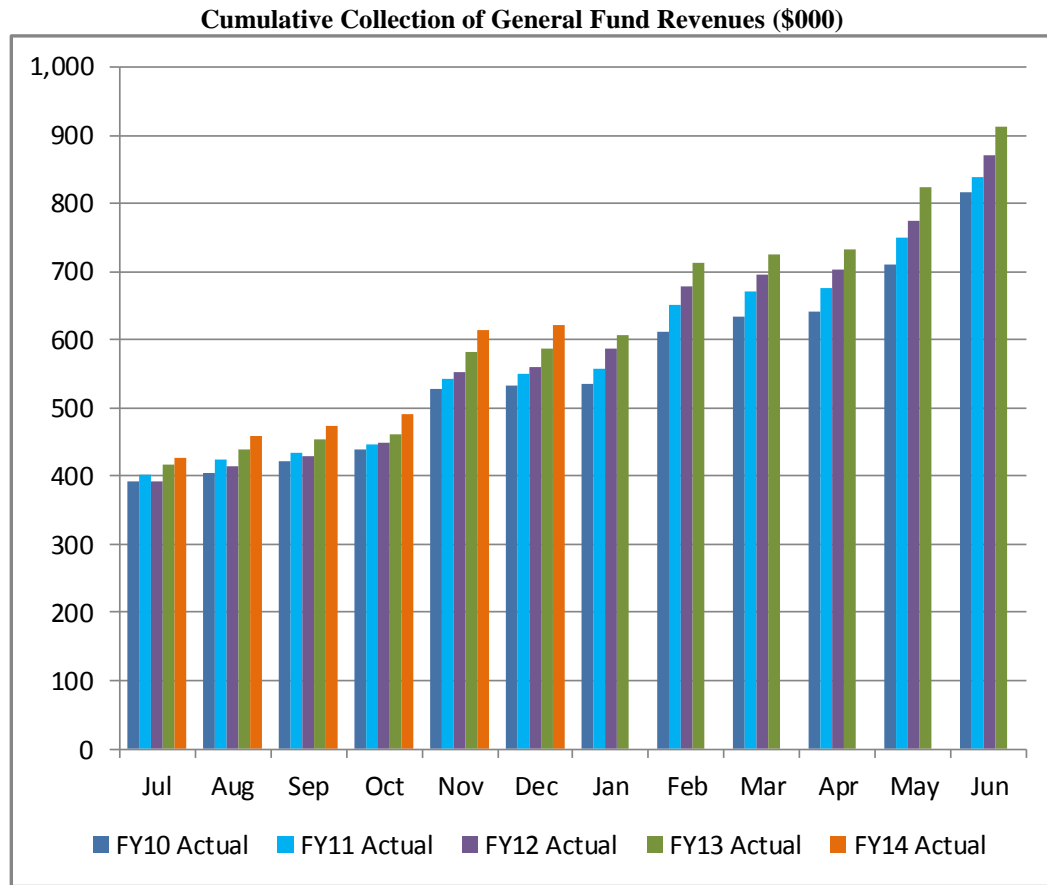
The largest fund in the County's basic financial statements, the General Fund, records receipt of taxes and other revenues not directed by law into other funds and payment of all operating costs of County government and services. Transfers from the General Fund and revenues from other government agencies (particularly the State) provide most of the revenues for the County's Board of Education, Library, Community College and Housing Commission, each of which is a Component Unit.

Special Revenue Funds account for specific revenues that by law are designated for particular functions or activities. The County uses Special Revenue Funds as a way of linking fees or taxes paid by residents with benefits or services received by them. Special Revenue Funds deal with management and construction of public housing, preservation of agricultural land, account for fire district activities, record categorical grants received from federal, State and local sources, account for the County's portion of the local health department, support user-funded recreation and parks programs, account for speed enforcement programs, watershed protection and restoration projects, and provide for the collection and disposal of solid waste, including the County landfill.

The charts below present the composition of services funded from the General Fund and Special Revenue Funds, budgeted in fiscal year 2014, and the sources of funding for such services.



The revenues collected by the County each month are determined by the tax rates and fee levels established at the beginning of the fiscal year and the value of the bases during the year on which taxes and fees are collected. Property taxes are collected primarily during the County's first and second quarters; income taxes are received from the State following the end of each quarter. The chart below presents General Fund revenues received for the past five fiscal years.



Based on preliminary estimates, the County is not anticipating any shortfall for Fiscal Year 2014. We expect to end the year with a positive fund balance. No decisions regarding commitment or assignments of Fund Balance have been made at this time.

The following table presents the activity in the General Fund for fiscal years 2009 through 2013 on a budgetary basis, along with the annual budget adopted for fiscal year 2014.

Statement of General Fund Revenues and Expenditures (Budgetary Basis) (000) ⁽¹⁾

	2009	2010	2011	2012	2013	Budget 2014
Tax Revenues						
Local property taxes	\$ 401,089	\$ 425,879	\$ 437,598	\$ 441,680	\$ 448,065	\$ 458,705
Local income taxes	317,213	294,043	315,354	357,347	374,358	370,000
Other local taxes	18,751	20,902	20,317	23,414	29,354	27,079
State shared taxes	13,409	790	1,089	780	1,422	1,521
Total Taxes	\$ 750,462	\$ 741,614	\$ 774,358	\$ 823,222	\$ 853,199	\$857,305
Other Revenues						
State grants	6,313	5,159	5,655	5,545	5,188	6,179
Charges for services	9,918	11,136	11,052	11,997	13,960	11,298
Interest on investments	4,499	633	782	629	686	2,460
Licenses and permits	4,923	5,839	5,647	5,787	6,456	7,912
Interfund reimbursements	33,773	28,829	31,779	26,782	26,977	33,872
Fines and forfeitures	3,566	2,963	3,004	3,051	2,717	4,490
Appropriation from fund balance	22,692	14,197	-	-	-	46,325
Return of funding from component units	590	4,761	817	818	818	-
Miscellaneous revenues	2,409	1,557	2,499	2,571	3,608	-
Total Revenues	\$ 839,144	\$ 816,688	\$ 835,592	\$ 880,402	\$ 913,610	\$969,839
Expenditures						
General government	20,553	19,106	19,703	22,460	23,280	26,099
Legislative and judicial	19,773	18,886	19,759	20,865	21,006	23,198
Public works	65,358	64,408	61,386	63,666	65,576	66,780
Public safety	90,666	88,171	90,613	96,692	100,704	112,236
Recreation and parks	13,795	13,008	12,791	14,358	15,155	17,046
Health	9,464	9,004	9,004	9,184	9,396	9,485
Community services	12,108	14,231	14,408	15,954	16,885	18,543
Education	475,360	482,756	489,904	495,778	509,478	526,617
Libraries	15,554	15,230	15,230	16,433	16,961	17,676
Debt service:						
Principal payment on debt	48,615	49,950	52,310	56,630	52,335	58,415
Interest payment on debt	30,322	28,885	32,475	34,951	38,276	38,672
Capital improvements	22,692	5,644	-	10,546	15,131	38,925
OPEB funding ⁽²⁾	11,157	-	-	-	3,827	13,047
Total Expenditures	\$ 835,418	\$ 809,279	\$ 817,582	\$ 857,518	\$ 888,012	\$966,739
Excess Revenues over Expenditures	3,726	7,409	18,010	22,885	25,598	3,100
Transfers Out	-	(330)	(205)	(3,057)	(3,852)	(3,100)
Less Appropriation from Fund Balance	(22,692)	(14,197)	-	-	-	(46,325)
Plus Lapsed Encumbrances	-	-	2,233	1,286	584	-
Beginning Fund Balance	100,896	81,930	74,812	94,850	115,963	138,294
Ending Fund Balance	\$ 81,930	\$ 74,812	\$ 94,850	\$ 115,963	\$ 138,294	\$ 91,969

(1) The information in this table is presented in the same format as set forth in the County's Operating Budget and should be read in conjunction with the audited basic financial statements available at www.howardcountymd.gov/displayprimary.aspx?id=6442454079.

(2) Funding was in addition to annual pay-go budget.

The following table presents the activity in all Special Revenue Funds for fiscal years 2009 through 2013 on a budgetary basis, along with the annual budget adopted for fiscal year 2014.

Statement of Special Revenue Funds Revenues and Expenditures (Budgetary Basis)(000)⁽¹⁾

	Fiscal Year Ended					Annual Budget 2014
	2009	2010	2011	2012	2013	
Revenues						
Property taxes	\$ 65,833	\$ 68,762	\$ 66,427	\$ 62,548	\$ 78,258	\$ 82,317
Other local taxes	7,413	8,744	8,027	9,840	9,578	10,275
Revenues from other governmental agencies	22,531	16,261	18,877	21,971	18,641	5,025
Charges for services	35,601	36,017	39,685	38,185	38,362	40,015
Interest on investments ⁽²⁾	4,201	5,414	2,081	8,993	(1,258)	5,793
Rental of property ⁽³⁾	717	207	197	196	159	540
Miscellaneous revenues	435	335	878	1,480	3,020	330
Total Revenues	\$ 136,731	\$ 135,739	\$ 136,172	\$ 143,213	\$ 146,761	\$ 144,295
Other Sources of Financial Resources						
Operating transfers in	21,602	9,004	13,204	10,199	10,404	11,055
Appropriation from fund balance	-	-	203	-	-	23,484
Total Revenues and Other Sources of Financial Resources	\$ 158,333	\$ 144,743	\$ 149,580	\$ 153,412	\$ 157,164	\$ 178,833
Expenditures and Encumbrances						
Public safety	56,842	60,328	65,295	71,576	75,127	76,506
Recreation and parks	11,748	11,393	11,421	13,350	15,347	19,478
Health	12,236	9,879	10,481	8,408	10,357	9,085
Environmental	19,039	17,919	22,281	22,916	23,902	23,790
Community services and intergovernmental	36,038	20,036	19,373	17,797	16,009	20,918
Capital improvements	70	1,757	-	4,289	-	7,810
Debt service:						
Principal payment on debt ⁽⁴⁾	235	242	151	1,752	1,927	2,228
Interest payment on debt	4,586	4,605	4,716	5,227	5,478	5,507
Total Expenditures and Encumbrances	\$ 140,794	\$ 126,160	\$ 133,719	\$ 145,315	\$ 148,146	\$ 165,322
Other Uses of Financial Resources						
Operating transfers out	11,258	3,424	7,233	2,137	4,834	8,652
Total Expenditures and Other Uses of Financial Resources	\$ 152,053	\$ 129,584	\$ 140,951	\$ 147,451	\$ 152,980	\$ 173,974
Excess Revenues and Other Sources of Financial Resources over Expenditures and Encumbrances and Other Uses of Financial Resources	6,281	15,159	8,628	5,961	4,185	4,859
Less Appropriation from Fund Balance	-	-	(203)	-	-	(23,484)
Beginning Fund Balance ⁽⁵⁾	95,523	102,597	117,756	126,181	132,802	136,987
Ending Fund Balance	\$ 101,803	\$ 117,756	\$ 126,181	\$ 132,142	\$ 136,987	\$ 118,363

(1) The information in this table should be read in conjunction with the audited basic financial statements which are available at www.howardcountymd.gov/displayprimary.aspx?id=6442454079.

(2) The recognition of a \$3,879,178 decrease in the fair value of investments of the Agricultural Land Preservation Fund caused negative Interest Income in FY2013.

(3) Beginning in FY 2010, property rental revenue is collected by the Housing Commission.

(4) Principal payments increased due to the change to equal annual principal payments in Agricultural Land Preservation Program Installment Purchase Agreements.

(5) Adjusted in FY2009 for unrecorded loans in the Community Renewal Program Fund, the FY2010 balance was adjusted for overrecognized expenditures in the Grants Fund.

The following table presents the Component Units' activity for the last five fiscal years on a GAAP basis, which is not comparable to General Fund and Special Revenue Funds statements prepared on a budgetary basis.

Statement of Component Units Revenues and Expenses (GAAP Basis)(000)⁽¹⁾

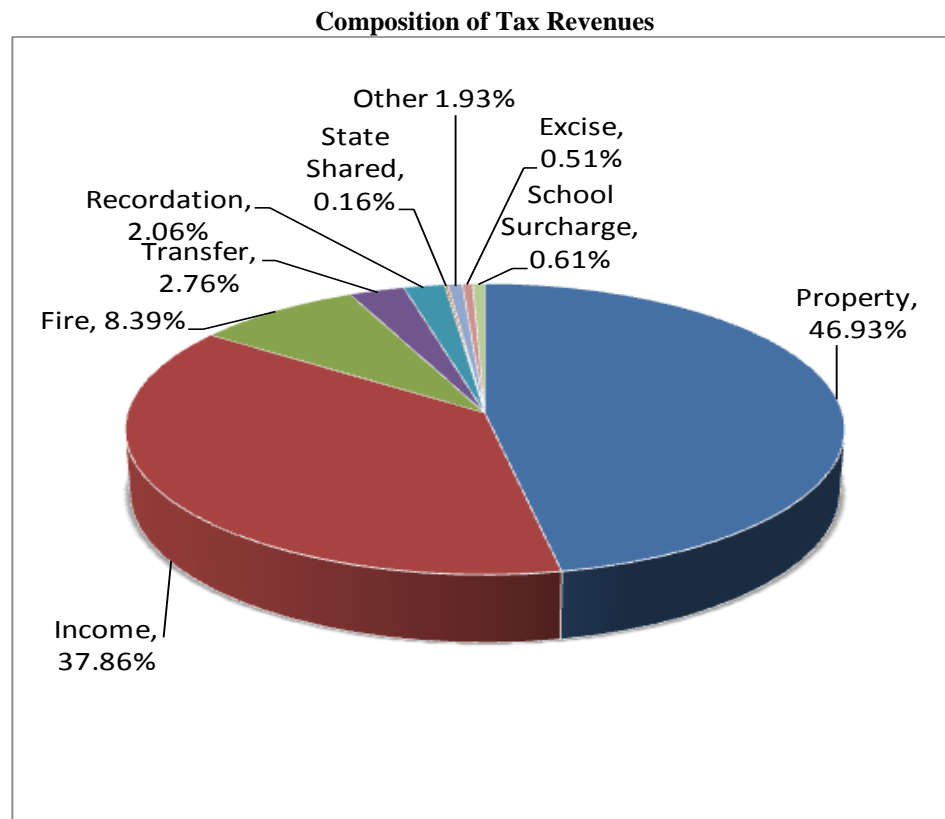
	Fiscal Year Ended June 30				
	2009	2010	2011	2012	2013
Revenues:					
Revenues from other agencies	\$ 359,356	\$ 404,924	\$ 449,137	\$ 446,432	\$ 473,537
Charges for services	65,048	52,402	57,223	72,851	58,704
Interest on investments	332	882	1,183	272	967
Fines and forfeitures	662	-	-	-	-
Miscellaneous	29,228	5,137	5,699	10,651	15,720
Total Revenues	\$ 454,626	\$ 463,345	\$ 513,242	\$ 530,206	\$ 548,928
Other Sources of Financial Resources:					
Operating transfers from primary government	495,543	497,986	509,222	513,653	527,655
Total Revenues and Other Sources of Financial Resources	\$ 950,170	\$ 961,330	\$1,022,464	\$1,043,859	\$1,076,582
Expenditures:					
Education	815,752	815,907	848,396	809,411	835,071
Libraries	18,540	18,281	19,841	21,663	20,424
Housing	21,362	10,579	8,026	18,725	19,366
Capital improvements	54,178	81,230	93,532	106,316	126,182
Total Expenditures	\$ 909,831	\$ 925,997	\$ 969,795	\$ 956,115	\$1,001,043
Excess (Deficiency) of Revenues and Other Sources of Financial Resources over Expenditures ⁽²⁾	40,339	35,334	52,669	87,744	75,540
Beginning Net Assets	1,017,429	1,057,768	1,093,102	1,145,770	1,233,514
Ending Net Assets, GAAP Basis	\$1,057,768	\$1,093,102	\$1,145,770	\$1,233,514	\$1,309,054

(1) Excludes the Internal Service Funds.
(2) Increases due to unspent County appropriations for capital improvements.

Sources of Revenue

Overview of Tax Revenues

The chart below presents the composition of the County's budgeted tax revenues for fiscal year 2014.



Local Property Taxes

Assessments

The assessment of all real and tangible personal property for purposes of property taxation by the County is solely the responsibility of the State Department of Assessment and Taxation, an independent State agency. Assessment records and tax rolls are maintained in each county seat and in Baltimore City. Real property is valued at market value ("full cash value") and active farm property is assessed at \$500 per acre. Personal property owned by a business is assessed annually by the State based on returns filed by April 15 for property owned as of January 1 of that year.

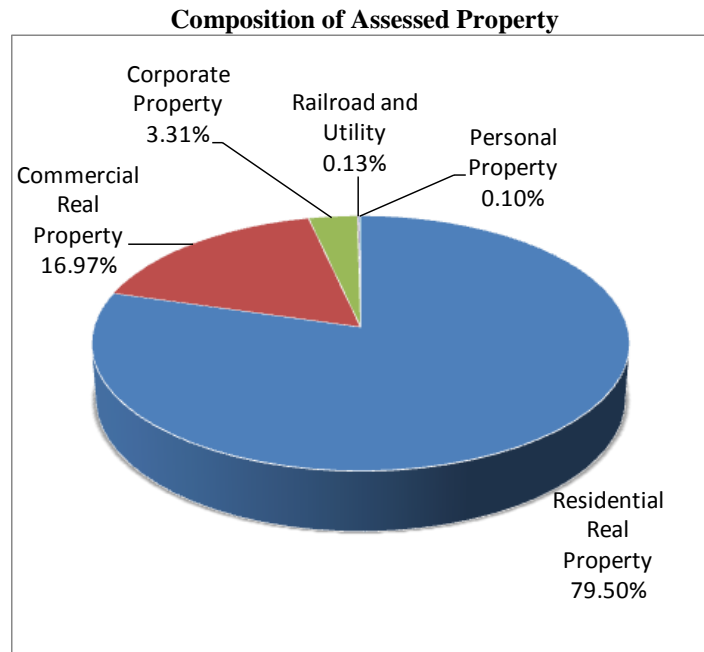
Property Tax Credit Programs

Under State law, certain owners who occupy residential property receive tax credits against local property taxes. The effect of the homestead property tax credit is to limit property tax increases payable as a result of increases in assessed values. State law permits a maximum increase of 10 percent in assessed value annually, but the County has elected to reduce that percentage to five percent. The County granted \$19.6 million of such tax credits in fiscal year 2013 and estimates \$11.7 million will be granted in fiscal year 2014.

A State-mandated tax credit is granted to certain property owners with lower incomes. The credit is calculated using a scale that establishes a maximum property tax liability for various income levels. The credit is reimbursed to the County by the State; for fiscal year 2013, the County received \$3,456,716. In fiscal year 2013 the County granted a supplemental credit to certain property owners with lower incomes. This credit amounted to \$30,978. The County also grants a tax credit for homeowners 70 years of age and older who fall into certain income and asset categories. In the fiscal year 2013, senior credits were issued in the amount of \$481,983.

Assessed Value, Property Tax Rates and Property Tax Levies

The chart below presents the composition of the County's assessable base of both real and personal property in fiscal year 2013.



The following table presents the assessed value of all taxable property in the County for the last five fiscal years, the County tax rates and the tax levy in each of those years. The County has exempted manufacturers' and warehousing inventories and manufacturers' machinery, tools and equipment from local property taxation. Assessed values of tax-exempt properties owned by Federal, State and County governments, churches, charities, schools, fraternal organizations, cemeteries, fire companies, disabled veterans and the blind, aggregating approximately \$3.1 billion as of June 30, 2013, are not included in the table below.

Assessed Values, Tax Rates and Tax Levies

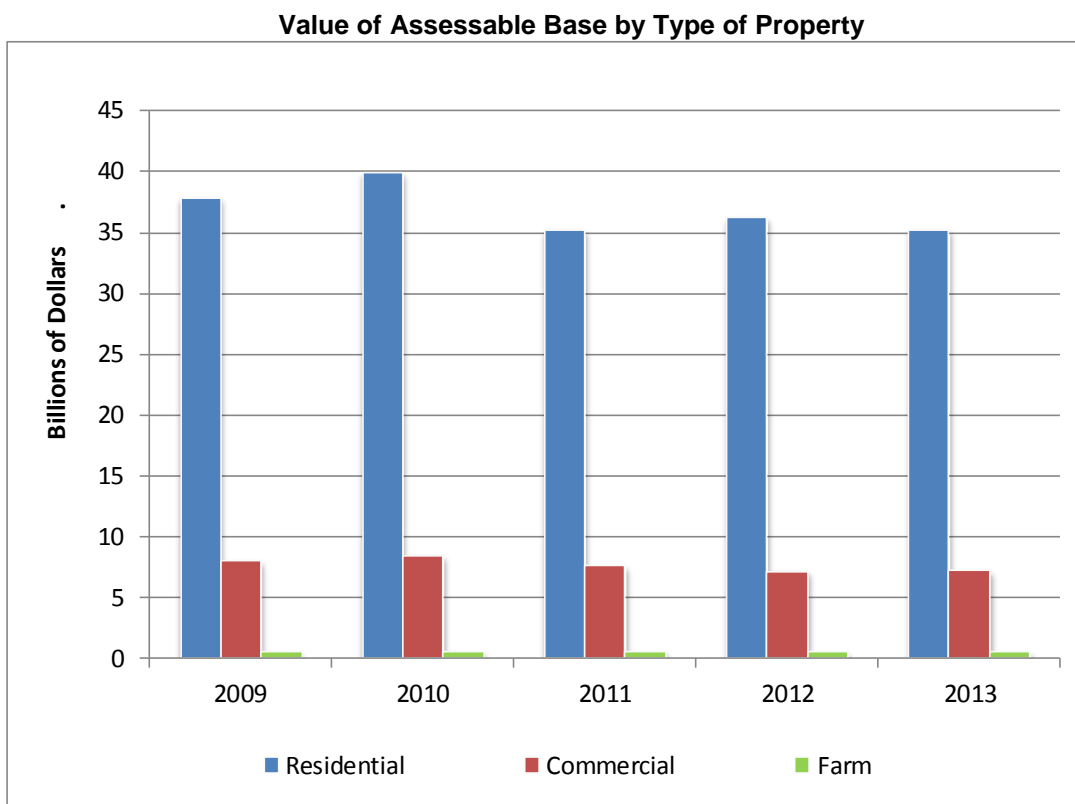
	Fiscal Year Ended June 30				
	2009	2010	2011	2012	2013
Assessed Value(000)					
Real property	\$46,141,787	\$48,664,260	\$46,518,265	\$43,621,862	\$42,639,732
Personal property	25,684	29,824	32,592	33,927	42,319
Railroads and public utilities	30,888	25,492	49,080	49,205	55,804
Corporations	1,440,868	1,533,574	1,542,114	1,472,526	1,463,231
Total Assessable Base	47,639,226	50,253,150	48,142,051	45,177,520	44,201,085
County Tax Rate:					
Real Property	1.014	1.014	1.014	1.014	1.014
Personal Property	2.535	2.535	2.535	2.535	2.535
County Tax Levy (000) ⁽¹⁾	504,431	532,017	511,314	479,562	470,118
Fire District Tax Rate					
Real property	.13550/.11550	.13550/.11550	.13550/.11550	.13550/.11551	0.17600
Personal property	.33875/.28875	.33875/.28875	.33875/.28875	.33875/.28876	0.44000
Fire Tax Levy (000)	65,556	69,052	66,319	62,411	81,598

(1) Excludes payments in lieu of taxes, additions and abateements, interest on taxes, discounts on taxes, various tax credits and tax levies on any tax-exempt property.

The fire district tax is levied on the assessable base within the County's fire district. Proceeds of the tax are distributed to the Fire Tax Reserve Fund, a Special Revenue Fund, to fund operations, equipment and buildings.

The County estimates that the average home (including townhouses and condominiums) in the County for fiscal year 2014 has an assessed value of \$430,800. At current tax rates, the owner of this average home would incur a County property tax bill of approximately \$4,952, before credits described above.

As presented in the following chart, the value of commercial/industrial property decreased approximately 10 percent over the last five fiscal years, agricultural property values decreased approximately 11% and residential real property values decreased approximately 7 percent.



The County estimates that the assessed value of all taxable property in the County for the fiscal year ending June 30, 2014 will be approximately \$44.3 billion. The County's real property tax rate for fiscal year 2014 is \$1.014 per \$100 of full cash value for real property and \$2.535 per \$100 of assessed value for personal property owned by businesses. In fiscal year 2014, the total property tax revenue budgeted for the General Fund is \$458.7 million, or a 2.4 percent increase from the amount budgeted in FY 2013.

Property Tax Collection

County taxes are due and payable as of July 1 of each fiscal year, except that real property taxes on principal residences and on small business properties are due and payable in two installments as of July 1 and December 1 of each fiscal year. A discount of 0.5 percent is allowed on payments made in July. The County records property tax revenues as the taxes are billed. Over the last five years, the County has collected virtually all of the property taxes levied.

