

A RESOLUTION ENTITLED

A RESOLUTION of Queen Anne’s County, Maryland authorizing the issuance and sale of Eight Million Eight Hundred Thousand Dollars (\$8,800,000) maximum principal amount of general obligation bonds under the provisions of Sections 14 to 21, inclusive, of Article 25B of the Annotated Code of Maryland (2011 Replacement Volume), Section 24 of Article 31 of the Annotated Code of Maryland (2005 Replacement Volume and 2010 Supplement) (the “Refunding Law”) and in accordance with a public local law enacted by the Board of County Commissioners of Queen Anne’s County on April 29, 2003 (Bill No. 03-08), and the authorities pursuant to which the bonds being refunded were issued, said bonds to be designated “Queen Anne’s County Public Facilities Refunding Bonds of 2012”; prescribing the form and tenor of the bonds and the terms and conditions for the issuance and sale thereof at public sale, including the form of the notice of sale; prescribing the terms and conditions of the bonds and all other details incident to the issuance, sale and delivery of the bonds; providing for the disbursement of the proceeds of the bonds; authorizing the preparation and distribution of a preliminary and final official statement in connection with the sale of the bonds; providing for the levy and collection of ad valorem taxes necessary for the prompt payment of the maturing principal of and interest on the bonds, and providing that the full faith and credit and taxing power of Queen Anne’s County, Maryland shall be irrevocably and unconditionally pledged to the payment of such principal and interest; and generally relating to the issuance, sale, delivery and payment of the bonds.

RECITALS

WHEREAS, the County issued \$13,600,000 aggregate principal amount of Queen Anne’s County Public Facilities Bonds of 2003 (the “2003 Bonds”), dated July 15, 2003, pursuant to the authority of Bill No. 03-08, and a Resolution adopted on July 8, 2003; and

WHEREAS, Section 24 of Article 31 of the Annotated Code of Maryland (2005 Replacement Volume and 2010 Supplement) (the “Refunding Law”) authorizes the County to issue refunding bonds for the purpose, among others, of realizing savings to the County in the aggregate cost of debt service on either a direct comparison or present value basis;

NOW, THEREFORE, The Board of County Commissioners determines that the County will be able to realize savings in its aggregate cost of debt service on either a direct comparison or present value basis through the issuance and sale of a series of its general obligation refunding bonds, the net proceeds of sale thereof to be applied to refund all or a portion of the maturities subject to redemption of the 2003 Bonds in the manner described herein.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF QUEEN ANNE’S COUNTY:

Section 1. Pursuant to the authority of the Refunding Law and public local law enacted by the Board of County Commissioners of Queen Anne’s County (the “County”) on April 29, 2003 (Bill No. 03-08) and the authority pursuant to which the 2003 Bonds were issued (together, the “Public Local Law”), the County hereby determines to borrow money and incur indebtedness for the public purpose of refunding all or a portion of the outstanding 2003 Bonds dated July 15, 2003, maturing on or after January 15, 2014 (the “Refunded Bonds”) and to pay the costs of issuing such borrowing. To evidence such borrowing and indebtedness, the County hereby determines to issue and sell, upon its full faith and credit, its serial maturity, general obligation bonds in the maximum aggregate principal amount of Eight Million Eight Hundred Thousand Dollars (\$8,800,000), to be designated “Queen Anne’s County Public Facilities Refunding Bonds of 2012” (the “Bonds”).

Section 2. The Bonds shall be dated the date of delivery, numbered from one consecutively upward in the order of their respective maturities, and issued at not less than par as fully registered bonds without coupons in the denominations of \$5,000 or any integral multiple thereof. Based upon a maximum aggregate principal amount of \$8,800,000, the Bonds shall mature in preliminary annual installments on January 15 as follows:

Preliminary Principal		Preliminary Principal	
<u>Year</u>	<u>Amounts</u>	<u>Year</u>	<u>Amounts</u>
2013	\$130,000	2019	\$880,000
2014	765,000	2020	900,000
2015	785,000	2021	925,000
2016	805,000	2022	950,000
2017	830,000	2023	975,000
2018	855,000		

Subject to the limitation that the aggregate principal amount of the Bonds may not exceed the amount stated above, the President of the Board of County Commissioners or his designee is further authorized to revise the preliminary aggregate principal amount of the Bonds and the preliminary principal amount of each annual payment from those set forth above in order to serve the best interests of the County.

Section 3. The Bonds will not be subject to optional redemption prior to maturity.