When taxes become delinquent, combined interest and penalty at the rate of 1.5 percent per month are charged for each month or fraction thereof that taxes due remain unpaid for the current year. Delinquent taxes are satisfied, after prior notice of delinquency, at public auction conducted by the Director of Finance prior to the end of the fiscal year of billing. The net receivables uncollected 60 days after year-end are recorded as deferred revenues. Personal property taxes receivable are charged off as uncollectible after all collection means are exhausted.

The table below presents information with respect to the County's tax levies and tax collections for fiscal years 2008 through 2013.

Total Property Tax Levies and Collections (000)

Total Property Tax Levies and Collections (000)							
Fiscal Year Ended June 30	Total Tax Levy (1)	Current Year's Taxes		Taxes Collected		Delinquent Taxes Amount	Delinquent Taxes as % of Current Year's Tax Levy
		Collection Year		(Current and			
		of Levy		Delinquent)			
		Amount	%	Amount	%		
2013	\$551,717	\$547,732	99.28	\$547,732	99.28	\$ 3,985	0.72
2012	541,973	540,660	99.76	541,755	99.96	1,313	0.24
2011	577,633	574,829	99.51	577,274	99.94	359	0.06
2010	601,068	599,327	99.71	600,457	99.90	611	0.10
2009	569,987	561,004	98.42	569,397	99.90	591	0.10
2008	507,120	505,466	99.67	506,809	99.94	310	0.06
(1) Total tax levy represents the original property tax levy, and excludes fire district taxes levied, payments in lieu of taxes, additions and abatements, interest on taxes, discount on taxes and various tax levies on any tax- exempt property.							

Major Property Taxpayers

The following table presents the ten largest property taxpayers on June 30, 2013, the total taxes paid by such taxpayers during fiscal year 2013 and the assessed value of real and personal property owned by each taxpayer during fiscal year 2013.

Ten Largest Property Taxpayers ⁽¹⁾

Name of Taxpayer	Type of Business	Total Taxes Paid (000)	Taxable Assessed Valuation Amount (000)	Percentage of
				Total County Assessed Valuation
Baltimore Gas & Electric Company	Gas and Electric Utility	\$10,365	\$346,179	0.78
Mall in Columbia Business Trust	Rental Real Estate	2,481	179,525	0.41
Verizon - Maryland	Telephone Communications	4,001	133,704	0.30
Howard Properties Howard Crossing	Apartment Rentals	1,494	108,108	0.24
Seasons of Laurel LLC	Apartment Rentals	1,190	85,977	0.19
KMF Sherwood Crossing LLC	Apartment Rentals	977	66,122	0.15
Home Properties Charleston LLC	Apartment Rentals	911	63,680	0.14
API Columbia Town Center LLC	Rental Real Estate	863	60,103	0.14
Cellco Partnership	Telephone Communications	1,390	49,026	0.11
Sprint Communications	Telephone Communications	1,278	42,676	0.10
Totals		\$24,950	\$1,135,100	2.57%

(1) The information set forth above was compiled from tax rolls on which the names of owners are not always recorded in the same manner.

Local Income, Transfer and Other County Taxes

Local Income Taxes

The State imposes an income tax on the adjusted income of individuals as determined for federal income tax purposes, subject to certain adjustments. For tax year 2013, Maryland's personal tax rates begin at 2% on the first \$1000 of taxable income and increase up to a maximum of 5.75% on incomes exceeding \$250,000 (or \$300,000 for taxpayers filing jointly, heads of household, or qualifying widows/widowers). Nonresidents are subject to a special tax rate of 1.25%, in addition to the state income tax rate. The individual exemption for taxpayers earning up to \$100,000 a year is \$3,200 and depending on their taxable income, other taxpayers receive an exemption of \$0 to \$1,600.

Pursuant to State law, each county and Baltimore City may levy a local income tax at the rate of at least one percent, but not more than 3.2 percent, of the State taxable income of individuals domiciled in their respective jurisdictions. With a local income tax rate of 3.2 percent, the County is one of six with local income tax rates set at the maximum.

The following table presents the total amount of income tax budgeted for the last six fiscal years and received for fiscal years 2009 through 2013. The County budgeted \$370,000,000 for fiscal year 2014.

Income Tax Revenues (000)		
Fiscal Year Ended		
June 30	Budget	Actual
2014	\$370,000	
2013	339,929	\$374,358
2012	325,465	357,347
2011	299,000	315,354
2010	300,650	294,043
2009	331,352	317,213

Local Transfer Taxes

The County levies and collects a transfer tax at the rate of one percent of the actual consideration paid for the conveyance of title, which tax is imposed upon all transfers of real property within the County. Twenty-five percent of proceeds of the transfer tax are distributed to an agency fund for school construction and site acquisition, 25 percent for Recreation and Parks, 12.5 percent for Fire Service Buildings and Equipment Capital Project Funds, 25 percent for the Agricultural Land Preservation Program, and 12.5 percent to the Community Renewal Special Revenue Funds. In fiscal year 2013, the total amount of transfer tax collected was \$25.3 million. The amount of transfer tax budgeted for fiscal year 2014 is \$27.0 million.

Building Excise Tax

The County levies and collects a building excise tax on all construction in the County. The tax is levied at the time a building permit is issued and the amount of tax paid is determined by the square footage of the construction project. The County uses this money to fund road construction projects as well as to pay debt service on general obligation bonds whose proceeds fund such projects. The County has issued \$73.5 million of these general obligation bonds since 2000. In addition, \$54.3 million of excise tax collected has been appropriated as pay-go funding on road construction projects since fiscal year 1995. The total amount of excise taxes collected were \$7.0 million in fiscal year 2013 and \$5.0 million is budgeted in fiscal year 2014.

School Facilities Surcharge

The County levies and collects a surcharge on all residential construction in the County. The surcharge is levied at the time a building permit is issued. The County uses this money to fund public school construction projects as well as to pay debt service on general obligation bonds whose proceeds fund such projects. Prior capital budgets included \$93.96 million of County general obligation bonds whose debt service will be paid from the surcharge. The County has issued \$88.96 million of these general obligation bonds. The total amount of school facilities surcharge collected in fiscal year 2013 was \$6.6 million and \$6.0 million is budgeted in fiscal year 2014.

Other County Taxes

The County levies and collects other miscellaneous taxes, the largest of which is the recordation tax on instruments conveying title to property and securing debt. In fiscal year 2013, the total amount of other taxes collected was \$29.4 million. Of this amount, \$21.8 million was attributable to the recordation tax. The fiscal year 2014 recordation tax budget is \$20.1 million.

Local Charges for Services, Licenses and Permits, and Fines

The County and its Component Units collect charges for various services as well as fees for licenses and permits. The largest of these constituting General Fund revenues are building license fees, development-review fees, cable television franchise fees and charges for boarding prisoners. In fiscal year 2013, the total amount of charges and fees collected in the General Fund were \$23.1 million. The fiscal year 2014 budget is \$23.7 million.

The largest charges and fees credited to Special Revenue Funds are charges for use of recreational facilities and programs and fees and charges for trash collection and use of the County landfill. The total amount of charges and fees collected in Special Revenue Funds in fiscal year 2013 were \$37.2 million and \$40.0 million is budgeted in fiscal year 2014.

State-Shared Taxes

The State shares certain taxes collected in the County with the County. These taxes are primarily collected on gasoline sales and used for construction and maintenance of highways. The State is not required to share such taxes and has changed the amount that it shares from year to year. The total amount of State-shared taxes collected in fiscal year 2013 was \$1.4 million, with \$1.5 million budgeted for fiscal year 2014.

State and Federal Grant Assistance

The County receives and accrues grant revenues from the federal and State governments. The largest of these grants constituting General Fund revenues is from the State for police protection. The total amount of grants received in the General Fund in fiscal year 2013 was \$5.2 million, with \$6.2 million budgeted in fiscal year 2014.

Revenues in the Grants Special Revenue Fund are primarily categorical grants from the federal government funding special programs, such as housing, senior services, transit and homeland security. The total amount of grant funds received in the Grants Special Revenue Fund in fiscal year 2013 was \$19.8 million. Fiscal Year 2014 includes a \$5 million contingency appropriation to allow the County to accept grants mid-year.

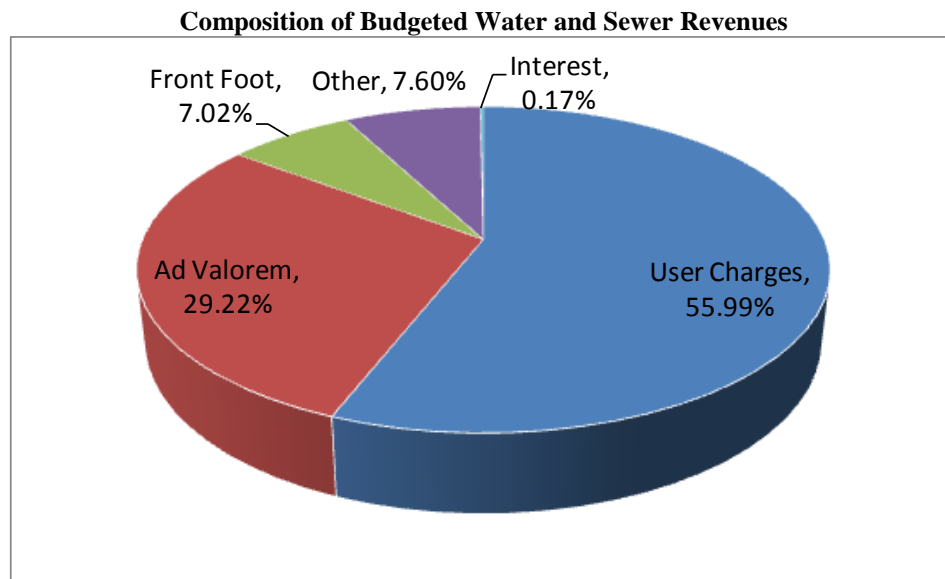
The County's Component Units receive and accrue grants from other government agencies, primarily the State, in addition to operating transfers received from the County. In fiscal year 2013, the total amount of grants collected by the Component Units was \$249.9 million. Of that amount \$221.4 million was used for operations by the Board of Education, \$17.9 million was used for operations by the Community College and \$10.6 million funded the Howard County Housing Commission.

Water and Sewer Enterprise Fund

The County provides water and sewer services primarily to areas of heavy residential and commercial demand in the eastern part of the County (the “Metropolitan District”). The Metropolitan District and the County’s water and sewer facilities are described in more detail under “Government and Infrastructure, Water and Sewer System” herein. Financial accounting for the County’s water and sewer operations is consolidated in an enterprise fund.

Water and sewer service charges are recorded as revenues when they are billed. At each fiscal year-end, revenue is accrued for the amount of unbilled water and sewage service provided. Other revenues are recorded as payments when received, except at fiscal year-end, when all other revenues are also accrued. Unpaid water and sewer service charges and assessments are a lien on the real property served and are collectible in the same manner as real property taxes at tax sale.

The water and sewer enterprise fund’s largest source of operating revenues are water and sewer user charges. These charges are based on the amount of water used. Commercial and residential properties connecting into the water and sewer system also pay connection charges. The average quarterly bill for a family of four in fiscal year 2014 is approximately \$245. Effective July 1, 2013 user charges were increased 9% to offset the increase in the cost of water purchased from Baltimore City and the cost of sewage sent to Baltimore County for treatment.



Capital costs related to provision of water and sewer services are financed primarily with ad valorem, front-foot charges, and Metropolitan District general obligation bonds. For fiscal year 2014, an ad valorem charge of \$0.08 per \$100 assessed value was levied upon all property located within the Metropolitan District. Property abutting a road under which the County has built a water or sewer main is charged a fixed amount annually for 30 years (front foot), with such amount established in the year in which water or sewer service becomes available to each specific property. An in-aid-of-construction charge is collected for each connection of an equivalent dwelling unit.

The County has entered into certain agreements with Baltimore City, Baltimore County and the Washington Suburban Sanitary Commission for water supply services and/or sewage disposal services. Under the terms of such agreements, the County is to reimburse these governmental units for their costs of providing water and sewer service. The County provides for annual accrual of its liability under these agreements. Under the terms of several other agreements with these governmental units as well as Anne Arundel County, the County is obligated to fund a portion of capital improvements to certain existing and proposed water and sewer facilities. The County estimates that its remaining commitment under these agreements over the next five fiscal years is \$53.6 million and such obligation is included in the County’s capital program.

The following table presents the revenues, expenses and changes in net position of the water and sewer enterprise fund for fiscal years 2009 through 2013.

Water & Sewer Enterprise Fund Statement of Revenues, Expenses & Changes in Net Position (000) ⁽¹⁾

	Fiscal Year Ended June 30				
Operating Revenues:	2009	2010	2011	2012	2013
User charges	\$ 37,552	\$ 39,899	\$ 44,209	\$ 47,291	\$ 51,016
Miscellaneous sales and services	471	539	1,512	682	937
Total Operating Revenues	\$ 38,024	\$ 40,438	\$ 45,721	\$ 47,972	\$ 51,952
Operating Expenses:					
Salaries and employee benefits	10,183	10,365	10,314	10,723	10,985
Contractual services ⁽²⁾	5,457	6,714	4,942	4,557	18,470
Supplies and materials	1,693	1,483	1,522	1,644	1,681
Business, travel and vehicle expenses	1,616	1,806	1,610	2,062	2,023
Purchased water and transmission charges	10,458	12,546	13,372	13,814	15,114
Sewage treatment charges	6,472	5,742	9,606	7,581	7,469
Share of county administrative expense	3,796	4,018	4,340	3,809	3,607
Other	70	693	916	912	912
Depreciation expense	12,304	13,634	13,766	14,211	18,300
Less: House connection and capitalized overhead costs	(207)	(50)	(44)	(47)	(47)
Total Operating Expenses	\$ 51,842	\$ 56,952	\$ 60,344	\$ 59,265	\$ 78,514
Operating Loss	(13,819)	(16,514)	(14,623)	(11,293)	(26,562)
Nonoperating Revenues (Expenses):					
Ad valorem charges	30,981	32,396	30,884	29,880	29,007
Water and sewer assessment charges	4,203	4,083	2,885	2,757	2,760
Interest on investments	1,157	371	173	141	147
Charges for services	395	-	-	-	-
Interest expense	(6,833)	(7,947)	(6,187)	(8,189)	(8,892)
Other revenue (expense) ⁽³⁾	562	(166)	18,555	(319)	(33)
Total Nonoperating Revenues (Expenses)	\$ 30,466	\$ 28,737	\$ 46,310	\$ 24,270	\$ 22,989
Net Income before Contributions and Transfers	16,647	12,222	31,687	12,977	(3,573)
Capital contributions	6,959	9,667	5,776	20,994	16,285
Operating transfers in (out)	(1,694)	587	(3,200)	-	-
Change in Net Position	\$ 21,913	\$ 22,476	\$ 34,263	\$ 33,971	\$ 12,713
Net Position at Beginning of Period	464,135	486,048	508,524	540,472	574,123
Adjustment to Beginning Net Position	-	-	(2,314)	(321)	(82,464)
Net Position at End of Period	\$486,048	\$508,524	\$540,472	\$574,123	\$504,372

(1) This information should be read in conjunction with the audited basic financial statements which are available at www.howardcountymd.gov/displayprimary.aspx?id=6442454079.

(2) In FY2013, the County expensed items included in AUC which did not result in the creation of an asset.

(3) The Bay Restoration Fund grant for the upgrade to the Little Patuxent Water Reclamation Plant was received in FY2011.

Watershed Protection and Restoration Enterprise Fund

The County recently passed legislation to create a Watershed Protection and Restoration fund as a dedicated, non-lapsing, enterprise fund. The legislation allowed for the collection of a watershed protection and restoration fee to allocate the cost of the program to all owners of improved real property based on impervious surface measurement. The fee was included, as a separate item, on a supplemental real property tax bill, for each property subject to the fee. The total amount billed in December was approximately \$10.4 million.

Golf Course Enterprise Fund

The County owns an 18-hole public golf course, opened in 1996, whose construction and equipping were financed with proceeds of revenue bonds issued in 1995 and subsequently refunded in 2003. In May 2012, the 2003 bonds were redeemed by the Taxable Golf Course Refunding Revenue Note (Timbers at Troy Golf Course), Series 2012, which was privately negotiated with a financial institution. The County accounts for the operations of the golf course in an enterprise fund. The County has a multi-year contract through June 30, 2015 with a management company to operate the course.

The following table presents the revenues, expenses and changes in net assets of the golf course enterprise fund for fiscal years 2009 through 2013.

Golf Course Enterprise Fund Statement of Revenues, Expenses & Changes in Net Position (000) ⁽¹⁾

	Fiscal Year Ended June 30				
Operating Revenues:	2009	2010	2011	2012	2013
Greens & cart fees	\$ 1,585	\$ 1,606	\$ 1,532	\$ 1,503	\$ 1,477
Range fees	86	97	89	108	108
Merchandise sales & services	117	112	109	114	133
Food & beverage	298	314	307	314	325
Miscellaneous sales & services	18	21	19	96	27
Total Operating Revenues	\$ 2,104	\$ 2,149	\$ 2,057	\$ 2,135	\$ 2,069
Operating Expenses:					
Contractual services	\$ 1,401	\$ 1,460	\$ 1,445	\$ 1,459	\$ 1,482
Depreciation expense	40	49	50	49	43
Total Operating Expenses	\$ 1,441	\$ 1,509	\$ 1,495	\$ 1,507	\$ 1,525
Operating Income/(Loss)	\$ 663	\$ 640	\$ 562	\$ 628	\$ 544
Nonoperating Expenses:	(277)	(257)	(244)	(269)	(337)
Income before contributions & transfers	386	383	318	358	206
Operating transfers in (out)	(1)	-	205	587	-
Change in Net Position	\$ 385	\$ 383	\$ 523	\$ 945	\$ 206
Net Position at Beginning of Period	3,073	3,458	3,841	4,364	5,309
Total Net Position	\$ 3,458	\$ 3,841	\$ 4,364	\$ 5,309	\$ 5,515

(1) The information in this table should be read in conjunction with the audited basic financial statements which are available at www.howardcountymd.gov/displayprimary.aspx?id=6442454079.

Retirement and Pension Programs

Overview of Programs

Each fully benefited employee of the County is provided retirement benefits through and must be a member of (1) the Police and Fire Employees' Retirement Plan ("Police/Fire Plan"), (2) the Howard County Retirement Plan ("County Plan") or (3) the Employee Retirement and Pension Systems of the State of Maryland ("State Systems"). The State Systems are cost-sharing multiple-employer defined benefit systems; the Police/Fire Plan and the County Plan are single-employer defined benefit public employee retirement plans administered by the County. Fully benefited employees of the Component Units are provided retirement benefits through the State Systems; most contributions to the State Systems for these employees are made directly by the State according to State statute. The Governor's FY 2013 budget authorized the counties to share the cost of funding teachers' pensions. The cost of the teachers' pensions to be transferred to Howard County in FY 2014 is \$12.44 million. As of this date, the General Assembly has not adopted statutory changes to the current obligation of the State to pay pension costs or regarding any costs or responsibilities for unfunded actuarial liabilities that might be passed on to the counties. The Component Units'

financial reports for the year ended June 30, 2013 present information related to their participation in the State Systems.

The following table presents the enrollment (as of July 1, 2013) and payroll in fiscal year 2013 for County employees covered by the State Systems (excluding Component Unit employees), Police/Fire Plan and County Plan.

Enrollment and Payroll of Covered Employees				
	Enrollment			Payroll (000)
	Retired	Vested	Non-Vested	
State Systems	-	102	-	\$6,510
Police/Fire Plan	298	672	177	64,693
County Plan	517	1,182	398	91,480
Non-Covered Payroll	-	-	-	12,578
Total	815	1,956	575	\$175,261

Information regarding these retirement and pension programs is contained in Note 13 of the notes to the audited basic financial statements.

Funding of Payments

Retirement and pension payments are funded from three sources: County contributions, member contributions and investment earnings. The following table presents the County's total pension contributions for fiscal years 2009 through 2013.

Total Pension Contributions (000)			
Fiscal Year Ended June 30	Police/Fire Plan Contribution	County Plan Contribution	Total County Contribution
2013	\$19,307	\$11,392	\$30,700
2012	18,051	10,719	28,770
2011	15,667	10,304	25,971
2010	14,881	9,758	24,639
2009	14,426	9,745	24,171

Pension Obligation

The County's funding policies provide for periodic employer contributions at rates determined actuarially to accumulate sufficient assets to pay for benefits when due. The County had no net pension obligation as of July 1, 2013 associated with any retirement plans, as the County has always made its annual required contributions. The following tables present the computation of contribution requirements for the Police/Fire Plan and the County Plan through the most recent actuarial valuations.

The Police/Fire Plan was only 37% funded when it was established in 1990. The increase in unfunded accrued liabilities of the Police/Fire Plan and the County Plan is primarily the result of a reduction in the assumed rate of return from 8.0% on a gross basis to 7.75% on a net basis. Investment gains and losses are smoothed over five years and actuarial gains and losses are amortized over 15 years for both plans.

Computation of Contribution Requirements

	Police/Fire Plan				
	July 1, 2009	July 1, 2010	July 1, 2011	July 1, 2012	July 1, 2013
	Valuation	Valuation	Valuation	Valuation	Valuation
Market Value of Assets (\$000)	198,022	233,907	290,335	298,930	344,140
Actuarial Value of Assets (\$000)	253,567	266,985	288,376	308,764	337,534
Actuarial Accrued Liability (\$000)	322,470	348,702	378,297	403,741	449,036
Unfunded Accrued Liability (\$000)	(68,903)	(81,717)	(89,921)	(94,977)	(111,503)
Percentage Funded ⁽¹⁾	78.6	76.6	76.2	76.5	75.2
Annual Covered Payroll (\$000)	52,145	53,308	55,657	57,603	59,688
Unfunded Accrued Liability as % of Annual Covered Payroll ⁽¹⁾	132.1	153.3	161.6	164.9	186.8

	County Plan				
	July 1, 2009	July 1, 2010	July 1, 2011	July 1, 2012	July 1, 2013
	Valuation	Valuation	Valuation	Valuation	Valuation
Market Value of Assets (\$000)	177,325	208,024	257,476	255,997	289,285
Actuarial Value of Assets (\$000)	228,133	237,415	253,099	261,985	281,250
Actuarial Accrued Liability (\$000)	245,226	253,783	273,669	293,343	326,087
Unfunded Accrued Liability (\$000)	(17,093)	(16,368)	(20,570)	(31,358)	(44,838)
Percentage Funded ⁽¹⁾	93.0	93.6	92.5	89.3	86.2
Annual Covered Payroll (\$000)	85,231	84,846	86,500	89,897	91,812
Unfunded Accrued Liability as % of Annual Covered Payroll ⁽¹⁾	20.1	19.3	23.8	34.9	48.8

(1) Based on Actuarial Value of Assets
Source: Bolton Partners, Inc., Actuarial Valuation

Other Post-Employment Benefits

In the financial statements for FY 2008, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 43, Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans and GASB 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.

The County's OPEB plan is a Cost-Sharing Multiple Employer Defined Benefit Healthcare Plan. Per Section 1.406B of Howard County Bill No. 14-2008, the County established an irrevocable trust for administering the plan assets and paying healthcare costs on behalf of the participants. The Plan includes the County (consisting of the County government, Library, Mental Health Authority and Economic Development Authority), and its component units, Community College, and Howard County Public School System.

There is no vesting in the post-employment health benefits. The County and Schools made substantial changes to the benefits effective July 1, 2009 for the County and July 1, 2010 for the Schools. Eligibility was increased from 10 years of service to 15 years of service for all employees who did not have 10 years of service as of July 1, 2009. The rate at which the level of subsidy is awarded was significantly reduced for School employees and the maximum level of subsidy was reduced from 100% to 90% for all participants. The base premium used to calculate the benefit was reduced for County employees. The benefit changes resulted in a \$10.7 million savings in the ARC. Effective January 1, 2013, the County switched to the Medicare Advantage plan for retirees, which is expected to save \$10 million annually on the ARC.

The County's FY 2014 budget included \$12 million towards the OPEB liability in addition to funds for the pay-as-you-go costs. The County is committed to funding its OPEB plan and expects to continue an 8 to 10 year phase-in funding schedule in FY 2014. The latest actuarial evaluation estimates an Annual OPEB Cost of \$70.8 million at June 30, 2013.

The required contribution amount and OPEB expense per the most recent actuarial valuation report with valuation date of 8/1/2012 for Board of Education, 7/1/2012 for General Government and for Howard Community College are presented below:

	Actuarial Unfunded Accrued Liability	Amortization of Actuarial Unfunded Accrued Liability	Normal Cost	Annual Required Contribution (ARC)	ARC Funding	Paygo Funding	Net OPEB Obligation (NOO)
	<i>1</i>	<i>2</i>	<i>3</i>	<i>2 + 3</i>	<i>4</i>	<i>5</i>	<i>2 + 3 - 4 - 5</i>
Howard County Public School System	\$470,824,000	\$23,282,000	\$22,393,000	\$45,675,000	\$2,711,879	\$11,613,339	\$31,349,782
Howard Community College	14,685,000	726,000	1,105,000	1,831,000	168,905	272,117	1,389,978
Howard County Government (1)	231,687,000	11,457,000	12,998,000	24,455,000	945,996	4,457,542	19,051,462
	\$717,196,000	\$35,465,000	\$36,496,000	\$71,961,000	\$3,826,780	\$16,342,998	\$51,791,222
				Beginning balance			266,373,362
				Less NOO amortization			13,174,382
				Plus interest on NOO			11,986,801
				Total NOO			\$316,977,003

(1) Enterprise Fund share of PAYGO funding and net OPEB obligation is \$223,047 and \$5,244,283 respectively.

Actuarial Assumptions

Actuarial valuation date	8/1/12 for Board of Education, 7/1/12 for General Government and 7/1/12 for Community College
Actuarial cost method	Projected Unit Credit
Amortization method	Closed period of 25 years using level percentage of pay
Asset valuation method	Fair Value, assumed 7.50% return
Actuarial trend assumption	Medical and prescription drug trend rate applied to FY 2013 is 7.00%. This rate decreases by 0.50% in FY 2014/2015. The ultimate rate is 4.20%. Dental trend to be applied is 5.00% for all years.
Interest assumption	Discount rate of 4.50%
Salary increases	3.00% annually

Accounting for Annual and Disability Leave

As of June 30, 2013, employees paid from the General Fund, Special Revenue Funds, and Internal Service Funds accrued unused annual leave of \$22.7 million. Unused annual leave for employees paid from the water and sewer enterprise fund was \$817,858. These amounts are based upon the average daily pay rate for the employees at year-end. The annual leave amounts are recognized as liabilities in the County's financial statements. The Disability leave amounts do not vest to the employees and are not reflected as liabilities.

Insurance and Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; environmental exposures; and natural disasters. The County, excluding the Board of Education, has established two internal service funds to account for and finance its risks of loss. The County's risk-

financing techniques include a combination of risk retention through self-insurance and risk transfer through the use of a risk pool and commercial insurance.

The Risk Management Fund is administered by the Office of Risk Management in the Department of County Administration. All funds of the County participate in the risk management program and make annual payments to the internal service fund which provides coverage in the amount of the self-insured retention. Losses above the self-insured retention are paid by the risk pool or commercial insurance. Currently, the self-insured retention is \$1 million for each automobile liability claim, \$1 million for each general liability claim, \$100,000 for each property damage claim and unlimited for each workers' compensation claim. The self-insured retention can change based on the terms of the annual policy renewal. Currently, the Fund totally self-insures workers compensation and third-party environmental exposures due to the lack of availability of adequate and affordable commercial excess coverage. The Fund also totally self-insures first-party auto physical damage claims.

Contributions to the Risk Management Fund from covered departments and agencies are calculated based on a combination of actuarial estimates and historical cost information. These amounts are needed to pay prior, current and anticipated claims, to establish a reserve for catastrophic losses, and pay for commercial insurance premiums and administrative costs. In addition, the Library, Community College, Howard County Economic Development Authority, Housing Commission and Howard County Mental Health Authority have entered into agreements with the County whereby they contribute to and are covered through the Risk Management Fund.

The County belongs to the Local Government Insurance Trust ("LGIT"), which provides insurance for claims in excess of coverage provided by the County's Risk Management Fund for certain exposures. The County participates in LGIT in the areas of excess property, general liability and automobile liability. LGIT consists of various Maryland local governments including counties and municipalities. LGIT was created to provide broader insurance coverages than those available from commercial insurers, coverages that may otherwise be unavailable, and loss control and risk management services to Maryland local governments. In FY 2010, LGIT paid property claims arising from the blizzards of February 2010 that exceeded the County's \$100,000 retention in the Risk Management Fund.

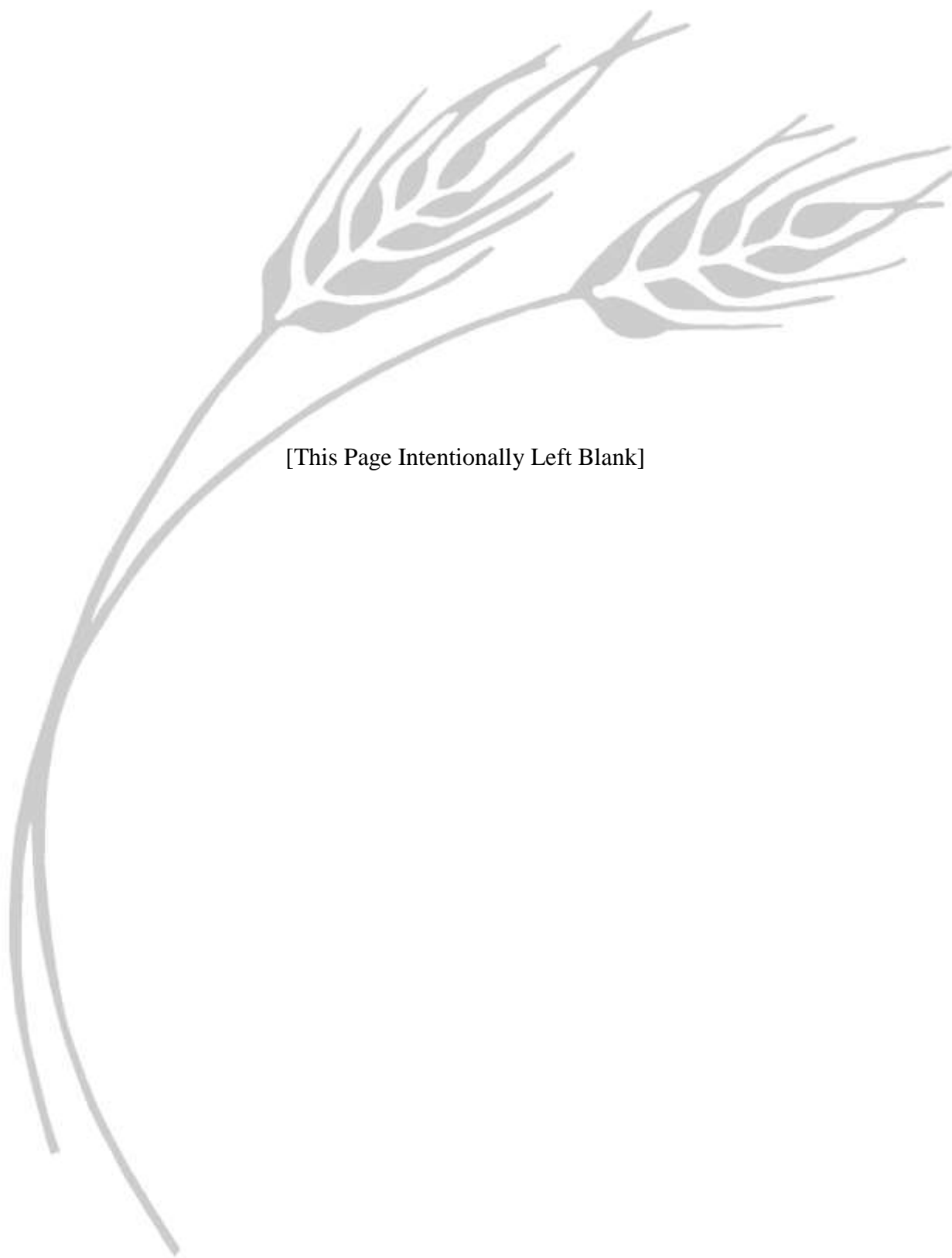
The Employee Benefits Fund provides full coverage for employee health benefits and long-term disability claims. An employee may contribute a percentage of the cost of employee benefits other than long-term disability, which is fully funded by the County. This program is administered by the County Office of Human Resources, and employees of the County are covered by its benefits.

Investment Policy

The County has established an investment policy that applies to all of its financial assets. This policy invests public funds in a manner that conforms to all applicable State and County statutes while meeting the County's investment objectives. The three prioritized objectives of the County's investment activities are (1) safety of principal through (a) diversification, (b) third-party collateralization and safekeeping and (c) delivery versus payment; (2) liquidity sufficient to meet all reasonably anticipated operating requirements; and (3) return on investment at least equal to the yield on U.S. Treasury bills of comparable duration. The Director of Finance is required to develop and maintain written administrative procedures as well as a system of controls to regulate the operation of the investment program. Compliance with these procedures and controls is audited as part of the County's annual financial audit.

As of June 30, 2013, the County had investments totaling approximately \$492.7 million. All of these investments mature within one year except for stripped-coupon U.S. Treasury securities that the County has purchased to provide for the payment of the final installments under its agricultural land preservation installment-purchase agreements. All investments were purchased to be held to maturity, and interest is paid throughout the term except as previously noted. The County has never entered into reverse repurchase transactions, and does not invest in derivatives.

In 2003, the County's investment policy was updated and received a certificate of excellence from the Association of Public Treasurers of the United States and Canada. The County is a member of the Investment Affinity Group of the Maryland GFOA, which periodically brings together public investment officers from large Maryland counties, Baltimore City and the State.



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Capital Requirements and Debt Management

Capital Projects Funds

The following table presents the sources and uses of funds in the County's Capital Projects Funds over the last five fiscal years.

Sources and Uses of Capital Projects Funds (000)⁽¹⁾

	Fiscal Year Ended June 30				
	2009	2010	2011	2012	2013
Source of Funds:					
Proceeds of bonds and notes	\$ 78,494	\$ 101,010	\$ 111,115	\$ 109,310	\$ 91,930
Proceeds of refunding bonds	-	85,796	-	109,604	5,904
Bond Premium	4,104	18,964	4,605	30,471	9,277
Local transfer tax	15,194	18,933	18,006	21,366	22,781
Pay-as-you-go funding	20,053	8,698	-	10,150	15,131
Revenues from other governmental agencies ⁽²⁾	17,340	10,071	15,439	53,096	49,289
Developer contributions	795	1,019	940	1,362	1,395
Other	7,371	7,260	5,824	18,496	6,811
Operating transfers in	16,798	632	6,223	2,782	19,420
Total Sources	\$ 160,150	\$ 252,383	\$ 162,152	\$ 356,638	\$ 221,940
Use of Funds:					
Capital projects expenditures	121,975	127,027	187,594	192,726	179,836
Operating transfers out	34,382	16,145	20,219	15,215	14,925
Payment to refunded bond escrow agent	-	99,005	-	128,385	6,629
Total Uses	\$ 156,357	\$ 242,177	\$ 207,813	\$ 336,326	\$ 201,390
Excess (Deficit) of Sources over Uses	3,794	10,206	(45,660)	20,312	20,550
Fund Balance at Beginning of Period	8,657	12,452	22,657	(23,003)	(2,691)
Fund Balance (Deficit) at End of Period	12,452	22,657	(23,003)	(2,691)	17,858

⁽¹⁾ The information in this table should be read in conjunction with the audited basic financial statements which are available at www.howardcountymd.gov/displayprimary.aspx?id=6442454079

⁽²⁾ In FY 2012 and FY 2013, the County received funds from the federal government for the Broadband project.

Board of Education Capital Projects

The following table presents the sources and uses of funds for the Board of Education's capital projects for the last five fiscal years.

Sources and Uses of Funds for Board of Education Capital Projects (000) ⁽¹⁾

	Fiscal Year Ended June 30				
	2009	2010	2011	2012	2013
Sources of Funds:					
Proceeds of County bonds and notes	32,419	39,131	57,134	60,109	67,217
Revenues from County and State	20,745	19,517	6,690	9,520	31,488
Other	10,543	2	1	1	1
Total Sources	63,707	58,650	63,825	69,629	98,706
Uses of Funds:					
Capital projects expenditures	63,129	55,033	58,999	67,670	96,233
Other	6,593	4,988	4,269	2,641	404
Total Uses	69,722	60,022	63,268	70,311	96,636
Excess (Deficit) of Sources over Uses	(6,015)	(1,371)	557	(682)	2,070
Fund Balance at Beginning of Period	2,585	(3,430)	(4,801)	(4,244)	(4,926)
Fund Balance at End of Period	(3,430)	(4,801)	(4,244)	(4,926)	(2,857)

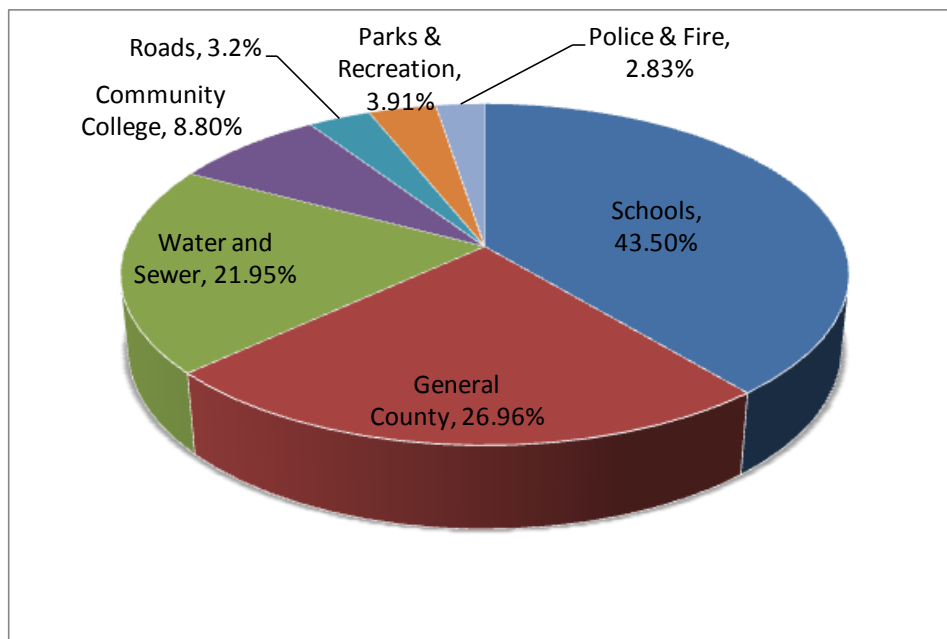
⁽¹⁾ This table should be read in conjunction with the audited basic financial statements of the Board of Education.

Source: Howard County Public School System Office of Finance

Composition of Debt

The chart below presents how proceeds of outstanding County bonds were used as of December 31, 2013.

Composition of Issued General Obligation Debt



Capital Budget and Program

The following table presents the County's adopted capital budget for fiscal year 2014 and program for fiscal years 2015 through 2019.

Capital Budget and Program (000)									
Program Title	Authorization			FY2015	FY2016	FY2017	FY2018	FY2019	Total
	Prior	FY2014	Subtotal						
Bridge Improvements	\$ 18,655	(10)	18,645	2,755	650	2,800	300	400	25,550
Storm Drainage	43,622	14,685	58,307	15,175	16,210	16,675	18,105	18,740	143,212
Road Resurfacing	13,485	11,900	25,385	17,500	17,700	17,500	17,700	17,500	113,285
Road Construction	210,411	6,464	216,875	42,315	59,285	13,570	2,600	4,700	339,345
Sidewalk/Curb Projects	10,094	3,390	13,484	3,275	3,095	2,520	2,835	1,355	26,564
Traffic Improvements	7,563	2,180	9,743	2,785	3,285	1,335	1,030	700	18,878
General County	475,354	58,692	534,046	55,969	36,051	35,786	18,654	15,362	695,868
Fire	68,225	11,330	79,555	14,245	7,190	12,480	510	-	113,980
Library	42,641	4,555	47,196	17,020	1,250	-	-	-	65,466
Police	6,155	-	6,155	-	2,645	10,295	5,220	500	24,815
Recreation & Parks	132,527	22,863	155,390	31,980	32,480	16,130	9,140	5,185	250,305
Agricultural Preservation	120,608	50,000	170,608	-	-	-	-	-	170,608
Community Renewal	5,923	-	5,923	-	-	-	-	-	5,923
Sewer	378,752	59,851	438,603	19,701	21,181	9,701	6,556	7,955	503,697
Water	157,826	99,690	257,516	62,383	25,883	25,265	24,525	25,415	420,987
Board of Education	501,811	83,502	585,313	88,099	138,184	146,207	89,291	108,258	1,155,352
Community College	82,437	18,852	101,289	43,187	40,097	26,230	30,364	28,238	269,405
Total	\$ 2,276,089	447,944	2,724,033	416,389	405,186	336,494	226,830	234,308	4,343,240

Debt Management Policy

Chapter 693 of the 2009 Laws of Maryland requires each local government unit to adopt by resolution, motion or ordinance a local debt policy consistent with the Maryland Constitution, State law and the Howard County Charter. On October 5, 2009, the County adopted an updated debt management policy that establishes the processes employed in the management of its short- and long-term debt. The policy sets the parameters for issuing debt and managing outstanding debt. It provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated. The County added long-term variable rate debt as an approved type of debt that can be issued. By establishing a debt policy, the County has recognized its binding commitment to full and timely repayment of all debt. The policy ensures that the County maintains a sound debt position and that its credit quality is protected.

In addition, the County adopted Build America Bonds ("BABs") – Direct Pay Procedures in March 2010 and Tax-Exempt Issuance Procedures in February 2012. The procedures ensure that the County does not expend bond proceeds for non-eligible costs or projects and establish document retention, semi-annual filing and on-going compliance guidelines.

Debt Capacity

Pursuant to Article VI of the County Charter and State law, the aggregate amount of bonds and other indebtedness of the County outstanding at any one time may not exceed 4.8 percent of the full market value of real property and personal property located within the County. In computing this percentage under the County Charter and State law, the following are excluded: (1) tax anticipation notes or other debts having a maturity not in excess of 12 months, (2) bonds or other debts issued or guaranteed by the County payable primarily or exclusively from taxes levied on or in, or other revenues of, special taxing areas or districts and (3) bonds and other debts issued for self-liquidating and other projects payable primarily or exclusively from the proceeds of assessments or charges for special benefits or services. Metropolitan District debt, which is payable primarily from water and sewer charges, does not constitute general obligation debt for the purpose of computing such percentage, and there are no other

debt limitations applicable to Metropolitan District debt. For the purpose of determining whether refunding bonds issued under such statute are within the legal debt limitation of the County, the amount of bonds refunded is subtracted from, and the amount of refunding bonds issued is added to, the aggregate of the County's outstanding bonds.

Shown below is a calculation of the County's legal debt capacity as of December 31, 2013, based on the County's estimated assessable base as of December 31, 2013.

Legal Debt Capacity (000)	
Assessable base limit on general obligation debt	\$2,009,176
Total outstanding debt to be applied against County Charter limit	850,015
Additional legal debt capacity	\$1,159,161

Description of Debt

Public Improvement Debt

The County issues public improvement debt to defray the costs of general County capital projects, including storm drainage, fire service, police, road construction, bridge, library, recreation and parks, school, community college, sidewalk and curb, intersection and signal improvement, and community renewal capital projects. Such debt is a general obligation of the County, and the County's full faith and credit and unlimited taxing power are irrevocably pledged to the punctual payment of principal of and interest on such debt when due and payable. Debt service on public improvement debt is payable primarily from general tax revenues; however, building excise taxes, school surcharge, fire tax and transfer taxes are also used to pay debt service for certain types of capital projects.

Short-Term Construction Financing Program

The County issues tax-exempt bond anticipation notes (BANs) in order to provide interim financing for a portion of the cost of its ongoing capital projects. The notes are currently in the form of commercial paper and are rolled over at maturity until repaid with proceeds of the County's long-term bonds. The County typically issues its long-term bonds once a year in an amount corresponding to the amount expended for capital projects since its last bond sale and uses such bond proceeds to redeem outstanding notes and reimburse the capital projects fund. The outstanding amount of such notes as of December 31, 2013 is \$100 million. The County intends to refund the outstanding BANs with this bond issue. The current commercial paper program expires May 17, 2014. RFPs for new providers have been issued and the new program has been approved by the County Council

Landfill Closure and Post-Closure Care Cost

State and federal laws and regulations require the County to place a final cap on closed landfill cells and to perform certain maintenance and monitoring functions at cells for 30 years after closure. The County recognizes a portion of these estimated closure and post-closure care costs in each operating budget, based on cell capacity used.

The County ceased using the Alpha Ridge landfill as its primary waste disposal site in 1997, and now exports waste to a regional landfill in Virginia. The closure cap for a 70-acre cell at Alpha Ridge was completed and paid for in 2001. The County does not expect to use the remaining capacity in the foreseeable future.

Closure costs for the existing cell and post-closure care cost for the closed and existing cells at the Alpha Ridge landfill will approximate \$39.4 million. Actual costs may differ due to inflation or future design changes. As of June 30, 2013, the County has recognized \$31.8 million of these costs. The County intends to fund the remaining costs from bond proceeds and its annual Environmental Services Fund budget.

Metropolitan District

The County issues Metropolitan District debt to finance the costs of the County's water and sewer capital projects as well as its share of Baltimore City water and sewer capital projects. Such debt is a general obligation of the County, and its full faith and credit and unlimited taxing power are irrevocably pledged to the punctual payment of principal of and interest on such debt when due and payable. Debt service on Metropolitan District debt is payable from water and sewer revenues and other revenues.

Maryland Water Quality Financing Administration

Under the Maryland Water Quality Financing Administration's revolving loan program, the State has six outstanding loans to the County at interest rates that are below market. Four of the loans are tax-exempt obligations that were primarily used to finance the expansion of the Little Patuxent Wastewater Treatment Plant and one financed the Holiday Hills sewer project. As with Metropolitan District debt, such debt is payable from water and sewer revenues and other revenues, but the full faith and credit of the County is also pledged to the payment thereof.

The remaining loan, incurred in 1999, was used to refund \$14.04 million of public improvement debt used to fund landfill closure costs. Interest on this refunding loan is not tax-exempt and debt service on this refunding loan is payable from the County's General Fund.

Agricultural Land Preservation Program

Through its agricultural land preservation program, the County finances the acquisition of development rights to a particular parcel of agricultural property by entering into an installment-purchase agreement with the property owner. Historically, under the terms of the installment-purchase agreement, the County paid the property owner semiannual interest payments for up to 30 years, and minimal portions of the installment-purchase price biennially until maturity. The rest of the purchase price for the development rights is paid at the end of the term with a balloon payment. Upon execution of an installment-purchase agreement, the County purchased stripped-coupon U.S. Treasury obligations in amounts sufficient to equal the balloon payment at the maturity of the installment purchase. Under the current program, the County pays either five or ten percent of the purchase price at closing, with equal annual principal payments over 15 or 20 years with interest. The County acquires the development rights to the land in perpetuity. The County is using the 25 percent portion of the local transfer tax that is dedicated to agricultural land preservation and the County's share of the State transfer tax on agricultural land to fund this program.

Golf Course

In 1995, the County issued its Special Facility Revenue Bonds, 1995 Series A (the "Series 1995 Bonds") to finance construction of a public golf course and related facilities. The Series 1995 Bonds were refinanced with the issuance by the County of its Golf Course Refunding Revenue Bonds, 2003 Series A (the "Series 2003 Bonds"). In May 2012, the Series 2003 Bonds were redeemed by the County with issuance and sale of its Taxable Golf Course Refunding Revenue Note (Timbers at Troy Golf Course), Series 2012 (the "Series 2012 Note"), which was privately negotiated with a financial institution. Payment of the Series 2012 Note is secured by a pledge by the County of gross revenues generated by the golf course facility and a debt service reserve fund. If a deficiency exists in the debt service reserve fund, the County is obligated to restore the amount in such debt service reserve fund to the debt service reserve requirement of \$560,000 within 90 days, until the note has been paid in full. The County has never had to replenish the debt service reserve fund due to any deficiency. The Series 2012 Note and the obligations payable thereunder do not constitute a pledge of the County's full faith and credit or taxing power. The County's covenant to replenish the debt service reserve fund and to maintain the facility in first class operating condition is a general contractual obligation of the County. In fiscal years 2011 and 2012, money from the County General Fund was used to pay a portion of the golf course maintenance expenses.

Capital Leases

The County entered into two lease agreements as lessee with Grant Capital Management and one agreement with TD Asset Management Funds for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes, and have been recorded at the present value of their future minimum lease payments as of the inception date. The future minimum lease obligations total \$6,462,819, and the net present value of these

minimum lease payments as of June 30, 2013 are \$4,890,023. The County entered into a three year \$30 million Master Lease to finance vehicles and equipment on August 7, 2013 but has not drawn down on the balance to date.

Overlapping Debt

There are no incorporated towns, villages, municipalities or other subdivisions within the County boundaries having separate taxing authority. Thus there is no overlapping municipal debt in the County. However, the Columbia Homeowners Association does have authority to issue debt which is funded via a fee. (See “Demography and Economy, Columbia” herein.)

Tax Incremental Financing

The County authorized the issuance of tax increment financing (“TIF”) bonds to finance a portion of the costs of construction of a parking garage at the Savage MARC Rail Station. The purpose of the proposed TIF bonds will be to finance a portion of the public improvements on the property and to encourage a mixed use “transit oriented development” consisting of residential, hotel, retail and office use. The State has approved the purchase of property by the developer in exchange \$3.3 million and the developer's agreement to construct a commuter garage (to be owned by the State).