Section 4 The Bonds shall bear interest at the interest rate or rates fixed at the time of the sale of the Bonds. Each Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated, unless authenticated upon an interest payment date, in which event it shall bear interest from such interest payment date, or unless authenticated prior to the first interest payment date, in which event it shall bear interest from the date of the Bonds; *provided*, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid. The interest on all Bonds shall be paid semi-annually on the 15th day of January and July, beginning July 15, 2012, of each year in which any Bonds may be outstanding.

All Bonds shall be issuable as fully registered Bonds without coupons and shall be registered in the name or names of the owner or owners thereof, on books kept for such purpose at the principal corporate trust office of the Bond Registrar. Payment of the principal of and interest on the Bonds shall be made to the person appearing on the registration books maintained by the Bond Registrar as the registered owner thereof, such principal to be payable at the principal corporate trust office of the Paying Agent upon presentation and surrender of such Bonds on the date such principal is payable, or if such date is not a Business Day (hereinafter defined) then on the next succeeding Business Day, and such interest to be payable by check mailed by the Paying Agent on the Business Day immediately preceding the date interest is payable to the persons in whose names the Bonds are registered as of the close of business on the regular record date, which shall be the last day of the month immediately preceding the month in which each such interest payment date occurs (the "Regular Record Date") at the registered owner's address as shown on the registration books maintained by the Bond Registrar. Wells Fargo Bank, N.A. is hereby designated as Bond Registrar and Paying for the Bonds . The President of the Board of County Commissioners of Queen Anne's County is authorized to execute on behalf of the County a Paying Agent Agreement and an escrow agreement with respect to the Refunded Bonds with Wells Fargo Bank, N.A.

Any interest on any Bond which is payable but is not punctually paid or provision for the payment of which has not been made ("Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant regular record date solely by virtue of such registered owner having been such registered owner; and such Defaulted Interest may be paid by the County, at its election in each case, as provided in paragraph (1) or (2) below:

(1) The County may elect to make payment of any Defaulted Interest on the Bonds to the persons in whose names such Bonds are registered as of the close of business on a record date for the payment of such Defaulted Interest (the "Special Record Date"), which shall be fixed in the following manner. The County shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on the Bonds and the date of the proposed payment (which date shall be such as will enable the Paying Agent to comply with the next sentence hereof), and at the same time the County shall deposit or cause to be deposited with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as provided in this paragraph. Thereupon the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the County of such Special Record Date and, in the name of the County, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class, postage prepaid, to each registered owner at his address as it appears in the registration books maintained by the Bond Registrar not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the registered owners of the Bonds as of the close of business on such Special Record Date.

(2) The County may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds may be listed, and upon such notice as may be required by such exchange, if, after notice given by the County to the Paying Agent of the proposed payment pursuant to this paragraph, such payment shall be deemed practicable, and approved in writing, by the Paying Agent.

As used in this Resolution and in the Bonds, "Business Day" means a day other than a Saturday, Sunday or day on which banking institutions under the laws of the state governing the Bond Registrar and Paying Agent are authorized or obligated by law or required by executive order to remain closed.

Section 5. The Bonds shall be executed in the name of the County and on its behalf by the President of the Board of County Commissioners of Queen Anne's County, whose signature may be by facsimile, and a facsimile of the corporate seal of the County shall be imprinted thereon, attested by the Clerk, whose signature may be by facsimile. The Bonds shall be issued subject to registration as to principal and interest in the name or names of the owner or owners thereof on books kept for the registration and registration of transfer of the Bonds at the principal corporate trust office of the Bond Registrar. Each Bond shall be authenticated by the manual signature of an authorized officer of the Bond Registrar. No Bonds issued hereunder shall be valid for any purpose or constitute an obligation of the County unless so authenticated. In case any official of the County whose signature appears on any Bond shall cease to be such official prior to the authentication and delivery of such Bond, or in the case that any such official shall cease to be an official after the date of issue of any such Bond, his or her signature, in either event, shall nevertheless be valid for the purposes herein intended.

Section 6. (a) The Bonds shall be transferable only upon the registration books kept at the principal corporate trust office of the Bond Registrar, by the registered owner thereof in person, or by his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer in the form attached thereto and satisfactory to the Bond Registrar and duly executed by the registered owner or his duly authorized attorney.

(b) The Bonds may be transferred or exchanged at the principal corporate trust office of the Bond Registrar. Upon any transfer or exchange, the County shall issue and the Bond Registrar shall authenticate and deliver a new registered Bond or Bonds of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Bond exchanged or transferred and of the same issue and maturing on the same date and bearing interest at the same rate. In each case, the Bond Registrar may require payment by any registered owner requesting the exchange or transfer of any tax, fee or other governmental charge, shipping charges and insurance that may be required to be paid with respect thereto, but otherwise no charge shall be made to the registered owner for the exchange or transfer.