Approximately \$11.6 million of the costs of the public improvements will be financed with proceeds of the County's TIF bonds and the remainder will be funded by the developer. On March 11, 2014, the County will issue the \$17,000,000 Special Obligation Bonds (Annapolis Junction Town Center Project) 2014 Series. The County created the “Annapolis Junction Town Center Special Taxing District” to levy and collect property taxes to fund the special obligation bonds.

Conduit Debt

From time to time, the County has issued Industrial Revenue Bonds, Economic Revenue Development Bonds, Multi-family Rental Housing Revenue Bonds and Recovery Zone Facility Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the County’s financial statements.

As of June 30, 2013, there were 33 series of Conduit debt outstanding. The aggregate principal amount payable for the 11 series issued after July 1, 1996 was \$88,847,901. The aggregate principal amount payable for the 22 series issued prior to June 30, 1996 could not be determined; however, their original issue amounts totaled \$112,368,339.

The Howard County Housing Commission issued \$13,655,000 Lease Revenue Bonds (Roger Carter Recreation Center) in December 2011. The Commission used the proceeds of the Bonds to finance a portion of the costs of the design, development, construction, and equipping of a recreation center, an indoor swim center facility, and parking deck and related structures and site improvements to be located on Ellicott Mills Drive in Ellicott City in the County. The Project was constructed on an approximately 4.8-acre parcel of land owned by the Commission. The Commission and the County entered into a Lease Agreement dated as of December 1, 2011, under which the Commission will lease the Project and the Leased Premises to the County. The Lease Agreement requires the County to make lease payments, which are calculated to be sufficient to pay when due the principal of and interest on the Bonds. The Lease Agreement is not a general obligation of the County and does not constitute a pledge of the faith and credit or the taxing powers of the County.

Outstanding Long-Term Debt

As of February 28, 2014, the County had outstanding long-term debt presented below.

	Dated	Issued	Outstanding	Interest Rates	Final
	Date	(000)	(000) ⁽¹⁾		Maturity
Maryland Water Quality Financing Administration Refunding	06/29/99	14,210	2,830	2.41	02/01/16
Consolidated Public Improvement Project and Refunding, Series A	02/01/04	112,305	69,440	2.00 - 5.00	08/15/22
Consolidated Public Improvement Project and Refunding, Series B	02/01/04	21,000	3,885	3.30 - 4.00	08/15/19
Consolidated Public Improvement, Series A	03/15/07	100,000	39,700	4.00 - 5.00	02/15/27
Consolidated Public Improvement Refunding, Series B	12/19/07	87,420	14,715	3.75 - 5.00	02/15/19
Consolidated Public Improvement	02/27/08	107,500	56,230	3.00 - 5.00	02/15/28
Consolidated Public Improvement, Series A	04/08/09	69,720	60,190	3.50 - 5.00	04/15/29
Consolidated Public Improvement Refunding, Series B	12/08/09	85,860	85,850	3.25 - 5.00	08/15/22
Consolidated Public Improvement, Series A	03/16/10	49,015	37,425	3.00 - 5.00	02/15/23
Consolidated Public Improvement, Series B	03/16/10	12,590	5,615	0.60 - 3.70	02/15/17
Consolidated Public Improvement BABs, Series C ⁽²⁾	03/16/10	39,405	39,405	5.00 - 5.55	02/15/30
Consolidated Public Improvement, Series A	03/09/11	111,115	99,820	4.00 - 5.00	02/15/31
Public Improvement and Refunding, Series B	11/17/11	182,055	169,490	3.00 - 5.00	08/15/31
Consolidated Public Improvement, Series A	03/20/12	37,370	34,555	2.00 - 4.00	02/15/32
Public Improvement and Refunding, Series A	03/19/13	97,910	94,420	2.38 - 5.00	02/15/33
Total Long-Term Public Improvement Debt			\$813,570		
Maryland Water Quality Financing Administration	10/10/95	1,831	148	4.33	02/01/15
Maryland Water Quality Financing Administration	10/18/00	34,000 ⁽³⁾	15,557	2.40	02/01/22
Maryland Water Quality Financing Administration	01/29/02	22,000 ⁽³⁾	11,415	2.00	02/01/24
Metropolitan District Refunding	02/01/04	8,325	5,820	2.0 - 4.25	08/15/23
Metropolitan District	01/01/05	4,000	105	3.0 - 4.5	02/15/15
Metropolitan District	01/15/06	3,000	1,940	3.5 - 4.4	02/15/35
Metropolitan District, Series A	03/15/07	10,000	7,985	4.0 - 4.5	02/15/37
Metropolitan District Refunding, Series B	12/19/07	11,980	10,085	3.75 - 4.375	02/15/29
Metropolitan District	02/27/08	4,095	3,600	3.00 - 4.75	02/15/38
Maryland Water Quality Financing Administration	10/01/08	1,089	848	2.30	02/01/29
Metropolitan District, Series A	04/08/09	26,240	22,540	2.81 - 5.00	04/15/29
Maryland Water Quality Financing Administration	11/19/09	3,500	2,962	1.00	02/01/31
Metropolitan District Refunding, Series B	12/08/09	7,255	7,170	1.00 - 4.00	08/15/30
Metropolitan District, Series A	03/16/10	5,520	1,175	2.00 - 4.00	02/15/15
Metropolitan District, Series A	03/09/11	49,990	47,145	4.00 - 4.75	02/15/41
Metropolitan District Project and Refunding, Series B	11/17/11	36,245	33,935	3.00 - 5.00	08/15/41
Metropolitan District, Series A	03/20/12	19,970	18,790	3.00 - 4.00	02/15/37
Metropolitan District Project and Refunding, Series A	03/19/13	39,155	38,290	3.00 - 4.00	02/15/38
Total Water and Sewer Enterprise Fund Debt⁽⁴⁾			\$229,510		
Agricultural Land Preservation Program ⁽⁵⁾	1989-2012	94,623	31,682	2.73 - 8.60	08/15/31
Golf Course Refunding Revenue ⁽⁶⁾	05/30/12	5,400	4,731	2.475	08/15/22
Total Special Revenue Funds, Other Enterprise Fund and Guaranteed Debt			\$36,413		

(1) The outstanding amounts do not include bonds to be redeemed with the proceeds of refunding bonds previously issued by the County ; such bonds to be redeemed are not considered as outstanding debt of the County for debt limitation purposes.

(2) The gross interest rate and debt service are shown, the County expects to receive a Federal Subsidy of \$10,674,609.

(3) This amount is the maximum that the County is authorized to draw down from the Maryland Water Quality Financing Administration.

(4) The payment of the principal of and interest on this debt is to be made first from certain charges the County is authorized to levy within the Metropolitan District, but the full faith and credit of the County are also unconditionally pledged to such payment.

(5) This amount does not include a portion of these obligations in the aggregate principal amount of \$58,995,200, which will be paid in fiscal years 2017-2028 with proceeds of U.S. Treasury obligations purchased by the County.

(6) These bonds do not constitute a pledge of the County's full faith and credit or taxing power, but the County's covenant to restore the amount in the debt service reserve fund is a general contractual obligation of the County.

Schedules of Long-Term Debt Principal and Interest Payments

The following table presents the principal and interest payments for the County's long-term public improvement debt as of February 28, 2014. Debt service on the Public Improvement Bonds is shown in Appendix C.

Debt Service on Long-Term Consolidated Public Improvement Debt (000)

Fiscal Year	Principal ⁽¹⁾	Interest	BAB Subsidy	MWQFA Fees	Total
2014	2,635	1,371	0	0	4,007
2015	56,405	36,474	(726)	53	92,206
2016	55,720	33,806	(726)	53	88,853
2017	54,005	31,118	(726)	-	84,397
2018	52,180	28,286	(726)	-	79,741
2019	50,885	25,783	(726)	-	75,943
2020	52,015	23,232	(726)	-	74,521
2021	50,955	20,804	(726)	-	71,034
2022	51,500	18,534	(726)	-	69,308
2023	53,700	16,180	(726)	-	69,154
2024	54,394	13,945	(726)	-	67,613
2025	52,000	11,601	(637)	-	62,965
2026	47,345	9,531	(545)	-	56,331
2027	42,690	7,663	(446)	-	49,907
2028	37,325	5,770	(344)	-	42,752
2029	31,020	4,152	(235)	-	34,937
2030	26,885	2,797	(121)	-	29,561
2031	21,520	1,605	-	-	23,125
2032	14,025	710	-	-	14,735
2033	6,365	255	-	-	6,620
Totals	\$813,570	\$293,617	(\$9,586)	\$105	\$1,097,706

(1) Includes mandatory sinking fund redemption payments on term bonds.

On September 30, 2013, the Internal Revenue Service released guidance stating that due to federal budget sequestration, federal direct credit subsidies for ARRA bonds are subject to reduction beginning October 1, 2013 and extending until September 30, 2014. The amount of the reduction is 7.2% of the August 15, 2014 interest payment, or approximately \$26,130.

The following table presents the principal and interest payments for the County's self-liquidating long-term debt, as of February 28, 2014. Debt service on the Metropolitan District Bonds is shown in Appendix C.

Debt Service on Self-Liquidating Long-Term Debt (000)

Fiscal Year	Water and Sewer Enterprise Fund (Metropolitan District and Water Quality Financing Administration) ⁽¹⁾			Agricultural Land Preservation Program (2)			Special Recreation Facility (Golf Course) Enterprise Fund		
	Principal (3)	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2014	1,040	460	1,500	-	-	-	148	39	187
2015	12,762	8,492	21,254	1,927	5,350	7,278	450	108	558
2016	11,541	8,026	19,568	2,018	5,289	7,308	461	97	558
2017	11,935	7,598	19,534	1,922	5,223	7,145	473	86	559
2018	12,151	7,179	19,330	2,010	4,716	6,726	485	74	559
2019	12,558	6,765	19,324	1,912	4,577	6,489	497	62	559
2020	12,727	6,336	19,063	1,894	4,244	6,138	510	49	559
2021	11,438	5,933	17,372	1,796	3,022	4,818	522	36	558
2022	11,480	5,545	17,026	1,851	1,949	3,800	535	23	558
2023	9,684	5,165	14,849	1,796	1,745	3,541	650	3	653
2024	8,847	4,825	13,672	1,807	1,696	3,503	-	-	-
2025	8,482	4,532	13,014	1,796	861	2,657	-	-	-
2026	8,640	4,233	12,874	1,800	793	2,594	-	-	-
2027	8,754	3,915	12,668	1,776	545	2,322	-	-	-
2028	8,197	3,586	11,782	1,776	317	2,094	-	-	-
2029	8,477	3,275	11,752	1,776	128	1,905	-	-	-
2030	6,655	2,945	9,600	1,776	80	1,856	-	-	-
2031	6,751	2,691	9,441	1,776	32	1,808	-	-	-
2032	6,520	2,423	8,943	266	4	270	-	-	-
2033	6,505	2,154	8,659	-	-	-	-	-	-
2034	6,430	1,884	8,314	-	-	-	-	-	-
2035	6,530	1,615	8,145	-	-	-	-	-	-
2036	6,635	1,340	7,975	-	-	-	-	-	-
2037	6,910	1,061	7,971	-	-	-	-	-	-
2038	5,400	771	6,171	-	-	-	-	-	-
2039	3,625	542	4,167	-	-	-	-	-	-
2040	3,790	376	4,166	-	-	-	-	-	-
2041	3,965	203	4,168	-	-	-	-	-	-
2042	1,080	22	1,102	-	-	-	-	-	-
	\$ 229,510	\$ 103,894	\$ 333,404	\$ 31,682	\$ 40,571	\$ 72,253	\$ 4,731	\$ 576	\$ 5,307

(1) Excludes administrative fees of five percent of total debt service over the total loan period for the Water Quality Financing Administration debt.

(2) This amount does not include a portion of these obligations in the aggregate principal amount of \$58,995,200 which will be paid in fiscal years 2017 - 2028 with proceeds of U.S. Treasury obligations purchased by the County.

(3) Includes mandatory sinking fund redemption payments on term bonds rounded to the nearest dollar.

Rapidity of Long-Term Debt Principal Repayment

The following table analyzes how much of the County's long-term public improvement debt outstanding as of February 28, 2014 is scheduled to be repaid over 20 years. This excludes \$100 million in short-term construction financing currently outstanding.

Rapidity of Consolidated Public Improvement Debt Principal Repayment ⁽¹⁾

Before Issuance of Bonds			After Issuance of Bonds		
On or before Fiscal Year	Amount (\$000)	% of Outstanding	On or before Fiscal Year	Amount (\$000)	% of Outstanding
2018	220,945	27.16	2019	283,720	31.19
2023	480,000	59.00	2024	568,430	62.49
2028	713,755	87.73	2029	807,110	88.73
2033	813,570	100.00	2034	909,610	100.00

(1) These amounts include the original principal amounts of capital appreciation bonds, rounded to the nearest dollar.

The following table analyzes how much of the County's long-term water and sewer enterprise fund debt outstanding as of February 28, 2014 is scheduled to be repaid over a maximum of 30 years.

Rapidity of Metropolitan District Debt Principal Repayment ⁽¹⁾

Before Issuance of Bonds			After Issuance of Bonds		
On or before Fiscal Year	Amount (\$000)	% of Outstanding	On or before Fiscal Year	Amount (\$000)	% of Outstanding
2018	36,455	18.36	2019	46,295	21.66
2023	78,830	39.70	2024	89,460	41.85
2028	119,875	60.37	2029	133,130	62.28
2033	154,215	77.66	2034	168,415	78.79
2038	186,120	93.73	2039	200,795	93.94
2043	198,580	100.00	2044	213,750	100.00

(1) These amounts include the original principal amounts of capital appreciation bonds, rounded to the nearest dollar.

Long-Term Debt Ratios

The following table presents the County's net long-term public improvement debt per capita and ratios of net long-term public improvement debt to assessed value and to per capita personal income at the end of the last five fiscal years.

Long-Term Consolidated Public Improvement Debt Ratios

Fiscal Year Ended June 30	Net Long-Term Debt (000)	Estimated Population (000) ⁽¹⁾	Assessed Value (000)	Per Capita	Net Long-Term Debt	
					As % of Assessed Value	As % of Personal Income ⁽²⁾
2013	866,510	299	44,201,087	2,894	2.0	4.36
2012	830,430	294	45,177,520	2,822	1.8	4.26
2011	787,905	291	48,106,377	2,706	1.6	4.08
2010	729,100	288	50,253,150	2,532	1.5	4.00
2009	678,888	285	47,639,226	2,382	1.4	3.87

(1) Source: Howard County Department of Planning and Zoning.
(2) Source: Bureau of Labor and Statistics and Howard County Budget Office

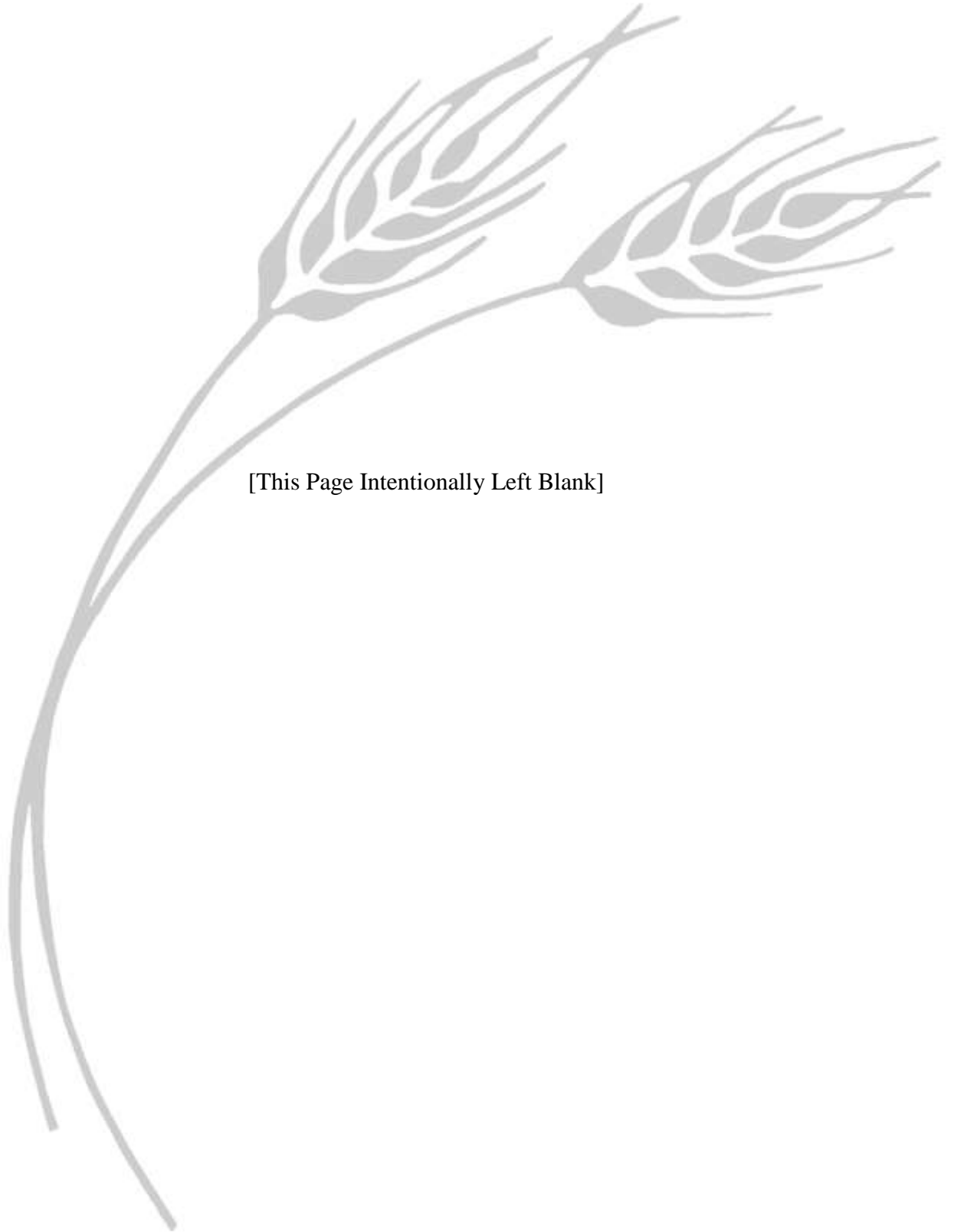
The following table presents the County's debt service expenditures for long-term public improvement debt as a percentage of General Fund expenditures.

Long-Term Debt Service as Percentage of General Fund Expenditures

Fiscal Year Ended June 30	Public Improvement Debt Principal (000)	Public Improvement Debt Interest (000)	Public Improvement Debt Service (000)	Total General Fund (000)	Debt Service as % of General Fund Expenditures
2014 Budget	\$58,415	\$38,672	\$97,087	\$969,839	10.01
2013	52,335	38,276	90,611	883,718	10.25
2012	56,630	34,951	91,581	852,421	10.74
2011	52,310	31,970	84,280	824,376	10.22
2010	49,950	29,964	79,914	820,225	9.74
2009	42,296	27,033	69,329	835,418	8.30

Future Financing Plans

The County's debt policy is circumscribed by the legal debt margin for general obligation indebtedness established in the County Charter. In addition, the County's budget policy is reviewed annually by a committee of financially experienced residents that recommends the amount of debt that the County can afford. As of December 31, 2013, the County has authorized but unissued general obligation indebtedness of \$291.0 million (CPI), \$157.0 million metropolitan district bonds, \$20.5 million Water Quality (State Revolving Loan Program), \$113.5 million Excise Tax bonds and \$67.0 million in TIF bonds. These amounts include bonds authorized to redeem the \$100 million in short-term construction financing debt. The County currently expects to authorize \$100 to \$120 million of public improvement bonds annually for new money projects identified in the annual Capital Budget and annually issue approximately \$25 to \$50 million of Metropolitan District bonds or borrow some or all of such amounts under the Maryland Water Quality Financing Administration's revolving loan program. Where direct benefits from capital improvements can be identified to specific users, the County intends to finance such improvements from user charges.



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Government and Infrastructure

General

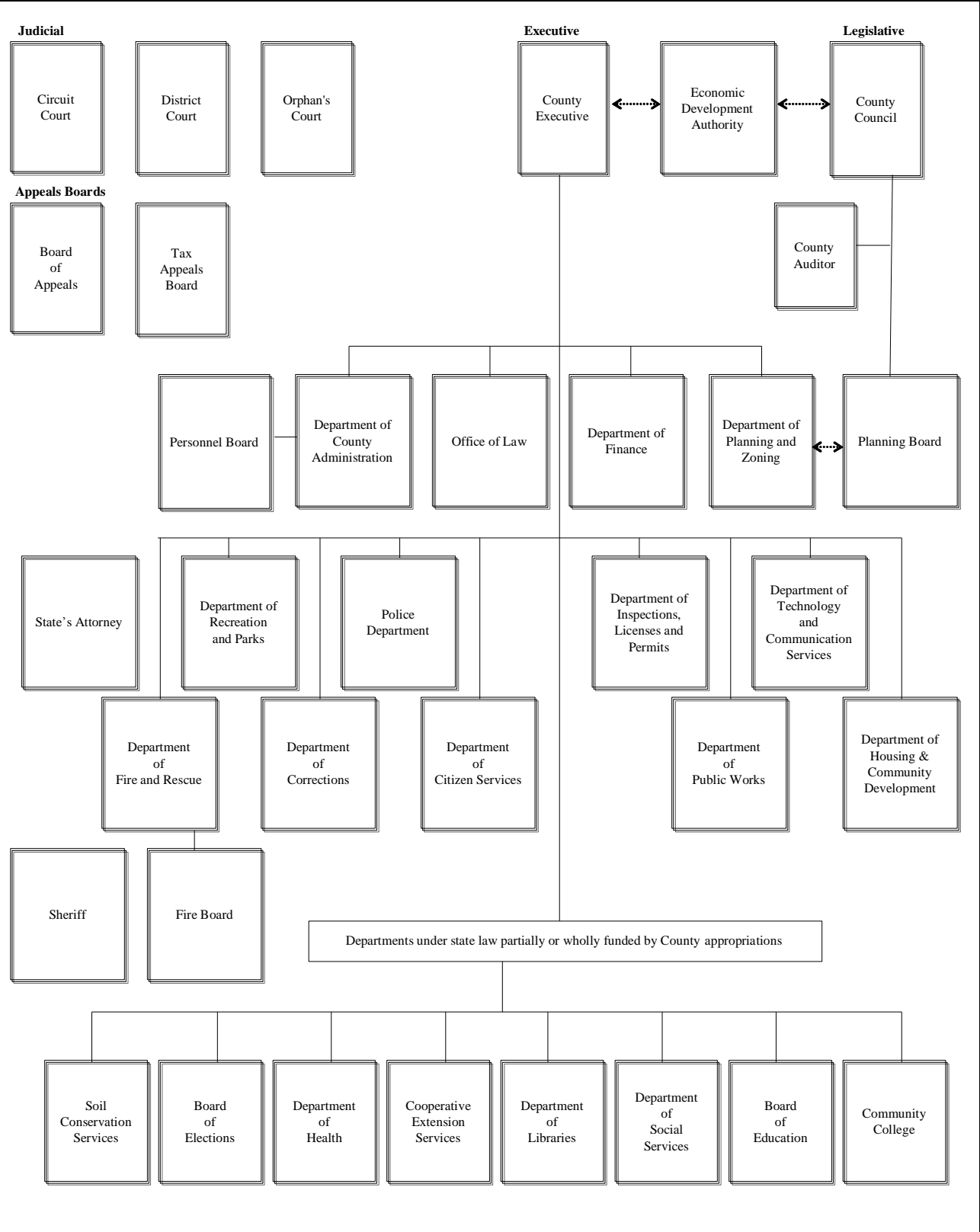
Under the County Charter adopted in 1968, the County's executive functions are vested in the elected County Executive, who is the chief executive officer of the County and is responsible for the proper and efficient administration of the affairs of the County. The Council, which consists of five members elected by district, is the County's legislative body. The County Executive is limited to two consecutive four-year terms, and Council members are limited to three consecutive four-year terms.

Each Council member has one vote, and a simple majority vote is sufficient to pass ordinary legislation. Emergency bills require the vote of two-thirds of the members of the Council as do Council actions to override a veto by the County Executive. A majority of the members of the Council constitute a quorum for the transaction of business, except that for emergency sessions two-thirds of the members of the Council are required. Except as otherwise provided in the County Charter, all laws stand enacted upon approval by the County Executive and take effect 60 days after their enactment, unless by affirmative vote of two-thirds of the members of the Council any such law is declared to be effective on a later date or is declared an emergency measure affecting the public health, safety and welfare, in which event it is effective from the date of its enactment. The Council elects a Chairperson and a Vice Chairperson from its membership at its first meeting in December of each year.

The Chief Administrative Officer performs such duties and exercises such general supervision over the offices and departments of the County government as the County Executive may direct and the Charter specifies. The Chief Administrative Officer acts as the chief budget officer, personnel officer, purchasing agent and central services officer of the County. In addition, the Chief Administrative Officer has been designated to perform the duties of the County Executive during the temporary inability of the County Executive to perform by reason of absence from the County or disability. County financial matters are administered through the Department of Finance by the Director of Finance. The Director of Finance is charged with the administration of the financial affairs of the County, which generally include the collection of State and County taxes, special assessments, Metropolitan District charges, fees and other revenues and funds of every kind due to the County; the enforcement of the collection of taxes in the manner provided by law; the custody and safekeeping of all funds and securities belonging to or by law deposited with, distributed to or handled by the County; the disbursement of County funds; the keeping and supervision of all accounts; the control of all expenditures on the basis of budgetary appropriations and allotments; the preparation of bond sales and advising on debt management; and such other functions as may be prescribed by directive of the County Executive or by legislative act of the Council.

The County Solicitor is appointed by the County Executive subject to confirmation by the Council. All other officials of the County government are appointed by, and serve at the pleasure of, the County Executive.

Howard County Government Organizational Chart



Executive, Administrative, Legislative and Education Officials

Executive

Ken Ulman was elected Howard County Executive on November 7, 2006 and re-elected on November 2, 2010. Prior to being County Executive, he served on the County Council representing District 4. Mr. Ulman is also an attorney who managed his own law firm in Columbia and focused his practice in the areas of estate planning and elder law. Mr. Ulman was born and raised in the County, and is a product of the Howard County public school system. Mr. Ulman is Past President of the Maryland Association of Counties, and has served as Chair of the Baltimore Regional Transportation Board and the Baltimore Metropolitan Council. Mr. Ulman received the Top 25 Doers, Dreamers and Drivers award from Government Technology magazine in 2013 for his work constructing a high-speed broadband network in Maryland. He also received the Regional Visionary Award from the Greater Baltimore Committee in 2011, and the Innovator of the Year Award from the Maryland Daily Record in 2008 and 2011. Mr. Ulman has served on the Boards of Grassroots Crisis Intervention Center and the Ulman Cancer Fund for Young Adults. The Ulman Cancer Fund was founded by his family after his brother was diagnosed with cancer. A graduate of Centennial High School, Mr. Ulman received a B.A. degree in Government and Politics from the University of Maryland at College Park, and a J.D. degree from Georgetown University Law Center.

Jessica Feldmark was appointed Chief of Staff to Howard County Executive Ken Ulman on February 16, 2009. Before being appointed Chief of Staff, Ms. Feldmark served as the County Executive's Senior Advisor and served as Mr. Ulman's Special Assistant during his term on the Howard County Council. Prior to working for Howard County Government, she served as Training and Special Projects Manager for Volunteer Maryland and worked as a consultant for the Maryland Association of Nonprofit Organizations, the National Crime Prevention Council, and various AmeriCorps programs. She has served on the Boards of NeighborRide, The Volunteer Center Serving Howard County, and the Howard County Association of Volunteer Administrators. Ms. Feldmark received her B.A. degree from Goucher College.

Administrative

Lonnie R. Robbins was appointed Chief Administrative Officer effective January 3, 2007 after serving as Deputy Chief Administrative Officer since 2004. Mr. Robbins has served as both a Senior Assistant County Solicitor and Assistant County Solicitor in the Howard County Office of Law. He has also worked as the procurement advisor for the Maryland State Board of Public Works, Administrator for Maryland State Department of General Services, and executive aide for the Office of Governor Harry R. Hughes. Mr. Robbins received his B.S. degree in Business and Public Administration from the University of Maryland and a J.D. degree from the University of Baltimore. Mr. Robbins is active in Howard County and Maryland State Bar Associations, Leadership Howard County and First Tee of Howard County. Mr. Robbins was recently appointed by Governor O'Malley to the Board of Trustees of the Maryland Automobile Insurance Fund and to the Local and Regional Transportation Funding Task Force.

Stanley J Milesky was appointed Director of Finance effective September 12, 2011. Prior to that date Mr. Milesky was Howard County's Deputy Director of Finance for three years. Mr. Milesky previously served as the City of Baltimore's Chief of Bureau of Treasury from November 2002 to May 2008. In that capacity, he oversaw all treasury and revenue collection activities on behalf of the City, including all issuance of municipal debt. Mr. Milesky was also employed by the Maryland Department of Transportation for over 33 years, where he served as the Acting Director of Finance and Administration for the Maryland Aviation Administration, and was responsible for financing of the capital expansion at Baltimore/Washington International Airport. During his tenure in the Office of the Secretary of the Maryland Department of Transportation, Mr. Milesky served as the Department's Manager of Cash and Debt Administration, and prior to that, as project director for the implementation of the Department's first comprehensive financial management information system. Mr. Milesky also served as the Director of Administration and Finance for the Maryland State Railroad Administration from 1987 to 1991. Mr. Milesky, a 1969 graduate of Baltimore Polytechnic Institute, earned a Bachelor of Science degree from Towson University in 1978 and in 1981 was awarded a Master of Public Administration degree from the University of Southern California.

Margaret Ann Nolan was appointed Howard County Solicitor effective April 9, 2007. Prior to that, Ms. Nolan was an Assistant Attorney General for the State of Maryland for 18 years, during which time she held positions as Counsel to the Office on Aging, Counsel to the Office for Children, Youth, and Families, Deputy Counsel to the

State Department of Education, Deputy Counsel to the State Department of Health and Mental Hygiene, and Chief of Civil Litigation. Before joining the Attorney General's Office, Ms. Nolan practiced law in Indiana as a private practitioner and as an attorney for the Legal Services Program of Northern Indiana. Ms. Nolan holds a B. A. in Psychology from Goucher College and a Juris Doctor degree from the University of Washington in Seattle. She is a member of the Washington State, Indiana, and Maryland bars and is admitted to practice in the federal courts in Indiana and Maryland.

Raymond Wacks has been the Budget Director for Howard County since October of 2007 and with a 2 ½ year break, the Howard County Budget Director for many years before that. During that break he was the Budget Director for the City of Baltimore. Ray holds a B.S. degree from Towson State University and a Master of Public Administration from the American University in Washington, D.C. In 2008 Governor O'Malley appointed Mr. Wacks to be the Chairman of the Maryland Business Tax Reform Commission. The Commission completed its work in 2010. He was also a member of the Governor's Commission on Telecommunications Taxes which met this past year. He also serves as an Academy Advisor to the University of Maryland's Institute for Governmental Service's program: Academy for Excellence in Local Governance. He is a member of the Government Finance Officers Association (GFOA), and for many years served on the Executive Committee of the Maryland Public Finance Officers Association.

Legislative

Calvin Ball was re-elected in November 2010 to represent District 2 and is currently serving his third term as Chair of the Council. He is currently the youngest Chair in Howard County history and has previously served as Chairperson of both the Zoning Board and the Board of License Commissioners. Dr. Ball is a Maryland native and Columbia resident, where he served three terms on the Oakland Mills Village Board and has the honor of being the first Community Organizer in Howard County facilitating neighborhood revitalization in the Village of Oakland Mills. He is a former Howard County firefighter and an emergency medical technician, is currently a certified mediator and has over twelve years of experience in the field of higher education, including his current position as faculty member in the Department of Advanced Studies, Leadership and Policy at Morgan State University. He was a member of the Howard County Chamber of Commerce's Educator of the Year Committee and also the Chamber's Workforce Readiness Committee. In 2010, he was appointed by Governor O'Malley to serve on both the Maryland Sustainable Growth Commission and the Commission on Environmental Justice and Sustainable Communities (CEJSC) and currently serves as the Chair of the CEJSC and Chair of the Education Workgroup of the Sustainable Growth Commission. Dr. Ball has volunteered with numerous efforts including the Howard County Public School System Leadership Task Force and Student Performance Review Committee. He has won numerous awards including the William Donald Schaffer Helping People Award, the Kittleman Award for Legislative Leadership, Community Champion of the Year Award, and the Louis Goldstein Award for Democratic Spirit. Dr. Ball has a Bachelor of Arts degree in Philosophy and Religion from Towson University, a Master's degree in Legal and Ethical Studies from the University of Baltimore, and a Doctor of Education from Morgan State University. He is also a member of Kappa Delta Pi, an International Honor Society in Education.

Courtney Watson, Vice Chairperson, was first elected to the County Council in November 2006, to represent the First Council District which includes portions of Ellicott City, Elkridge and Hanover. She served as Council Chairperson for two years and Zoning Board Chairperson for two years. Ms. Watson is employed in the private sector as a vice president for a regional insurance firm, a position she has held for 20 years, where she specializes in providing risk management to small and medium size businesses. Ms. Watson has served as the President of Women of MACo (Maryland Association of Counties). She also served on the MACo Education Subcommittee. Ms. Watson is the recipient of the 2012 Community Service Award by Alpha Phi Alpha Fraternity, Inc., Kappa Pi Lambda Chapter and received the 2012 Robert H. Kittleman Award for outstanding contribution to the community and legislative excellence from the Howard County Association of Realtors. Ms. Watson was named one of Maryland's top 100 Women for 2012 by the Daily Record. Ms. Watson has served on the County's Adequate Public Facilities Ordinance Committee, the Ellicott City Master Plan Steering Committee, and the Economic Development Authority Strategic Plan Committee. She has served on the Spending and Bond Affordability Committee. After several years as a community activist, Ms. Watson was elected in 2002 to the Board of Education, completing a four-year term and serving two years as Chairperson. During this time, a new superintendent, Dr. Sydney L. Cousin was hired; the cultural proficiency program was begun; and six new schools were constructed. Ms. Watson earned a Bachelor of Arts degree from Loyola College in Maryland and holds a Master of Business Administration degree from the Sellinger School of Business at Loyola. Ms. Watson is a Howard County native raised in Clarksville. She was educated in the Howard County public school system and graduated from Atholton High School. Ms. Watson and her husband, Richard, have lived in Ellicott City for over 20 years. They have three children.

Greg Fox was re-elected to represent the 5th District (encompassing most of the western and southern portions of Howard County) in November 2010. He is currently the Chairperson of the Board of License Commissioners. Since 2008, he has also served on the National Association of Counties' Energy, Environment and Land Use Steering Committee and Energy Subcommittee. Mr. Fox has been a resident of Howard County since 1990 where he has been active in various community activities including working for five years on the Howard County Public Works Board (the final year as vice-chair), participating as a member of the Howard County Task Force on Childcare, acting as spokesperson and moderator for the Take-A-Step Food Allergy Network, serving as Vice-President of the Howard County Republican Club, coaching soccer, and being a member of the Fulton Elementary PTA. Mr. Fox is a Director of Utility Services for Constellation Energy Projects & Services Group, Inc. and focuses on the areas of energy conservation and renewable energy. He has been in the energy field for more than 20 years. He previously served on the State Task Force for Facility Energy Management. His business background also includes experience in finance, marketing, manufacturing and research and development. He received his Mechanical Engineering degree from Georgia Tech and his MBA Fellows from Loyola College of Maryland's Executive Program where he was inducted into the Beta Gamma Sigma Honor Society for business students. Mr. Fox is a graduate of Leadership Howard County's Class of 2006 and a 2009 Graduate of the University of Maryland's Academy of Excellence in Local Governance.

Mary Kay Sigaty was re-elected to represent District 4 in November 2010 and is a member of the County Council. A Columbia resident since 1972, Mary Kay Sigaty has a long history of community involvement that currently includes serving as the Patuxent River Commissioner for Howard County and a member of the Maryland State Department of Education's Fine Arts Education Advisory Panel. As a County Council member, she has had the honor to serve as the Chair of the Council as well as the Zoning Board. She has also worked on issues ranging from youth involvement in local government to housing affordability, a living wage for Howard County workers to environmental sustainability and redevelopment of Downtown Columbia and Columbia's Village Centers. Mary Kay's past community involvement includes serving on the Howard County Board of Education, the Wilde Lake Village Board, the County Executive's Spending Affordability Committee, the National School Board Association's Federal Relations Network, as a director for the League of Women Voters, an advisory board member of the Women's Giving Circle of Howard County and as a member of the School Improvement Teams at Bryant Woods Elementary, Wilde Lake Middle and Wilde Lake High. Throughout this time, she has worked as an artist in the community, running a small business and participating as an Artist-in Residence for the Howard County Public Schools, teaching at the Columbia Center for the Arts and volunteering with the theatre departments at Wilde Lake and Marriotts Ridge High Schools. Her first career was in education. It included teaching at the Running Brook Children's Nursery in Columbia, the National Child Research Center in Washington and the Park School in Brooklandville. Mary Kay earned her undergraduate degree from Boston College and certification in Early Childhood Education from Towson University. She has a Masters Degree from Johns Hopkins University. She lives in Wilde Lake with her husband, Tom Graham. They have two daughters, who are both graduates of Wilde Lake High School.

Jen Terrasa was elected to the Howard County Council in November 2006 to represent Howard County's 3rd District, which includes Allview, North Laurel, Savage, Guilford, and portions of Jessup as well as the villages of Kings Contrivance and Owen Brown in Columbia. As a product of Howard County Public Schools and a resident of Howard County for over 40 years, Jen is deeply rooted in the community and genuinely committed to its future, having served the community in a number of roles. Before being elected to the Howard County Council, Jen was a community advocate, President of her homeowner's association, Vice-Chair and member of the Kings Contrivance Village Board, a member of the Howard County Planning Board, a family law attorney for The Women's Law Center of Maryland, and an adjunct professor at the University of Baltimore Law School. Jen has served as a member of the Governor's Bicycle and Pedestrian Advisory Committee since 2012 and as a member of the Maryland Association of Counties Legislative Committee since 2006. A graduate of Oakland Mills High School, she holds a B.A. in Sociology from the University of Maryland at College Park and a J.D. from the University of Baltimore School of Law. Jen is proud to raise her three children, Tony, Kelsey and Joey in Howard County, where they can experience a vibrant quality of life in a diverse community. Jen is particularly proud of her work to help make Howard County a great place for families.

Craig Glendenning was appointed County Auditor effective September 4, 2012. Mr. Glendenning was previously the Assistant County Auditor with the Anne Arundel County Auditor's Office, and prior to that time held positions within the Maryland State Office of Legislative Audits. Mr. Glendenning is a Certified Public accountant in the State of Maryland, and is a member of the Maryland Government Finance Officers Association, the American Institute of Certified Public Accountants, the Institute of Internal Auditors, and the Association of Local Government Auditors. Mr. Glendenning has more than 20 years of governmental auditing experience.

Education

A dynamic visionary and innovative educator, *Dr. Renee A. Foose* was named superintendent of the Howard County Public School System on July 1, 2012. She leads a school district with more than 53,000 students, 8,000 employees, and 83 schools and facilities; and manages a \$729.1 million budget.

Dr. Foose has spent the past two decades serving the state of Maryland, including 15 years in Maryland public schools, including roles as classroom teacher, assistant principal, and principal. She served as deputy superintendent of Baltimore County Public Schools just prior to joining the HCPSS, after serving as associate superintendent for Montgomery County Public Schools. She also served as a school administrator in Washington and Frederick Counties. Before beginning her career in education, Dr. Foose proudly served as a Maryland State Trooper for six years. Dr. Foose earned a doctorate of education at the University of Delaware, a Master of Business Administration and Master of Science from Loyola University, and a Bachelor of Science from Towson University.

Responsibilities and Services

County and Board of Education Employees

The following table presents the number of County (including Library, Community College and Housing Commission) and Board of Education full-time and permanent part-time employees for the last five fiscal years as authorized in the County budget.

County and Board of Education Employees				
Fiscal Year	Public Safety	Other County	Board of Education	Total
2013	1,267	2,407	7,553	11,227
2012	1,268	2,361	7,467	11,096
2011	1,258	2,324	7,423	11,006
2010	1,255	2,309	7,436	11,000
2009	1,236	2,322	7,376	10,934
2008	1,211	2,300	7,213	10,724

The County has experienced no work stoppages due to labor difficulties and considers its relationship with employees to be satisfactory. The County currently has collective bargaining with the following exclusive representatives and their bargaining units: (1) American Federation of State, County and Municipal Employees (“AFSCME”), which represents correctional officers and cooks of the County’s Detention Center (Local 3080), a separate local representing blue collar workers of various County departments (Local 3085), Local 3888 representing blue collar supervisors of various County departments, and Local 1810 which represents employees in specific clerical and white collar classifications of various County departments; (2) International Association of Firefighters Local 2000, representing firefighters below the rank of captain; (3) FOP Lodge 21, representing sworn police officers below the rank of sergeant; (4) FOP Lodge 143, representing sergeants, and (5) Howard County Public Safety Dispatchers Association, which represents 911 dispatchers. The County has successfully negotiated multi-year contracts with four unions which will expire on June 30, 2015 (Dispatchers, Local 3080, Local 3085, Local 3888 and Local 1810). Negotiations are underway with FOP Lodge 21, FOP Lodge 143 and Local 2000. It is anticipated that agreements will be reached with these three unions reasonably soon and prior to June 30.

Most Board of Education employees are represented by a bargaining unit. The Howard County Education Association, affiliated with the Maryland State Education Association and the National Education Association, represents teachers and other certificated non-supervisory personnel. The Howard County Education Association-Education Support Professionals (“HCEA ESP”) represents non-certificated non-supervisory personnel such as clerical, secretarial, instructional, student, food and nutrition service, health, and security assistants, educational interpreters, registered nurses and central office technical staff. The American Federation of State, County and Municipal Employees (AFSCME - Local 1899) represents non-certificated non-supervisory personnel such as

custodial, grounds, maintenance and warehouse staff. The Howard County Administrators Association (HCAA) represents certificated supervisory personnel such as school-based administrators, leadership interns, athletics and activities managers, and instructional facilitators.

Board of Education of Howard County

The Board of Education is a Component Unit of the County. The educational policies, procedures and programs of the public schools in the County are the responsibility of the Board of Education, a seven-member elected body, working with the County Superintendent of Schools appointed by the Board of Education. The County program is governed by the State Board of Education. Daily functions within the schools are the responsibility of the County Superintendent of Schools and his staff.

For the 2012-2013 school year, the Board of Education exercised responsibility for 41 elementary schools, 19 middle schools, 12 high schools, one Pre-K-8 school, and two special centers that accommodate approximately 53,000 students. The composite teacher-to-student ratio is 1:22, as presented in the following table.

Teacher to Student Ratio	
Kindergarten	1 professional to 22 students
Grade 1-2	1 professional to 19 students
Grades 3-5	1 professional to 25 students
Grades 6-8	1 professional to 20.5 students
Grades 9-12	1.4 professional to 27 students

The mission of the Howard County Public School System is to cultivate a vibrant learning community that prepares students to thrive in a dynamic world. The Vision is that every student is inspired to learn and empowered to excel. The mission and vision are supported by four goals: that (1) every student achieves academic excellence in an inspiring, engaging, and supportive environment; (2) every student is engaged, supported, and successful; (3) families and community are engaged and supported as partners in education, and (4) schools are supported by world-class organizational practices. The public school system in the County offers a comprehensive education program, kindergarten through grade 12, with pre-kindergarten programs available in some schools. Academic support services and gifted programs are available in all schools and in all grades. Special education services are provided for identified students from birth through age 21.

Howard Community College

Howard Community College, a two-year higher education institution with a total of 10,223 students enrolled in credit classes for fall of 2013, is a Component Unit of the County located in Columbia. The community college offers a broad range of academic programs, cultural arts events, student activities and athletics, and business training. Students may earn academic credit that can be applied to an associate's degree or transferred to baccalaureate-degree granting colleges or universities. Career programs are one- and two-year courses of study that lead directly to employment. For those not seeking a degree, the community college offers courses to sharpen specific skills or professional expertise. Courses in computers, management, and advanced technology are available through open enrollment or can be customized for individual businesses or groups, offered on-site or at the community college facilities. Continuing education courses also allow for pursuit of special interests from music to world languages. Howard Community College is governed by a board of trustees appointed by the Governor of the State, but has historically received a significant portion of its revenues from the County.

Howard County Library System

A major component of Howard County's strong education system, Howard County Library System (HCLS) delivers high-quality public education for all ages. HCLS' curriculum comprises three pillars: (1) Self-Directed Education through a collection of one million items in print, audio and electronic formats, and thousands of specialized online research tools, (2) Research Assistance & Instruction for individuals and groups through classes taught by HCLS instructors and, (3) Instructive & Enlightening Experiences through cultural and community center concepts, partnerships such as A+ Partners in Education, Choose Civility, Well & Wise and signature events including

notable author appearances, HCLS Spelling Bee, Battle of the Books, and HiTech, HCLS' STEM education initiative.

A Component Unit of the County, HCLS is governed by a seven-member Board of Trustees. The Library System Board forwards nominees to the County Executive, who appoints Trustees subject to approval by the County Council. The County is responsible for levying taxes and provides 83 percent of HCLS' budget, with additional funding coming from the State and various grants. Capital projects are funded chiefly by the County, supplemented with grant funding from the Maryland State Department of Education. People of all ages, means and backgrounds visited HCLS' six branches 3.2 million times in FY13 to borrow 7.4 million items, and conduct research on more than 350 computers. Attendance at HCLS' classes and events totaled 251,000, and research assistance interactions reached 2 million. A recognized leader in the state and nation for excellence in education for all, Howard County Library System's per capita borrowing stands in the top ten nationally. Most notably, Howard County Library System was named Library of the Year, from among 21,000 public and academic libraries in North America, by Gale/Library Journal.

Public Safety

The County Department of Police, administered by the Chief of Police, is responsible for enforcing State and County laws, rules, and regulations. The Police Department employs 629 persons, which includes 457 sworn officers, 192 civilian employees, 25 school crossing guards and has a fleet of 540 vehicles utilized by sworn and civilian employees. These vehicles include: two armored personnel carriers, one command post, six motorcycles, a tactical support vehicle, a bus and a helicopter. The number of officers per 1,000 residents is approximately 1.5. Additionally, the Department has 21 Volunteer Auxiliary Officers and 12 Volunteer Mounted Horse Patrol (non-sworn).

Howard County Department of Fire and Rescue Services partners highly-trained career and volunteer personnel to provide 24/7 emergency services to citizens, businesses and visitors in and around Howard County at the direction of a Chief who is appointed by the County Executive. These services include fire suppression and investigation, emergency medical service (both basic and advanced life support) technical rescue and hazardous materials mitigation. The Department operates from 12 stations located throughout the County, seven of which are also home to the County's six volunteer corporations.

In 2013, the Department responded to more than 32,000 incidents, approximately 75% of which were medical calls. In addition, the Department has developed and manages a wide variety of community risk reduction programs that include a localized Fire Code, Crowd Manager program, commercial and residential fire safety inspection services, a 'Safety House' elementary education fire prevention program, a highly-successful community CPR program which includes curriculum in the public school system, and stand-by medical coverage of large concerts, sporting tournaments, and public events.

The Department is also designated by County Code as the lead agency for the Office of Emergency Management for Howard County and has responsibility for county-wide emergency planning, preparedness and response.

Planning and Zoning

The Howard County Department of Planning and Zoning is responsible for comprehensive planning for growth, development and conservation in the County. To accomplish this, the Department is involved in diverse activities: comprehensive planning for growth management; preparation of growth projection and plans for public services; conservation of existing communities and revitalization of commercial-industrial areas; transportation planning; agricultural and historic preservation, environmental planning; and regulation of development through the administration of subdivision and zoning regulations.

The County's General Plan, *PlanHoward 2030*, adopted in 2012, focuses on sustainability in terms of our environment, our economy and quality of life in our communities. *PlanHoward 2030* retains and builds on the strong growth management system that was adopted following the 1990 General Plan.

The rural western 60 percent of the County is zoned to protect agricultural and environmental resources, promote the agricultural economy, and limit cluster development. In the urban eastern 40 percent of the County, policies encourage higher intensity employment and mixed-use redevelopment of Downtown Columbia and the U.S. Route 1 and Route 40 corridors, increased multi-family housing, and moderate income housing in all zoning districts. Mixed-use zoning on Route 1 has stimulated nine pioneer developments with over 4,000 units of housing,

as well as commercial uses. To create a more urban center for the County, the Downtown Columbia plan authorizes 5,500 new residences, 600 new hotel rooms, 1.25 million square feet of retail and 4.3 million square feet of office space over the next 30 years.

Adequate Public Facilities regulations, adopted in 1992, require the testing of proposed development for adequacy of schools and roads as a condition of plan approval. Milestones, incorporated into the legislation, require properties to move in an orderly and predictable manner through the development process. The County, in turn, adopts a six-year plan for its infrastructure, particularly roads and schools, to serve this pace of development. Based on the *PlanHoward 2030* and the County's Adequate Public Facilities legislation, residential development outside of Downtown Columbia is restricted to 1,850 units per year. A cap of 100 units per year limits rural subdivision, combined with an ambitious agricultural land preservation program, redirects rural growth into the eastern County's Planned Service Area for Public Water and Sewer. The County has numerous community planning and corridor revitalization initiatives underway to maintain the quality of life and property values in older residential neighborhoods, as well as promoting revitalization and redevelopment of older corridors and commercial centers.

As the transition from greenfield development to grayfield redevelopment continues, the County will be refining policies and developing new strategies for accommodating continuing business and housing growth in ways that sustain and enhance our quality of life, our economy and our natural and built environments.

Recreation and Parks

The County Department of Recreation and Parks, administered by its Director, is responsible for the organization and conduct of recreational programs and the development and operation of parks and other recreational facilities in the County. County parks and programs are estimated to serve over two million visitors each year. In 2006 the County's Comprehensive Recreation, Parks and Open Space Plan was completed and adopted by the County Council and the County Executive. The Plan will be updated and completed in June 2012. The plan surveys current and expected needs for park facilities and recreation programs, outlines goals and offers strategies for implementation. Land acquisition for recreation areas and natural resource preservation is a critical element of the Plan. Land is purchased using federal, state and local dollars. The County Department of Recreation and Parks currently manages over 9,000 acres of land, four community centers, an 18 hole golf course, an indoor pool and nine active historic sites. The Department is one of only 102 agencies accredited through the Commission for Accreditation of Park and Recreation Agencies.

Citizen Services

The Department of Citizen Services, County Government's human service agency, works to enhance the quality of life for all residents. Services and partnerships address the needs of older adults, children and families, people with disabilities, women, the homeless, people seeking consumer protection, and others who need assistance. The Department also manages the Community Service Partnership (CSP) program, which provides funding to non-profit human service agencies. The mission of the Department is to ensure that all County residents have the resources they need to grow, thrive, and live with dignity.

Public Works

The County Department of Public Works, administered by its Director through five bureaus, is responsible for the programming, design, construction, operation and maintenance of public works facilities in accordance with the County's General Plan. The department also provides for the administration, enforcement and inspection of site development construction activities.

The Bureau of Engineering is responsible for the design, inspection and construction of public works projects. The bureau also prepares engineering water and sewer plans and develops and implements the water and sewer program in the County capital budget. The Bureau of Engineering also acts as the County's agent in all functions related to the construction of roads, bridges, water, sewer, storm drainage and traffic control. This Bureau has been designated the responsibility of ensuring that Public Works' projects are constructed according to standards established by Howard County. These projects include both developer and capital type facilities such as storm drains, water systems, sewer facilities, roadways and public parks.

The Bureau of Facilities is responsible for maintaining the daily operations of all County-owned facilities which fall under the direction of the Director of Public Works. This responsibility includes building service and maintenance, technical expertise in the development of new facilities, control of energy use and costs, control of building service contracts, i.e. custodial services and corresponding costs to the County, and providing security guards and systems where necessary.

The Bureau of Highways is responsible for maintenance and repair of all County-owned roadways, bridges, drainage facilities, and other public roadway infrastructure. The bureau responsibilities also include tree care, snow removal, traffic signals operation and street signs.

The Bureau of Utilities is responsible for the operation, maintenance and construction of the County's water and sewer system within the Metropolitan District and Shared Sewerage Disposal Facilities. This bureau is operated as a public utility and is financially a self-supporting operation. Financial information regarding the system is shown under "Financial Information, Water and Sewer Enterprise Fund" herein.

The Bureau of Environmental Services is responsible for an integrated solid waste management system and watershed management efforts in accordance with local, state, and federal laws. The integrated solid waste management system includes curbside trash and recycling collection; the County's Alpha Ridge Solid Waste Management Center including the landfill, transfer station, residential drop-off center, and recycling center; and the contracts associated with the collections, processing, and disposal of the solid waste and recyclables. The watershed management program includes inspection and oversight of maintenance of existing stormwater management facilities, floodplain studies, an illicit discharge elimination program, stream restorations, and retrofitting stormwater management facilities. All programs include education and outreach.

Water and Sewer System

The Metropolitan District is located in the eastern part of the County and encompasses over one third of the County's area. It functions as a single sanitary district for both water and sewer purposes. The County provides water and sewer services to 98.9 percent of the County residents located in areas of heavy residential and commercial population within the Metropolitan District. Little public water or sewer service is provided to County residents residing outside the Metropolitan District.

The County neither owns nor operates any water supply treatment facilities. Instead, it has entered into agreements with the City of Baltimore and the Washington Suburban Sanitary Commission for the purchase of water. The County purchases 90 percent of its potable water from Baltimore City and 10 percent from the Washington Suburban Sanitary Commission. Commitments from the County's water suppliers total over 41.5 million gallons per day (mgd) average daily flow and 74.8 mgd maximum daily flow. Improvements to the distribution system and storage facilities are under construction or included in the capital program in order to increase the service area within the Metropolitan District. A joint effort is under way to provide additional water to the County from its water suppliers. While the County's water system is being expanded to meet future demands, the County Department of Public Works closely monitors its water capacity.

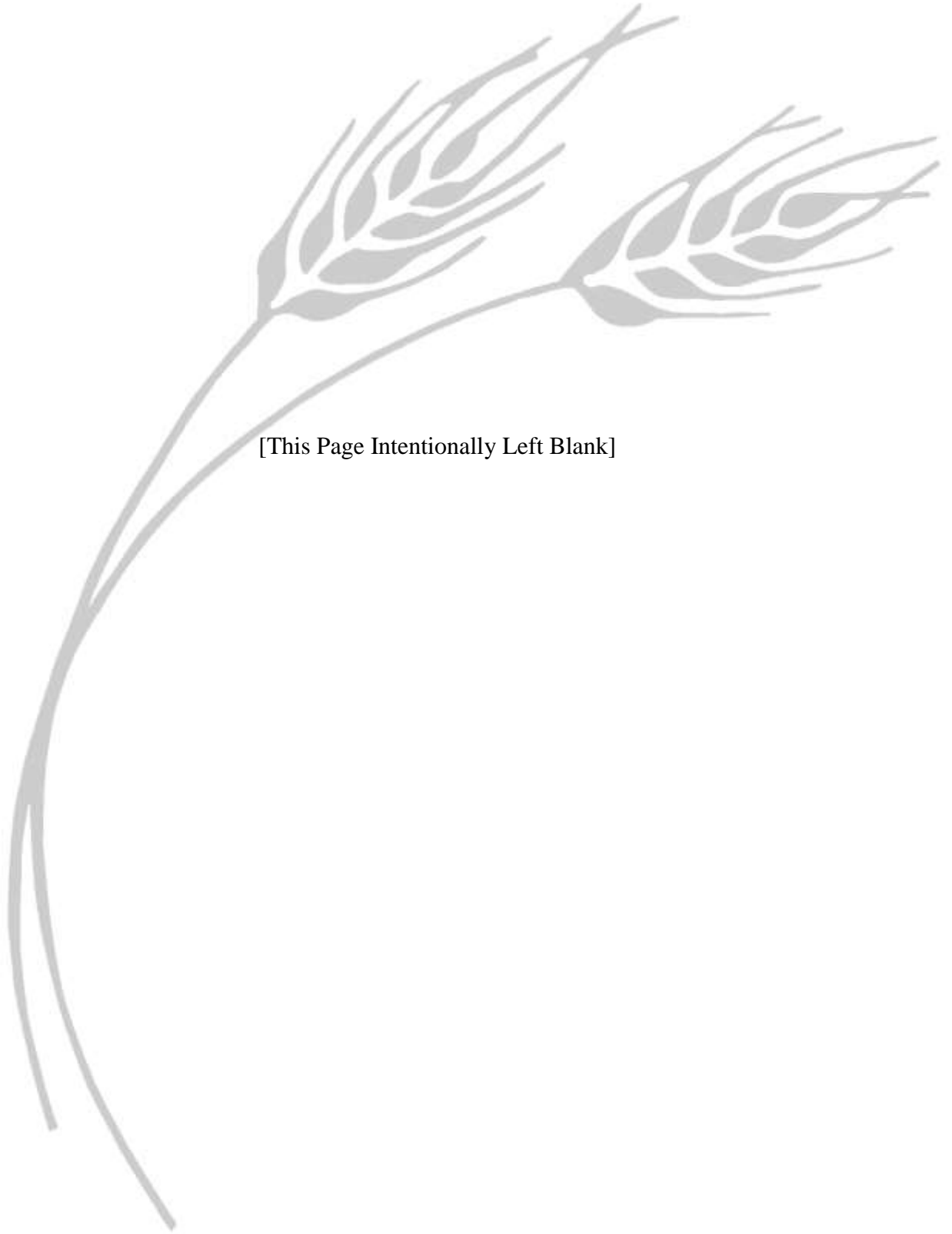
The County is located in and served by two major watersheds: the Patapsco River watershed and the Patuxent River watershed. The sewer system is designed so that sewage from the northeastern part of the Metropolitan District flows into the Patapsco River watershed through four connections that lead to the Patapsco Treatment Plant in Baltimore City. Sewage from the southwestern part of the Metropolitan District flows into the Patuxent River watershed to the Little Patuxent Water Reclamation Plant. The latter plant is located east of the community of Savage in the County, and provides tertiary treatment. A \$100+ million expansion/upgrade to the Little Patuxent Water Reclamation Plant was completed in 2012. The following table summarizes the overall sewage treatment capacity for the County:

County Sewage Treatment Capacity

Watershed	Current Flow (mgd)	Current Treatment Capacity (mgd)	Projected Treatment Capacity (mgd)
Patuxent	18.4	29.0	29.0

Watershed	Current Flow (mgd)	Current Treatment Capacity (mgd)	Projected Treatment Capacity (mgd)
Patapsco	8.4	12.4	12.4

The County's rate of development requires effective management of the allocation of water and sewer capacity. The County policy allocates service on a "first-come, first-served" basis. This policy commits capacity only to parcels ready to be developed, allowing more orderly development with known allocation priorities and recovery of costs in a more orderly and timely manner. All County sewage treatment facilities meet current State Department of the Environment standards, and State approval is being obtained for the sewage treatment facility expansion.

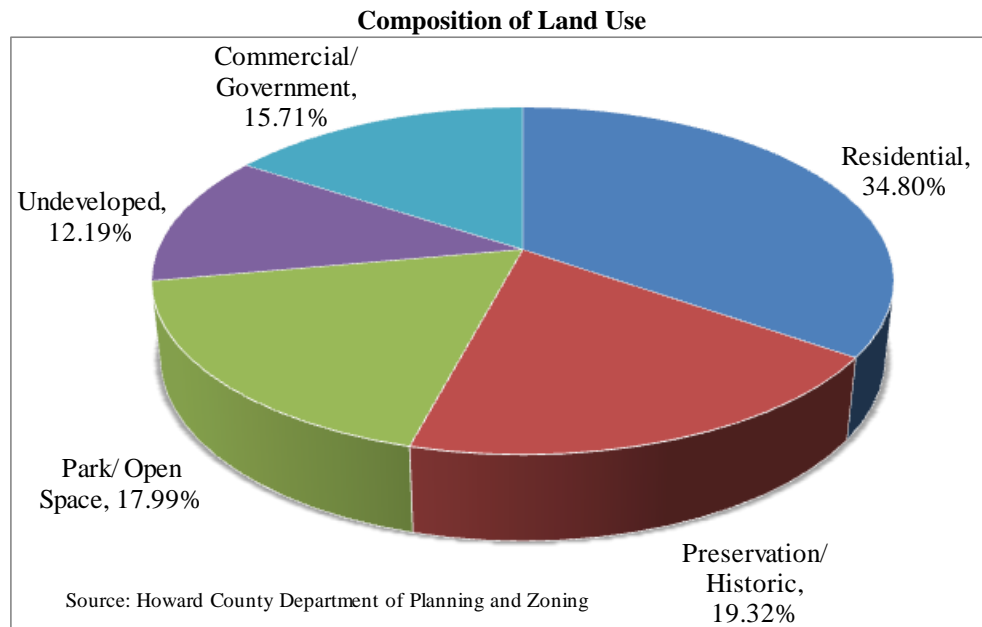


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Economy and Demography

Size and Land Use

The County is 251 square miles in area, making it the second smallest in the State. The chart below presents the composition of land use in the County as of September 30, 2013.



Population

The County experienced rapid population growth beginning in the late 1960s with the development of the new town of Columbia. The rate of growth has slowed over the last decade with the maturation of Columbia. The County's population density has increased from 247 persons per square mile in 1970 to 1,193 per square mile in 2012. The following table presents data on the population of the County and the State in the years 1970, 1980, 1990, 2000, 2010 and 2012.

Population				
	Howard County	County Density Per Square Mile	State of Maryland	County as % Of State
2012	299,430	1,193	5,884,563	5.1
2010	287,085	1,144	5,773,552	5.0
2000	247,842	987	5,296,486	4.7
1990	187,328	746	4,781,468	3.9
1980	118,570	472	4,216,446	2.8
1970	61,910	247	3,923,897	1.6

Source: Maryland State Data Center, Department of Planning

A large part of the County's recent growth has been the result of domestic and international migration. The following table presents population growth by component of change for selected larger counties and the State from 2002 to 2012. Compared to the counties listed and the State as a whole, Howard County has had the greatest percentage increase in population.

Net Migration

Place of Residence	2002-2012				Total Population		
	Natural Increase	Domestic Migration	International Migration	Total	2002	2012	Percent Change
Howard County	21,583	8,092	10,223	39,898	259,532	299,430	15.4%
Anne Arundel County	41,058	(2,266)	6,812	45,604	504,884	550,488	9.0%
Baltimore County	30,365	(1,947)	18,890	47,308	770,147	817,455	6.1%
Montgomery County	72,779	(60,992)	89,782	101,569	903,140	1,004,709	11.2%
Prince George's County	88,807	(86,473)	49,911	52,245	828,893	881,138	6.3%
State of Maryland	368,875	(126,545)	201,844	444,174	5,440,389	5,884,563	8.2%

Source: U.S. Department of Commerce, Bureau of Census, Population Division

The following table presents data on the age and sex composition of the County's population for the years 2000 and 2012.

Age and Sex Distribution

Age Group	2000				Age Group	2012			
	Male	%	Female	%		Male	%	Female	%
Under 5	9,432	7.7	8,816	7.0	Under 5	8,911	6.3	8,687	5.9
5-17	26,468	21.7	24,827	19.7	5-17	29,279	20.7	27,532	18.7
18-44	49,089	40.4	51,665	41.0	18-44	49,081	34.7	51,089	34.7
45-64	29,030	23.8	30,047	23.8	45-64	41,019	29.0	43,433	29.5
Over 64	7,755	6.4	10,713	8.5	Over 64	13,154	9.3	16,490	11.2
Total	121,774	100.0	126,068	100.0	Total	141,445	100.0	147,231	100.0

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey 2008 - 2012

The following table presents the age composition of populations of selected Maryland counties, the State and the nation for 2012.

Comparative Age Distributions

Age Group	Howard County	Anne Arundel County	Baltimore County	Montgomery County	Prince George's County	State of Maryland	United States
Under 18	25.7 %	23.1 %	21.9 %	23.9 %	23.8 %	23.3 %	23.9 %
18-24	7.6	9.2	10.2	7.6	11.5	9.7	10.0
25-44	27.3	27.5	25.8	28.1	29.0	27.1	26.6
45-64	29.2	28.2	27.4	27.9	26.1	27.5	26.3
Over 64	10.2	12.0	14.7	12.5	9.6	12.4	13.2

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2008 - 2012

Education

Students in the County's schools consistently perform better in State-wide functional tests than most of their peers. The following table presents the percentage of proficiency or better for eighth graders in reading comprehension, mathematics and science in selected counties and the State for the 2012-2013 school year.

Eighth Grade Scores in Comprehensive Tests of Basic Skills

Tests	Howard County	Anne Arundel County	Baltimore County	Montgomery County	Prince George's County	State of Maryland
Reading	90.8	85.4	79.4	88.2	71.4	81.0
Mathematics	82.1	66.3	66.5	74.5	51.8	67.0
Science	87.3	79.8	73.4	77.7	54.3	71.4

Source: Maryland Department of Education, 2013 Maryland Report Card

The following table presents comparative figures concerning the number of County public high school graduates in recent years and their plans for additional education.

Plans of Public High School Graduates

Year Of Graduation	Total Number Of Graduates	Continuing Education ⁽¹⁾	Entering Workforce ⁽²⁾	Other ⁽³⁾
2012	3,374	93.51 %	3.53 %	2.96 %
2011	3,701	91.00	6.60	2.40
2010	3,883	90.00	5.00	5.00
2009	3,451	86.30	11.30	2.40
2008	3,539	87.90	10.40	1.70
2007	3,210	87.60	10.00	2.40

Source: Maryland Department of Education, 2012 Maryland Report Card
 (1) Includes full-time college, trade and business school.
 (2) Includes military.
 (3) Includes non-respondents.

The County's residents are among the best educated in the region. The following table presents the percentage of residents age 25 and over who were high school graduates or higher and college graduates or higher in 2012.

Level of Educational Attainment

County	% High School Graduate or Higher	% College Graduate or Higher
Howard County, Maryland	95.1	59.5
Anne Arundel County, Maryland	90.6	36.8
Baltimore County, Maryland	89.7	35.3
Montgomery County, Maryland	91.0	56.9
Prince George's County, Maryland	85.6	29.6
State of Maryland	88.5	36.4
United States	85.8	28.5

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2008 - 2012

The County consistently spends more per pupil on its students than school systems in most other parts of the State. The following table presents the budgeted expenses per pupil in the public schools in selected counties and the State for the indicated school years.

Budgeted Expenses Per Pupil						
School Year	Howard County	Anne Arundel County	Baltimore County	Montgomery County	Prince George's County	State of Maryland
2010-2011	\$ 14,692	\$ 12,635	\$ 12,939	\$ 15,021	\$ 13,276	\$ 13,453
2009-2010	14,188	12,330	12,967	15,180	13,491	13,297
2008-2009	14,166	12,178	12,236	14,969	13,246	13,019
2007-2008	13,174	11,545	11,619	14,543	13,024	12,509
2006-2007	11,940	10,847	11,038	13,536	11,189	11,398

Source: Maryland Department of Education, 2012 Maryland Report Card

Income

The County's median household income is the highest in Maryland and third highest in the nation. The following table presents the median household income for selected counties in the State in 2012.

Median Household Income	
Howard County	\$107,821
Anne Arundel County	86,987
Baltimore County	66,068
Montgomery County	96,985
Prince George's County	73,568

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2008 - 2012

The following table presents the top 10 affluent counties in the nation by their national ranking for 2012 median household income.

National Rankings by Median Household Income		
Rank	County, State	Median Household Income
1	Loudon County, Virginia	\$122,068
2	Fairfax County, Virginia	109,383
3	Howard County, Maryland	107,821
4	Hunterdon County, New Jersey	105,880
5	Arlington County, Virginia	102,459
6	Douglas County, Colorado	101,108
7	Somerset County, New Jersey	98,571
8	Morris County, New Jersey	97,979
9	Montgomery County, Maryland	96,985
10	Prince William County, Virginia	96,160

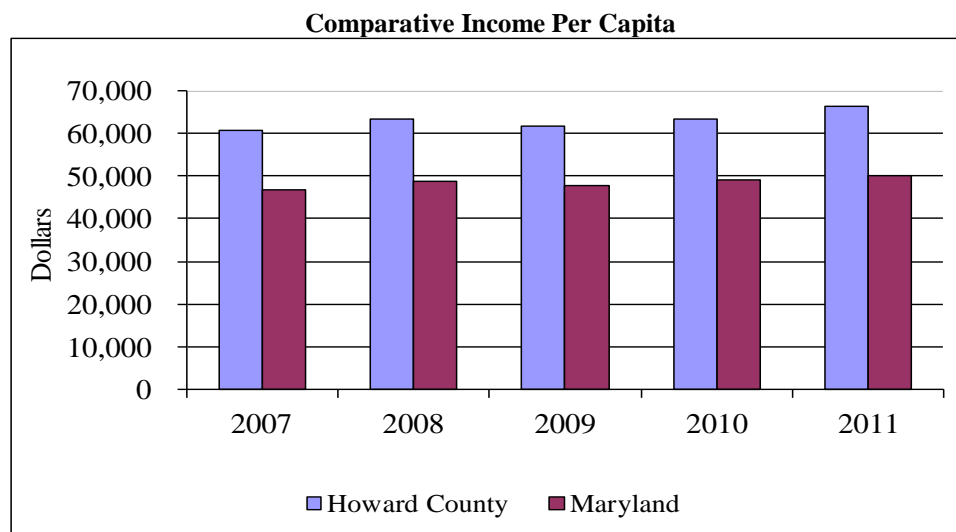
Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2008 - 2012

A comparison of County and Maryland personal income for the past five years available is presented in the following table.

Personal Income					
Year	Howard County		Maryland		Howard County Proportion
	Personal Income (000)	Percentage Change from Previous Year	Personal Income (000)	Percentage Change from Previous Year	
2011	\$ 19,435,303	11.5	\$ 295,235,516	8.7	6.6%
2010	18,257,099	3.4	281,304,904	1.3	6.5%
2009	17,436,676	-1.3	271,728,830	-2.2	6.4%
2008	17,659,377	5.5	277,792,794	4.9	6.4%
2007	16,742,719	5.9	264,797,709	4.9	6.3%

Source: U.S. Department of Commerce, Bureau of Economic Analysis and Maryland Department of Planning

The chart below presents the per capita income for the County and the State from 2007 through 2011.



Poverty is less of a problem in the County than in other counties in the Baltimore-Washington metropolitan region. The following table presents the percentage of the population living below the poverty level for selected jurisdictions in 2012.

Population Below Poverty Level	
County	Percentage Below Poverty Level
Howard County	4.4%
Anne Arundel County	5.9%
Baltimore County	8.5%
Montgomery County	6.5%
Prince George's County	8.7%
State of Maryland	9.4%
United States	14.9%

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2008 - 2012

Housing

The County's housing stock predominately consists of owner-occupied single-family houses. The following table presents the distribution of housing in the County by type of structure as of 2012.

Distribution of Housing by Type		
Type of Structure	Number	Percent
Single-Family	82,226	75.1%
Multi-Family	27,199	24.9%
Total	109,425	100.0%

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2008 - 2012

The following table presents the average and median sales price of housing in selected counties in the State as of December 2013.

Sales Price of Housing		
County	Average Price	Median Price
Howard County	\$418,762	\$375,000
Anne Arundel County	378,904	320,000
Baltimore County	251,717	209,900
Montgomery County	502,889	386,000
Prince George's County	216,894	205,000

Source: Maryland Association of Realtors, December 2013.

The following table presents the distribution of housing by year of construction in selected counties in the State through 2012.

County	Age of Housing				
	Year Structure Built				
	1939 or earlier	1940 to 1979	1980 to 1989	1990 to 1999	2000 or later
Howard County	2.4	32.2	26.9	22.6	15.9
Anne Arundel County	5.6	46.3	16.9	17.6	13.6
Baltimore County	8.9	54.2	14.2	13.6	9.1
Montgomery County	4.7	50.2	21.2	12.3	11.6
Prince George's County	4.9	57.5	13.3	13.3	11.0

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2008 - 2012

The following table presents data regarding the size of housing in selected counties in the State in 2012.

County	Size of Housing		Median Number of Rooms
	Percentage of Housing with		
	Four to Seven Rooms	Eight or More Rooms	
Howard County	47.6%	44.4%	7.1
Anne Arundel County	59.1%	34.7%	6.5
Baltimore County	63.3%	28.0%	6.2
Montgomery County	49.4%	37.6%	6.4
Prince George's County	56.3%	31.7%	6.1

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2008 - 2012

The following table presents new construction and renovation activity throughout the County from 2009 through 2013, as illustrated by the number of building permits issued and their estimated cost.

Building Permits						
Calendar Year	Commercial		Residential		Non-Taxable	
	Estimated		Estimated		Estimated	
	Permits Issued	Construction Cost (\$000)	Permits Issued	Construction Cost (\$000)	Permits Issued	Construction Cost (\$000)
2013	1,520	\$ 376,855	5,139	\$ 466,243	66	\$ 64,788
2012	1,260	194,907	4,347	314,751	77	103,901
2011	880	132,387	3,758	322,021	146	114,492
2010	1,169	291,661	3,860	321,740	139	215,727
2009	672	151,950	2,786	314,287	152	369,544

Source: Howard County Department of Inspections, Licenses and Permits

Economy

Jobs in the County

In the past four decades the County has changed from a farming community into a community of urban, suburban and rural components. This is due, in part, to the County's close proximity to the cities of Washington, D.C. and Baltimore, as well as to the County's active promotion of economic development. The following table presents full- and part-time jobs located in the County and the State, regardless of worker's place of residence. The first segment of the Services category, Trade, Transportation, and Utilities, includes utilities, wholesale and retail, couriers and transit. The fourth, Professional and Business, includes professional and technical services, management and administrative services and waste management and remediation services.

Jobs in County and State						
Employment Categories	Howard County			State of Maryland		
	2012	2011	2010	2012	2011	2010
Construction	9,522	9,617	9,714	143,303	143,152	142,774
Manufacturing	7,057	6,372	5,853	109,068	113,049	115,086
Natural Resources and Mining	769	714	556	6,926	6,553	6,520
Services						
Trade, Transp. and Utils.	33,177	31,325	31,330	444,972	439,656	434,661
Information	3,636	3,734	3,668	39,804	41,713	43,830
Financial Activities	8,799	8,791	8,173	137,521	136,487	138,000
Professional and Business	42,608	39,326	36,324	409,726	397,247	386,796
Education and Health	15,661	14,814	14,807	400,436	391,842	385,013
Leisure and Hospitality	14,225	13,384	12,921	244,213	233,724	229,797
Other	4,651	4,709	4,557	89,983	87,771	87,759
Government	18,877	18,280	18,113	488,202	487,919	484,108
Other	-	-	-	11	9	74
Total	158,982	151,066	146,016	2,514,165	2,479,122	2,454,418

Source: Maryland Department of Labor, Licensing and Regulation

Workers Living in the County

The following table presents employment statistics, by employee's place of residence, for the County and the State in December of the last five years.

Employment by Residence

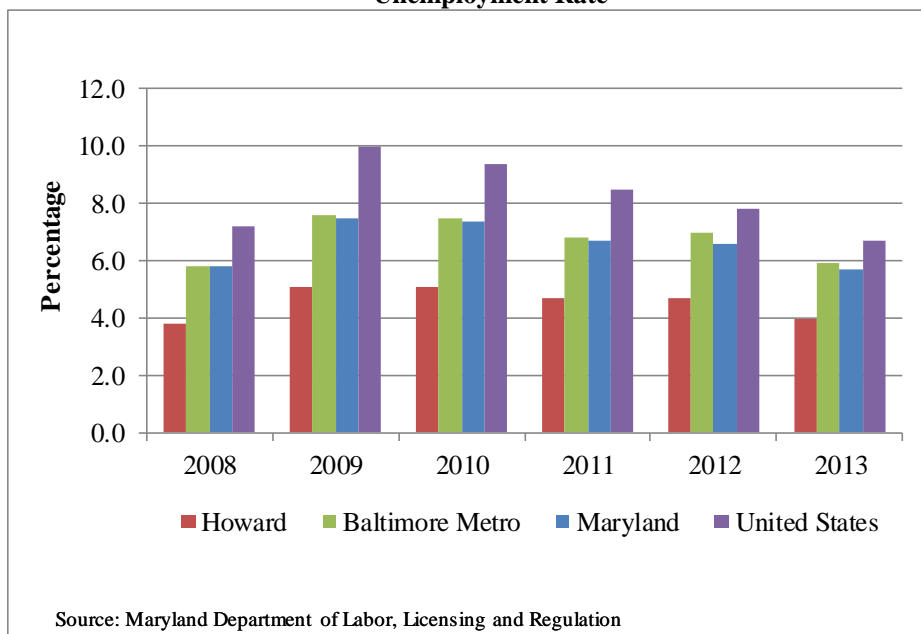
Year	Howard County		State of Maryland	
	Employment	Labor Force	Employment	Labor Force
2013	166,458	173,461	2,915,715	3,091,281
2012	161,789	169,778	2,906,738	3,113,457
2011	153,960	163,197	2,803,012	3,028,283
2010	153,106	162,492	2,798,693	3,030,064
2009	155,143	164,611	2,832,218	3,061,815

Source: Maryland Department of Labor, Licensing and Regulation

Unemployment

The chart below compares the unemployment rates in the County in December of the last six years with the rates in the Baltimore metropolitan region, Maryland and the United States.

Unemployment Rate



Local Firms and Employers

Listed below are the County's ten largest private employers as of November 2013.

Ten Largest Private Employers

Employer	Products or Activities	Employment	Employed Residents
John Hopkins University Applied Physics Laboratory	Engineering, Research & Development	5,000	2.99%
Verizon Wireless	Regional Headquarters & Customer Service Operations Center	2,028	1.21%
Lorien Health Systems	Corporate Headquarters, Healthcare Services	2,000	1.19%
Howard County General Hospital	Acute-care Facility & Comprehensive Healthcare Services	1,777	1.06%
Howard Community College	Higher Education	1,294	0.77%
Leidos	Engineering Services	1,195	0.71%
Coastal Sunbelt Produce	Fresh Produce Distribution & Food Processing	1,050	0.63%
Giant Food	Grocery Retailing and Distribution	1,050	0.63%
The Columbia Association	Non-profit organization managing Columbia	900	0.54%
Wells Fargo Bank Corporate Trust Services	Provider of Securities Administration to Public & Private Entities	842	0.50%

Source: www.ChooseMaryland.org

Listed below are representative examples of other major private employers located in the County and the number of persons each employed as of November 2013. This list is presented for the purpose of demonstrating the diversity of employment opportunities in the County and is not intended to be a ranking of employers or an exhaustive list of all major private employers in the County.

Other Major Private Employers

Employer	Products or Activities	Employment	Employed Residents
Ascend One	Corporate Headquarters, Consumer Debt Management Counseling	511	0.31%
Dreyers Grand Ice Cream	Frozen Dessert Manufacturing	735	0.44%
Honeywell Technology Solutions	Corporate Headquarters, aerospace technical services	325	0.19%
Humanim	Non-profit organization serving individuals with disabilities	458	0.27%
Maxim Healthcare Services	Corporate Headquarters, Medical Staffing & Wellness Services	675	0.40%
Merkle Inc.	Corporate Headquarters, Database Marketing Services	400	0.24%
MICROS Systems	Corporate Headquarters & Hospitality Software Development	815	0.49%
Nielsen Audio	Media information services	767	0.46%
Quality Software Services	Healthcare informatics	400	0.24%
W.R. Grace & Co.	Corporate Headquarters and Chemical Research & Development	500	0.30%

Source: www.ChooseMaryland.org

Economic Development

The County is a major commercial center for the Washington-Baltimore region, with over 1,750 properties offering 71.6 million square feet of space to over 9,050 businesses. Several of the largest office and business parks in the Washington-Baltimore region are located in the County, including Columbia Gateway with 600 acres, Maryland Wholesale Food Center with 400 acres and Rivers Corporate Park with 350 acres. The county is also home to Emerson Corporate Commons with 570 acres and Maple Lawn with 506 acres, both mixed-use developments with over 3 million square feet of office space.

The following table presents statistics for the industrial and commercial space available in the metropolitan area of the County through the fourth quarter of 2013.

Industrial and Commercial Space

Type of Space	Number of Buildings	Total Square Footage (000)	Total Available Square Footage (000)	Vacancy Rate	2013 Sq. Ft. Absorption (000) (1)
Flexible	232	11,487	723	6.3%	118
Industrial	383	31,171	3,587	11.5%	453
Office	514	17,709	1,952	11.0%	317
Retail	634	11,385	280	2.5%	41
Total	1,763	71,751	6,543	9.1%	928

Source: CoStar Realty Inc.

Retail Sales

The following table presents a comparison of fiscal year 2013 retail sales in the County and selected other jurisdictions, a measure of the drawing power of local retailers.

County	Food, Beverage	Apparel	General Merchandise	Automotive	Furniture, Industrial Appliances	Building, Supplies	Utilities, Transport	Hardware, Machinery, Equipment	Misc.	Total	Per Capita Sales
Howard	47,418	11,102	32,917	12,116	14,047	17,669	4,519	5,207	27,469	172,465	576
Anne Arundel	121,472	27,464	68,531	42,935	24,612	39,981	22,255	8,712	40,384	396,346	720
Baltimore	144,798	31,760	129,477	38,699	45,341	76,337	37,183	7,585	47,766	558,945	684
Montgomery	162,564	32,619	84,882	45,988	43,503	44,587	42,171	7,723	53,656	517,693	515
Prince George's	123,490	23,922	92,947	35,601	28,129	74,331	32,840	10,143	59,343	480,744	546

Source: Comptroller of Maryland, Sales and Use Tax Summary FY 2013

The fourth-largest shopping center in the region, the Mall in Columbia, is located in the County. At 1.4 million square feet, the Mall in Columbia features 202 stores and restaurants, including five major department stores and a 14-screen movie theater. Ten village centers throughout Columbia feature over 1.0 million square feet of retail space. Other shopping centers in the County in excess of 100,000 square feet are Columbia Crossing, Long Gate Shopping Center, Chatham Station Shopping Center, Dobbin Center, Normandy Shopping Center, Savage Mill, Enchanted Forest Shopping Center, Snowden Square, Gateway Overlook I and Gateway Overlook II. These centers offer over 4 million additional square feet of leasable space. As of December 2013, the vacancy rate at these shopping centers was only 2.5%.

Columbia

Howard Research and Development Corporation began the development of Columbia with initial land purchases in 1962. Today, Columbia is an unincorporated city built on 14,000 acres in the east-central portion of the County. Columbia has 99,615 residents, 5,500 businesses and 91,000 local jobs located in over 23 million square feet of commercial office, industrial and research and development buildings. Ten village centers, each providing a variety of day-to-day shopping needs and community and professional facilities and services, are now in operation. In addition, the Mall in Columbia, Columbia Crossing, Dobbin Center, Snowden Square and Long Gate provide 3.5 million square feet of retail stores, shops and restaurants. As of December 2013 the estimated assessed valuation of properties in Columbia was \$10.7 billion, representing 24.5 percent of the assessed value of property in the County.

If Columbia were to become a municipality, the Maryland Constitution provides that the County's assessable base would not be affected. Services provided by the Columbia Association for Columbia residents, which include primarily provision of recreational facilities and maintenance of open space areas, are separate and distinct from the services provided by the County and are paid for through separate assessments made annually by the Columbia Association against residential and commercial property located in Columbia and facility user fees.

As of December 31, 2013, the Columbia Association had long-term debt of \$3.05 million in aggregate principal amount. As additional facilities are constructed, the amount of debt of the Columbia Association may increase. The interest on the Columbia Association's debt is not tax-exempt. Payments on such property assessments are not deductible for federal income tax purposes, and liens for such property assessments are subordinate to liens for State and County real property taxes.



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Legal and Miscellaneous

Approval of Legal Proceedings

All legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of McKennon Shelton & Henn LLP, Bond Counsel. Delivery of the Bonds is conditioned upon delivery by Bond Counsel of opinions substantially in the forms included in Appendix A of this Official Statement.

Tax Matters

Maryland Income Taxation

In the opinion of Bond Counsel, under existing statutes, regulations and decisions; (a) the Taxable Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt from taxation of any kind by the State of Maryland, and any of its political subdivisions, or any other public entity; and (b) the interest on the Series A Public Improvement Bonds and the Metropolitan District Bonds, and profit realized in their sale or exchange will be exempt from State of Maryland income taxation. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds, their transfer or the interest thereon. Under existing law, 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. Purchasers of the Bonds should consult their own tax advisors with respect to the taxable status of the Bonds in jurisdictions other than Maryland.

Federal Income Taxation - Series A Public Improvement Bonds and the Metropolitan District Bonds

In the opinion of Bond Counsel, assuming compliance with certain covenants described herein, interest on the Series A Public Improvement Bonds and the Metropolitan District Bonds (the “Tax-Exempt Bonds”) will be excludable from gross income for federal income tax purposes under existing statutes, regulations, and decisions.

In rendering its opinion with respect to the Tax-Exempt Bonds, Bond Counsel will rely, without independent investigation, on certifications provided by the County with respect to certain material facts within their knowledge relevant to the tax-exempt status of interest on the Tax-Exempt Bonds.

Under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Tax-Exempt Bonds, including restrictions that must be complied with throughout the term of the Tax-Exempt Bonds in order that the interest thereon be excludable from gross income. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the Tax-Exempt Bonds be rebated to the United States of America under certain circumstances (or that certain payments in lieu of rebate be made); (ii) other requirements applicable to the investment of the proceeds of the Tax-Exempt Bonds; and (iii) other requirements applicable to the use of the proceeds of the Tax-Exempt Bonds and the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Tax-Exempt Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the Tax-Exempt Bonds and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

Further, under existing statutes, regulations and decisions, Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds will not be includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. However, for purposes of calculating the corporate alternative minimum tax, a corporation subject to tax will be required to increase its alternative minimum taxable income by 75% of the amount by which its “adjusted current earnings” exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, “adjusted current earnings” may include, among

other items, interest income from the Tax-Exempt Bonds. In addition, interest income on the Tax-Exempt Bonds will be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States of America.

Certain Other Federal Tax Consequences

There are other federal tax consequences of ownership of obligations such as the Tax-Exempt Bonds under certain circumstances, including the following: (i) deductions are disallowed for certain expenses of taxpayers allocable to interest on tax-exempt obligations, as well as interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations and interest expense of financial institutions allocable to tax-exempt interest, (ii) for property and casualty insurance companies, the amount of the deduction for losses incurred must be reduced by 15% of the sum of tax-exempt interest income and the deductible portion of dividends received by such companies; (iii) interest income that is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security or railroad retirement benefits are includable in gross income for federal income tax purposes; (iv) for S corporations having Subchapter C earnings and profits, the receipt of certain levels of passive investment income, which includes interest on tax-exempt obligations such as the Tax-Exempt Bonds, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status; and (v) net gain realized upon the sale or other disposition of the Tax-Exempt Bonds generally must be taken into account when computing the 3.8% Medicare tax with respect to net investment income imposed on certain high income individuals and specific trusts or estates.

Tax Accounting Treatment of Discount Tax-Exempt Bonds

Certain maturities of the Tax-Exempt Bonds may be issued at an initial public offering price which is less than the amount payable on such Tax-Exempt Bonds at maturity (the "Discount Tax-Exempt Bonds"). The difference between the initial offering price at which a substantial amount of the Discount Tax-Exempt Bonds of each maturity was sold, and the principal amount of such Tax-Exempt Discount Bonds payable at maturity constitutes original issue discount. In the case of any holder of Tax-Exempt Discount Bonds, the amount of such original issue discount which is treated as having accrued with respect to such Tax-Exempt Discount Bonds is added to the original cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, early redemption or repayment at maturity). For federal income tax purposes (a) any holder of a Tax-Exempt Discount Bond will recognize gain or loss upon the disposition of such security (including sale, early redemption or payment at maturity) in an amount equal to the difference between (i) the amount received upon such disposition and (ii) the sum of (1) the holder's original cost basis in such Tax-Exempt Discount Bond, and (2) the amount of original issue discount attributable to the period during which the holder held such Tax-Exempt Discount Bond, and (b) the amount of the basis adjustment described in clause (a)(ii)(2) will not be included in the gross income of the holder.

Original issue discount on Tax-Exempt Discount Bonds will be attributed to permissible compounding periods during the life of any Tax-Exempt Discount Bonds in accordance with a constant rate of interest accrual method. The yield to maturity of the Tax-Exempt Discount Bonds of each maturity is determined using permissible compounding periods. In general, the length of a permissible compounding period cannot exceed the length of the interval between debt service payments on the Tax-Exempt Discount Bonds and must begin or end on the date of such payments. Such yield then is used to determine an amount of accrued interest for each permissible compounding period. For this purpose, interest is treated as compounding periodically at the end of each applicable compounding period. The amount of original issue discount which is treated as having accrued in respect of a Tax-Exempt Discount Bond for any particular compounding period is equal to the excess of (a) the product of (i) the yield for the Tax-Exempt Discount Bond (adjusted as necessary for an initial short period) divided by the number of compounding periods in a year multiplied by (ii) the amount that would be the tax basis of such Tax-Exempt Discount Bond at the beginning of such period if held by an original purchaser who purchased at the initial public offering price, over (b) the amount actually payable as interest on such Tax-Exempt Discount Bond during such period. For purposes of the preceding sentence the tax basis of a Tax-Exempt Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Tax-Exempt Discount Bond the original issue discount that is treated as having accrued during all prior compounding periods. If a Tax-Exempt Discount Bond is sold or otherwise disposed of between compounding dates, then interest which would have accrued for that compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Holders of Tax-Exempt Discount Bonds should note that, under the tax regulations, the yield and maturity of a Tax-Exempt Discount Bond is determined without regard to commercially reasonable sinking fund payments, and any

original issue discount remaining unaccrued at the time that a Tax-Exempt Discount Bond is redeemed in advance of stated maturity will be treated as taxable gain.

Moreover, tax regulations prescribe special conventions for determining the yield and maturity of certain debt instruments that provide for alternative payment schedules applicable on the occurrence of certain contingencies. The prices or yields furnished by the successful bidder for the Tax-Exempt Bonds as shown on the inside cover of this Official Statement may not reflect the initial issue prices for the purposes of determining the original issues discount for federal income tax purposes.

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

Purchase, Sale and Retirement of Tax-Exempt Bonds

Except as noted below in the case of market discount, the sale or other disposition of a Tax-Exempt Bond will normally result in capital gain or loss to its holder. A holder's initial tax basis in a Tax-Exempt Bond will be its cost. Upon the sale or retirement of a Tax-Exempt Bond, for federal income tax purposes, a holder will recognize capital gain or loss upon the disposition of such security (including sale, early redemption or payment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition and (b) the tax basis in such Tax-Exempt Bond, determined by adding to the original cost basis in such Tax-Exempt Bond the amount of original issue discount that is treated as having accrued as described above under “*Tax Matters — Tax Accounting Treatment of Tax-Exempt Discount Bonds.*” Such gain or loss will be a long-term capital gain or loss if at the time of the sale or retirement the Bond has been held for more than one year. Present law taxes both long and short-term capital gains of corporations at the rates applicable to ordinary income. For noncorporate taxpayers, however, short-term capital gains are taxed at the rates applicable to ordinary income, while net capital gains are taxed at lower rates. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses.

Market Discount

If a holder acquires a Tax-Exempt Bond after its original issuance at a discount below its principal amount (or in the case of a Tax-Exempt Bond issued at an original issue discount, at a price that produces a yield to maturity higher than the yield to maturity at which such bond was first issued), the holder will be deemed to have acquired the Tax-Exempt Bond at “market discount,” unless the amount of market discount is *de minimis*, as described in the following paragraph. If a holder that acquires a Tax-Exempt Bond with market discount subsequently realizes a gain upon the disposition of the Tax-Exempt Bond, such gain shall be treated as taxable interest income to the extent such gain does not exceed the accrued market discount attributable to the period during which the holder held such Tax-Exempt Bond, and any gain realized in excess of such market discount will be treated as capital gain. Potential purchasers should consult their tax advisors as to the proper method of accruing market discount.

In the case of a Tax-Exempt Bond not issued at an original issue discount, market discount will be *de minimis* if the excess of the Tax-Exempt Bond's stated redemption price at maturity over the holder's cost of acquiring the Tax-Exempt Bond is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years between the date the holder acquires the Tax-Exempt Bond and its maturity date. In the case of a Tax-Exempt Bond issued with original issue discount, market discount will be *de minimis* if the excess of the Tax-Exempt Bond's revised issue price over the holder's cost of acquiring the Tax-Exempt Bond is less than 0.25% of the revised issue price multiplied by the number of complete years between the date the holder acquires the Tax-Exempt Bond and its stated maturity date. For this purpose, a “revised issue price” is the sum of (i) its original issue price and (ii) the aggregate amount of original issue discount that is treated as having accrued with respect to the Tax-Exempt Bond during the period between its original issue date and the date of acquisition by the holder.

Amortizable Tax-Exempt Bond Premium

A Tax-Exempt Bond will be considered to have been purchased at a premium if, and to the extent that, the holder's tax basis in the Tax-Exempt Bond exceeds the amount payable at maturity (or, in the case of a Tax-Exempt Bond callable prior to maturity, the amount payable on the earlier call date). Under tax regulations applicable to the Tax-Exempt Bonds, the amount of the premium would be determined with reference to the amount payable on that call date (including for this purpose the maturity date) which produces the lowest yield to maturity on the Tax-Exempt Bonds. The holder will be required to reduce his tax basis in the Tax-Exempt Bond for purposes of determining gain or loss upon disposition of the Tax-Exempt Bond by the amount of amortizable bond premium that accrues, determined in the manner prescribed in the regulations. Generally, no deduction (or other tax benefit) is allocable in respect of any amount of amortizable bond premium on the Tax-Exempt Bonds.

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 discuss all aspects of federal income taxation that may be relevant to a particular holder of Tax-Exempt Bonds in light of such holder's particular circumstances and income tax situation. Each holder of Tax-Exempt Bonds should consult such holder's tax advisor as to the specific tax consequences to such holder of the ownership and disposition of the Tax-Exempt Bonds, including the application of state, local, foreign and other tax laws.

Legislative Developments

Legislative proposals recently under consideration or proposed after issuance and delivery of the Tax-Exempt Bonds could adversely affect the market value of the Tax-Exempt Bonds. Further, if enacted into law, any such proposal could cause the interest on the Tax-Exempt Bonds to be subject, directly or indirectly, to federal income taxation and could otherwise alter or amend one or more of the provisions of federal tax law described above or their consequences. Prospective purchasers of the Tax-Exempt Bonds should consult with their tax advisors as to the status and potential effect of any proposed legislative proposals, as to which Bond Counsel expresses no opinion.

Federal Income Taxation - Taxable Bonds

Pursuant to the regulations governing practice before the Internal Revenue Service, prospective investors are hereby informed that: (i) any advice regarding federal income tax matters pertaining to the Taxable Bonds contained herein is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer; (ii) any such advice is written to support the promotion or marketing of the Taxable Bonds and the transactions described herein; and (iii) each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

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

General

The interest on the Taxable Bonds will be includable in gross income for United States federal income tax purposes.

Many factors may impact the application of federal income tax laws pertaining to the Taxable Bonds and the receipt of interest on the Taxable Bonds, including the status of the beneficial owner of the Taxable Bonds as a United States holder or non-United States holder under applicable rules, whether the Taxable Bonds are held as capital assets or in some other context, and whether the status of the beneficial owner and/or the financial context in which it is operating represents a special tax situation, such as S corporations, insurance companies, tax-exempt organizations, financial institutions, regulated investment companies, real estate investment trusts, certain broker-dealers and traders in securities. Persons considering the purchase of the Taxable Bonds should consult their own tax advisors concerning the application of federal income tax laws to their particular situations as well as any consequences arising from the federal alternative minimum tax or the federal estate tax or under the laws of any other taxing jurisdiction.

The following is a summary of certain United States federal income tax consequences of the ownership of the Taxable Bonds held as capital assets by United States holders. The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial decisions as

of the date of this Official Statement. Those authorities may be changed, in some cases retroactively, so as to result in United States federal income tax consequences different from those discussed below.

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

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

Payment of Interest

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

Discount, Premium, Purchase, Sale and Retirement

Prospective purchasers of Taxable Bonds should consult their tax advisors regarding the tax accounting treatment of original issue discount, acquisition discount and premium, as applicable, with respect to Taxable Bonds and the availability of any elections regarding the same, as well as the federal tax consequences of the purchase, sale or retirement at maturity of Taxable bonds in their particular circumstances.

Medicare Tax

Interest income from the Taxable Bonds and net gain realized on the sale or other disposition of property such as the Taxable Bonds generally must be taken into account when computing the 3.8% Medicare tax with respect to net investment income imposed on certain high income individuals and specified trusts and estates. Holders of the Taxable Bonds should consult their tax advisors concerning this additional tax as it may apply to the purchase, holding and disposition of the Taxable Bonds.

U.S. Federal Information Reporting and Backup Withholding

Under current United States federal income tax law, a 28% backup withholding tax requirement may apply to certain payments of interest and original issue discount on, and the proceeds of the sale, exchange or redemption of, the Taxable Bonds. In addition, certain persons making such payments are required to submit information returns (i.e., IRS Forms 1099) to the IRS with regard to those payments. Backup withholding and information reporting will generally not apply with respect to payments made to certain exempt recipients such as corporations or certain exempt entities.

Foreign Investors

Payments on the Taxable Bonds to a non-United States holder that has no connection with the United States other than holding its Taxable Bond generally will be made free of withholding tax, as long as that holder has complied with certain tax identification and certification requirements.

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

Ratings

Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., have given the Bonds the ratings indicated on the cover page of this Official Statement. An explanation of the significance of any rating may be obtained from the appropriate rating agency. The County furnished to each rating agency the information contained in a preliminary Official Statement and other materials and information. Generally, rating agencies base their ratings on such materials and information, as well as their own investigations, studies and assumptions. Each rating may be changed at any time and no assurance can be given that it will not be revised downward or withdrawn by the applicable rating agency if, in the judgment of such rating agency, circumstances should warrant such action. Any such downward revision or withdrawal of any rating could have an adverse effect on the market price of the Bonds.

Litigation

The County is a party to numerous legal proceedings of the type that normally occur in governmental operations. The pending legal proceedings are not, in the opinion of the County Solicitor, likely to have a material adverse impact on the County's financial condition. In addition, the County is currently reviewing and adjusting a number of claims through its self-insurance program. In the opinion of the County Solicitor, none of these pending matters is likely to have a material adverse impact on the County's financial condition, nor should there be any substantial recovery against the County in amounts in excess of reserved funds.

Independent Auditors

The basic financial statements of Howard County, Maryland for the year ended June 30, 2013 have been audited by CohnReznick, independent certified public accountants, to the extent stated in their report. The independent accountants were not requested to review or update such financial statements or their report in connection with the issuance of the Bonds. Such report speaks only as of its date and is available at www.howardcountymd.gov/displayprimary.aspx?id=6442454079.

Financial Advisor

Public Financial Management of Philadelphia, Pennsylvania, has acted as financial advisor to the County in connection with the issuance of the Bonds. Public Financial Management is not obligated to undertake, and has neither undertaken an independent verification of, or assumed responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Public Financial Management is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Sales at Public Bidding

The Bonds of each series were offered for sale by the County at public bidding on March 18, 2014, in accordance with the official Notice of Sale. Bank of America Merrill Lynch was awarded the Series A Public Improvement Bonds at a price of \$129,095,059.80, BOSC, Inc. was awarded the Series B Public Improvement Bonds at a price of \$1,509,720.00, and Robert W. Baird & Co., Inc. was awarded the Metropolitan District Bonds at a price of \$22,487,462.70. The initial public reoffering prices set forth on the inside cover page are based on information furnished to the County by the successful bidder and may be changed by the successful bidder. The successful bidder may reoffer and sell the Bonds that it has purchased to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than the reoffering prices set forth on the cover page. Any other information concerning the terms of reoffering of the Bonds of each series, if any, including yields or prices, should be obtained from the successful bidder therefor and not from the County.

Certificate of County Officials

Simultaneously with or before delivery of and payment for the Bonds, the County will furnish to the purchasers of the Bonds a certificate of the County Executive, the Chief Administrative Officer and the Director of Finance that will state that, to the best of their knowledge and belief, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of material fact and does not omit to state a material fact necessary to make the statements herein, 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 this Official Statement (and any amendment or supplement hereto).

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 and delivery of this Official Statement have been approved by Howard County, Maryland.

HOWARD COUNTY, MARYLAND

By: /s/Ken Ulman
KEN ULMAN
County Executive

and

By: /s/Stanley J. Milesky
STANLEY J. MILESKY
Director of Finance



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Appendix A

Form of Bond Counsel Opinions

[Closing Date]

County Executive and County Council
of Howard County, Maryland
3430 Court House Drive
Ellicott City, Maryland 21043

County Executive and Council Members:

We have examined a record of proceedings relating to the issuance by Howard County, Maryland (the “County”) of its Consolidated Public Improvement Project and Refunding Bonds, 2014 Series A (Tax-Exempt Bonds) (the “Bonds”).

The Bonds are dated on their date of delivery and are issued in fully registered in form in the denomination of \$5,000 each or any integral multiple thereof. The Bonds are consolidated and issued pursuant to Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume) (collectively, the “Enabling Law”), Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume) (the “Refunding Act”), Section 19-101 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume) (the “Consolidating Act”), the County Charter (the “Charter”), certain bond enabling ordinances of the County Council of the County (the “Enabling Ordinances”), Council Bill No. 42-2013 enacted by the County Council and effective on October 7, 2013 (the “Bond Ordinance”), Council Bill No. 53-2010 enacted by the County Council and effective on November 1, 2010 (the “Refunding Ordinance”), and Executive Order No. 2014-03, executed and delivered on March 10, 2014 (the “Executive Order”).

In rendering this opinion, we have relied without investigation on the County’s Tax and Section 148 Certificate dated this date made on behalf of the County by officers thereof with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

With respect to the executed and authenticated Bond that we have examined, and the Bonds similarly executed and identical thereto in form except for numbers, interest rates, denominations, and maturities, and under existing statutes, regulations, and decisions, we are of the opinion that:

(a) The County is a validly created and existing body politic and corporate and political subdivision of the State of Maryland, possessing authority under the Enabling Law, the Charter, the Consolidating Act, the Refunding Act, the Enabling Ordinances, the Bond Ordinance, Refunding Ordinance and the Executive Order to issue the Bonds.

(b) The Bonds are valid and legally binding obligations of the County to which its full faith and credit and taxing power are pledged, and for the payment of which the County is empowered and directed to levy ad valorem taxes unlimited as to rate and amount upon all real and tangible personal property and certain intangible personal property subject to assessment for unlimited County taxation.

(c) To provide for the payment of the principal of and interest on the Bonds, the County has covenanted to levy or cause to be levied ad valorem taxes upon all the assessable property within the corporate limits of the County, in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.

(d) Interest on the Bonds, and profit realized in their sale or exchange, will be exempt from State of Maryland income taxation. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(e) Assuming compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes. It is noted that under the provisions of the Internal

Revenue Code of 1986, as amended (the “Code”), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the bonds of the issue of bonds of which the Bonds are a part, in order that the interest thereon be excludable from gross income. These include (i) a requirement that certain investment earnings received from the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part; and (iii) requirements applicable to the use of the proceeds of the bonds of the issue of bonds of which the Bonds are a part and the use of the facilities financed with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes. It is our opinion that, assuming compliance with such covenants, the interest on the Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

(f) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. However, for purposes of calculating the corporate alternative minimum tax, a corporation subject to such tax will be required to increase its alternative minimum taxable income by 75% of the amount by which its “adjusted current earnings” exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, “adjusted current earnings” would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

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

Very truly yours,

[Closing Date]

County Executive and County Council
of Howard County, Maryland
3430 Court House Drive
Ellicott City, Maryland 21043

County Executive and Council Members:

We have examined a record of proceedings relating to the issuance by Howard County, Maryland (the “County”) of its Consolidated Public Improvement Bonds, 2014 Series B (Taxable Bonds) (the “Bonds”).

The Bonds are dated on their date of delivery and are issued in fully registered in form in the denomination of \$5,000 each or any integral multiple thereof. The Bonds are consolidated and issued pursuant to Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume) (collectively, the “Enabling Law”), Section 19-101 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume) (the “Consolidating Act”), the County Charter (the “Charter”), certain bond enabling ordinances of the County Council of the County (the “Enabling Ordinances”), Council Bill No. 42-2013 enacted by the County Council and effective on October 7, 2013 (the “Bond Ordinance”), and Executive Order No. 2014-03, executed and delivered on March 10, 2014 (the “Executive Order”).

With respect to the executed and authenticated Bond that we have examined, and the Bonds similarly executed and identical thereto in form except for numbers, interest rates, denominations, and maturities, and under existing statutes, regulations, and decisions, we are of the opinion that:

(a) The County is a validly created and existing body politic and corporate and political subdivision of the State of Maryland, possessing authority under the Enabling Law, the Charter, the Consolidating Act, the Enabling Ordinances, the Bond Ordinance and the Executive Order to issue the Bonds.

(b) The Bonds are valid and legally binding obligations of the County to which its full faith and credit and taxing power are pledged, and for the payment of which the County is empowered and directed to levy ad valorem taxes unlimited as to rate and amount upon all real and tangible personal property and certain intangible personal property subject to assessment for unlimited County taxation.

(c) To provide for the payment of the principal of and interest on the Bonds, the County has covenanted to levy or cause to be levied ad valorem taxes upon all the assessable property within the corporate limits of the County, in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.

(d) The Bonds, their transfer, the interest payable on them and any income derived from them, including any profit realized in their sale or exchange, shall be exempt from taxation of any kind by the State of Maryland, and any of its political subdivisions, or any other public entity; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(e) Interest on the Bonds will be includable in gross income for federal income tax purposes under existing statutes, regulations and decisions.

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

Investors are urged to obtain independent federal income tax advice regarding the Bonds based upon their particular circumstances. Federal income tax advice set forth herein regarding the Bonds was not intended or written to be used, and cannot be used, for purposes of avoiding federal income tax penalties. The advice provided herein was written to support the promotion or marketing of the Bonds. This notice is intended to comply with the provisions of Section 10.35 of the United States Treasury Publication Circular 230.

Very truly yours,

[Closing Date]

County Executive and County Council
of Howard County, Maryland
3430 Court House Drive
Ellicott City, Maryland 21043

County Executive and Council Members:

We have examined a record of proceedings relating to the issuance by Howard County, Maryland (the “County”) of its Metropolitan District Project and Refunding Bonds, 2014 Series A (the “Bonds”).

The Bonds are dated on their date of delivery and are issued in fully registered in form in the denomination of \$5,000 each or any integral multiple thereof. The Bonds are consolidated and issued pursuant to Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume) (the “Enabling Law”), Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume) (the “Refunding Act”), the County Charter (the “Charter”), Chapter 991 of the Acts of the General Assembly of Maryland of 1943, as amended, Chapter 609 of the Acts of the General Assembly of Maryland of 1945, as amended, Chapter 369 of the Acts of the General Assembly of Maryland of 1963, as amended and Chapter 356 of the Acts of the General Assembly of Maryland of 1965, as amended (collectively, the “Acts”), certain bond enabling ordinances of the County Council of the County (the “Enabling Ordinances”), Council Bill No. 42-2013 enacted by the County Council and effective on October 7, 2013 (the “Bond Ordinance”), Council Bill No. 53-2010 enacted by the County Council and effective on November 1, 2010 (the “Refunding Ordinance”), and Executive Order No. 2014-03, executed and delivered on March 10, 2014 (the “Executive Order”).

In rendering this opinion, we have relied without investigation on the County’s Tax and Section 148 Certificate dated this date made on behalf of the County by officers thereof with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

With respect to the executed and authenticated Bond that we have examined, and the Bonds similarly executed and identical thereto in form except for numbers, interest rates, denominations, and maturities, and under existing statutes, regulations and decisions, we are of the opinion that:

(a) The County is a validly created and existing body politic and corporate and political subdivision of the State of Maryland, possessing authority under the Enabling Law, the Refunding Act, the Charter, the Acts, the Enabling Ordinances, the Bond Ordinance, the Refunding Ordinance and the Executive Order to issue the Bonds.

(b) The Bonds are valid and legally binding obligations of the County to which its full faith and credit and taxing power are pledged, payable primarily from ad valorem taxes, unlimited in rate and amount, which the County is empowered to levy upon all taxable property within the Metropolitan District of the County, together with benefit assessments and other available funds, but if not so paid, are payable as to both principal and interest, as general obligations, ultimately from ad valorem taxes, unlimited in rate and amount, which the County is empowered to levy upon all real and tangible personal property and certain intangible personal property subject to assessment for unlimited County taxation.

(c) Interest on the Bonds, and profit realized from their sale or exchange will be exempt from State of Maryland income taxation. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(d) Assuming compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the bonds of the issue of bonds of which the Bonds are a part, in order that the interest thereon be excludable from gross income. These include (i) a requirement that certain investment earnings received from the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part; and (iii) requirements applicable to the use of the proceeds of the bonds of the issue of bonds of which the Bonds are a part and the use of the facilities financed

with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes. It is our opinion that, assuming compliance with such covenants, the interest on the Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

(e) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. However, for purposes of calculating the corporate alternative minimum tax, a corporation subject to such tax will be required to increase its alternative minimum taxable income by 75% of the amount by which its “adjusted current earnings” exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, “adjusted current earnings” would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

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

Very truly yours,

Continuing Disclosure Agreement

This **CONTINUING DISCLOSURE AGREEMENT** (the “Disclosure Agreement”) is executed and delivered by Howard County, Maryland (the “County”) in connection with the issuance of its Consolidated Public Improvement Project and Refunding Bonds, 2014 Series A (Tax-Exempt Bonds), Consolidated Public Improvement Bonds, 2014 Series B (Taxable Bonds) and Metropolitan District Project and Refunding Bonds, 2014 Series A (collectively, the “Bonds”). The County, intending to be legally bound hereby and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement.

This Disclosure Agreement is being executed and delivered by the County for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions.

In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**EMMA**” shall mean Electronic Municipal Market Access System maintained by the MSRB. For more information on EMMA, see www.emma.msrb.org.

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

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

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

“**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**” shall mean the State of Maryland.

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

(a) The County shall provide to the MSRB annual financial information and operating data to be updated as of the end of the preceding fiscal year and made available within 275 days after the end of the County’s fiscal year.

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

(c) The presentation of the financial information referred to in paragraph (a) and in paragraph (b) shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the final official statement for the Bonds, provided that the County may modify the accounting principles utilized in the presentation of financial information by amending this Disclosure Agreement pursuant to the provisions of Section 7 hereof. Changes in Generally Accepted Accounting

Principles, where applicable to financial information to be provided by the County, shall not require the County to amend this Disclosure Agreement.

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

Section 4. Reporting of Significant Events.

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

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of Bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the County;
- (13) appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- (14) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

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

Section 5. Filing with EMMA.

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

Section 6. Termination of Reporting Obligation.

The County obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Bonds either at their maturity or by early redemption. In addition, the County may terminate its obligations under

this Disclosure Agreement if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of Securities and Exchange Commission Rule 15c2-12.

Section 7. Amendment.

The County may provide further or additional assurances that will become part of the County's obligations under the Disclosure Agreement. In addition, this Disclosure Agreement may be amended by the County in its discretion provided that (i) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County as the obligated person with respect to the Bonds, or type of business conducted; (ii) the Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of holders of the Bonds, as determined either by counsel selected by the County that is expert in federal securities law matters, or by an approving vote of the holders of 25% of the outstanding aggregate principal amount of Bonds. The reasons for the County agreeing to provide any further or additional assurances or for any amendment and the impact of the change in the type of operating data or financial information being provided will be explained in information provided with the annual financial information containing the additional or amended operating data or financial information.

Section 8. Additional Information.

Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event.

Section 9. Law of Maryland.

This Disclosure Agreement, and any claim made with respect to the performance by the County of its obligations hereunder, shall be governed by, subject to, and construed according to the laws of the State.

Section 10. Limitation of Forum.

Any suit or other proceeding seeking redress with regard to any claimed failure by the County to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court of Howard County, Maryland.

Section 11. Limitation on Remedies.

The County shall be given written notice at the address set forth below of any claimed failure by the County to perform its obligations under the Disclosure Agreement, and the County shall be given 15 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the County shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the County shall be given to the Director of Finance at 3540 Court House Drive, Ellicott City, Maryland 21043 or at such alternate address as shall be specified by the County with disclosures made pursuant to Section 4(a) or 4(b) hereof or a notice of occurrence of a Listed Event.

Section 12. Relationship to Bonds.

This Disclosure Agreement constitutes an undertaking by the County that is independent of the County's obligations with respect to the Bonds; any breach or default by the County under this Disclosure Agreement shall not constitute or give rise to a breach or default under the Bonds.

Section 13. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF this Continuing Disclosure Agreement is being executed on behalf of Howard County, Maryland by the Director of Finance, as of this ____ day of _____, 2014.

HOWARD COUNTY, MARYLAND

By: _____
Stanley J. Milesky
Director of Finance

Appendix C

Bond Amortization Tables

\$117,125,000 Consolidated Public Improvement and Refunding Bonds, 2014 Series A (Tax-Exempt)

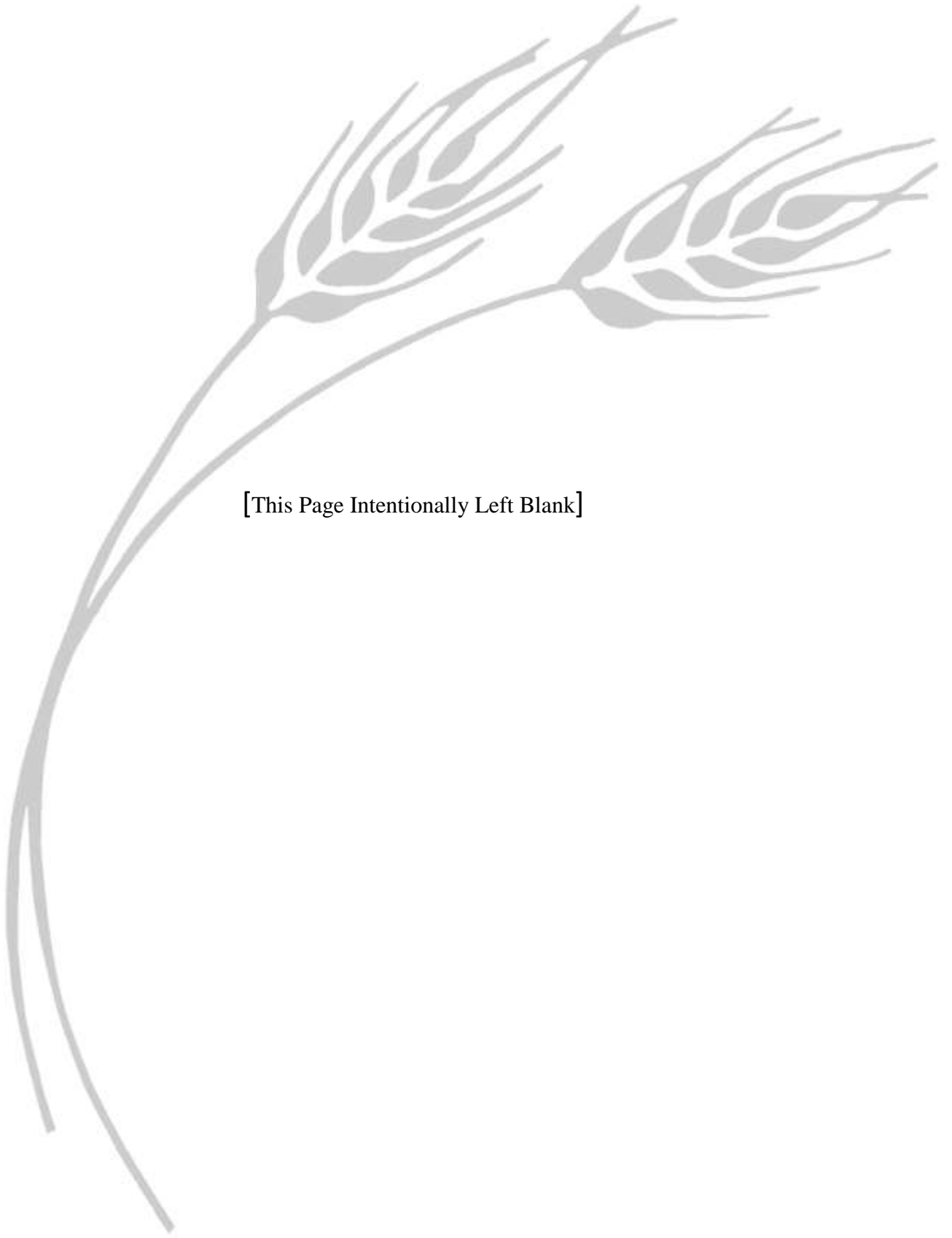
Date	Principal Maturity	Interest Rate	Semiannual Interest	Semiannual Debt Service	Annual Debt Service
8/15/2014	-	5.000%	1,862,839	1,862,839	
2/15/2015	\$ 2,330,000		2,540,234	4,870,234	6,733,073
8/15/2015	-	5.000%	2,481,984	2,481,984	
2/15/2016	3,385,000		2,481,984	5,866,984	8,348,969
8/15/2016	-	5.000%	2,397,359	2,397,359	
2/15/2017	3,550,000		2,397,359	5,947,359	8,344,719
8/15/2017	-	5.000%	2,308,609	2,308,609	
2/15/2018	3,895,000		2,308,609	6,203,609	8,512,219
8/15/2018	-	5.000%	2,211,234	2,211,234	
2/15/2019	4,330,000		2,211,234	6,541,234	8,752,469
8/15/2019	-	5.000%	2,102,984	2,102,984	
2/15/2020	4,480,000		2,102,984	6,582,984	8,685,969
8/15/2020	-	5.000%	1,990,984	1,990,984	
2/15/2021	9,170,000		1,990,984	11,160,984	13,151,969
8/15/2021	-	5.000%	1,761,734	1,761,734	
2/15/2022	9,540,000		1,761,734	11,301,734	13,063,469
8/15/2022	-	5.000%	1,523,234	1,523,234	
2/15/2023	9,445,000		1,523,234	10,968,234	12,491,469
8/15/2023	-	5.000%	1,287,109	1,287,109	
2/15/2024	4,995,000		1,287,109	6,282,109	7,569,219
8/15/2024	-	5.000%	1,162,234	1,162,234	
2/15/2025	5,245,000		1,162,234	6,407,234	7,569,469
8/15/2025	-	3.000%	1,031,109	1,031,109	
2/15/2026	5,510,000		1,031,109	6,541,109	7,572,219
8/15/2026	-	3.000%	948,459	948,459	
2/15/2027	5,675,000		948,459	6,623,459	7,571,919
8/15/2027	-	3.125%	863,334	863,334	
2/15/2028	5,845,000		863,334	6,708,334	7,571,669
8/15/2028	-	3.250%	772,006	772,006	
2/15/2029	6,025,000		772,006	6,797,006	7,569,013
8/15/2029	-	4.000%	674,100	674,100	
2/15/2030	6,225,000		674,100	6,899,100	7,573,200
8/15/2030	-	4.000%	549,600	549,600	
2/15/2031	6,470,000		549,600	7,019,600	7,569,200
8/15/2031	-	4.000%	420,200	420,200	
2/15/2032	6,730,000		420,200	7,150,200	7,570,400
8/15/2032	-	4.000%	285,600	285,600	
2/15/2033	7,000,000		285,600	7,285,600	7,571,200
8/15/2033	-	4.000%	145,600	145,600	
2/15/2034	7,280,000		145,600	7,425,600	7,571,200
TOTAL	\$117,125,000		\$54,238,029	\$171,363,029	\$171,363,029

\$1,500,000 Consolidated Public Improvement Bonds, 2014 Series B (Taxable Bonds)

Date	Principal Maturity	Interest Rate	Semiannual Interest	Semiannual Debt Service	Annual Debt Service
8/15/2014	-	1.000%	5,500	5,500	
2/15/2015	\$1,500,000		7,500	1,507,500	\$ 1,513,000
TOTAL	\$1,500,000		\$13,000	\$1,513,000	\$1,513,000

\$22,055,000 Metropolitan District Project and Refunding Bonds, 2014 Series A

Date	Principal Maturity	Interest Rate	Semiannual Interest	Semiannual Debt Service	Annual Debt Service
8/15/2014	-	2.000%	\$ 249,695	\$ 249,695	
2/15/2015	\$ 805,000		340,493	1,145,493	\$ 1,395,188
8/15/2015		2.000%	332,443	332,443	
2/15/2016	1,195,000		332,443	1,527,443	1,859,886
8/15/2016		2.000%	320,493	320,493	
2/15/2017	1,340,000		320,493	1,660,493	1,980,986
8/15/2017		2.000%	307,093	307,093	
2/15/2018	1,385,000		307,093	1,692,093	1,999,186
8/15/2018		2.000%	293,243	293,243	
2/15/2019	1,040,000		293,243	1,333,243	1,626,486
8/15/2019		3.000%	282,843	282,843	
2/15/2020	1,060,000		282,843	1,342,843	1,625,686
8/15/2020		3.000%	266,943	266,943	
2/15/2021	905,000		266,943	1,171,943	1,438,886
8/15/2021		4.000%	253,368	253,368	
2/15/2022	795,000		253,368	1,048,368	1,301,736
8/15/2022		3.000%	237,468	237,468	
2/15/2023	650,000		237,468	887,468	1,124,936
8/15/2023		3.000%	227,718	227,718	
2/15/2024	560,000		227,718	787,718	1,015,436
8/15/2024		3.000%	219,318	219,318	
2/15/2025	440,000		219,318	659,318	878,636
8/15/2025		3.000%	212,718	212,718	
2/15/2026	455,000		212,718	667,718	880,436
8/15/2026		3.000%	205,893	205,893	
2/15/2027	470,000		205,893	675,893	881,786
8/15/2027		3.100%	198,843	198,843	
2/15/2028	485,000		198,843	683,843	882,686
8/15/2028		3.125%	191,326	191,326	
2/15/2029	500,000		191,326	691,326	882,651
8/15/2029		3.250%	183,513	183,513	
2/15/2030	515,000		183,513	698,513	882,026
8/15/2030		3.375%	175,144	175,144	
2/15/2031	530,000		175,144	705,144	880,289
8/15/2031		3.500%	166,201	166,201	
2/15/2032	550,000		166,201	716,201	882,401
8/15/2032		3.500%	156,576	156,576	
2/15/2033	570,000		156,576	726,576	883,151
8/15/2033		3.625%	146,601	146,601	
2/15/2034	585,000		146,601	731,601	878,201
8/15/2034		3.625%	135,998	135,998	
2/15/2035	610,000		135,998	745,998	881,995
8/15/2035		3.700%	124,941	124,941	
2/15/2036	630,000		124,941	754,941	879,883
8/15/2036		3.750%	113,286	113,286	
2/15/2037	655,000		113,286	768,286	881,573
8/15/2037		3.750%	101,005	101,005	
2/15/2038	680,000		101,005	781,005	882,010
8/15/2038		3.800%	88,255	88,255	
2/15/2039	705,000		88,255	793,255	881,510
8/15/2039		3.800%	74,860	74,860	
2/15/2040	730,000		74,860	804,860	879,720
8/15/2040		3.800%	60,990	60,990	
2/15/2041	760,000		60,990	820,990	881,980
8/15/2041		3.800%	46,550	46,550	
2/15/2042	785,000		46,550	831,550	878,100
8/15/2042		3.800%	31,635	31,635	
2/15/2043	815,000		31,635	846,635	878,270
8/15/2043		3.800%	16,150	16,150	
2/15/2044	850,000		16,150	866,150	882,300
TOTAL	\$22,055,000		\$10,933,020	\$32,988,020	\$32,988,020



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Official Statement

\$117,125,000 Consolidated Public Improvement Project and Refunding Bonds, 2014 Series A
(Tax-Exempt Bonds)

\$1,500,000 Consolidated Public Improvement Bonds, 2014 Series B (Taxable Bonds)

\$22,055,000 Metropolitan District Project and Refunding Bonds, 2014 Series A