Section 7. Except as provided hereinafter or in a resolution or resolutions of the Board of County Commissioners adopted prior to the issuance of the Bonds, the Bonds shall be issued in substantially the following form. Appropriate variations and insertions may be made to provide dates, numbers and amounts, and modifications not altering their substance may be made to carry into effect the purposes of this Resolution or to comply with recommendations of legal counsel and to provide for the Bonds to be held under a book-entry only system. In the event any official

whose signature appears on the Bonds ceases to be an official prior to the delivery of the Bonds, or, if the official whose signature appears on the Bonds shall cease to be an official after the date of issue thereof, the Bonds nevertheless shall be valid and binding obligations of the County in accordance with their terms. All of the covenants contained in the following form are hereby adopted by the County as and for the form of obligations to be incurred by the County, and the covenants and conditions contained therein are hereby made binding upon the County, including the promise to pay therein contained:

(Form of Bond)

UNITED STATES OF AMERICA
STATE OF MARYLAND

No. R-

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QUEEN ANNE'S COUNTY, MARYLAND
QUEEN ANNE'S COUNTY PUBLIC FACILITIES REFUNDING BOND OF 2012

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>CUSIP</u>
_____	%	_____, 2012	

Registered Owner: Cede & Co.

Principal Amount:

Dollars

Queen Anne's County, Maryland a body politic and corporate organized and existing under the Constitution and laws of the State of Maryland (the "County"), hereby acknowledges itself indebted for value received, and promises to pay to the registered owner shown above or registered assigns or legal representatives, on the Maturity Date specified above upon presentation and surrender of this bond on the date such principal is payable, or if such date is not a Business Day (hereinafter defined) then on the next succeeding Business Day, at the principal corporate trust office of Wells Fargo Bank, N.A. (the "Bond Registrar" and "Paying Agent"), the Principal Amount shown above in any coin or currency which, at the time of payment, is legal tender for the payment of public and private debts and to pay to the registered owner hereof by check, mailed to such registered owner at his address as it appears on the bond registration books kept by the Bond Registrar, interest on the Principal Amount at the Interest Rate per annum shown above until payment of such Principal Amount, such interest being payable on January 15 and July 15 in each year, beginning July 15, 2012, in like coin or currency, accounting from the most recent date to which interest has been paid or, if no interest has been paid, from the Original Issue Date shown above. All interest due on this bond shall be payable to the person in whose name this bond is registered on such bond registration books as of the close of business on the Regular Record Date for such interest payment, which shall be the last day of the month immediately preceding the month in which each such interest payment date occurs, and shall be made by electronic funds transfer or check mailed by the Paying Agent on the date interest is payable to such person at his address as it appears on the bond registration books maintained by the Bond Registrar. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record

Date, and may be paid to the person in whose name this bond is registered as of the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent, notice whereof being mailed, first class, postage prepaid, to the registered owners not less than 10 days prior to such Special Record Date, at the addresses of such registered owners appearing on the registration books kept by the Bond Registrar, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the bonds of this issue may be listed and upon such notice as may be required by such exchange. "Business Day" means a day other than a Saturday, Sunday, or day on which banking institutions under the laws of the state governing the Bond Registrar and Paying Agent are authorized or obligated by law or required by executive order to remain closed.

This bond is one of a duly authorized issue of series of bonds of the County aggregating \$ _____ in principal amount, all dated _____, 2012 (the Bonds"). The Bonds are issued pursuant to and in conformity with the provisions of Sections 14 to 21, inclusive, of Article 25B of the Annotated Code of Maryland (2011 Replacement Volume) (the "Enabling Act"), Section 24 of Article 31 of the Annotated Code of Maryland (2005 Replacement Volume and 2010 Supplement) (the "Refunding Act"), a public local laws, enacted by the Board of County Commissioners of Queen Anne's County (the "Board") on April 29, 2003 (Bill No. 03-08) (the "Public Local Law"), and a resolution of the Board adopted on _____ (the "Resolution") and other authorities referenced in the Resolution.

The Bonds mature and are payable on January 15 in the following years and amounts and bear interest at the following rates per annum:

<u>Year</u>	<u>Principal Amounts</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amounts</u>	<u>Interest Rate</u>
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The Bonds are not subject to optional redemption prior to maturity.

The County has appointed Wells Fargo Bank, N.A., Columbia, Maryland, as Bond Registrar to open books for the registration and for the transfer of Bonds. This bond will be transferable only upon the registration books kept at the principal corporate trust office of the Bond Registrar, by the registered owner hereof in person, or by his attorney duly authorized in writing upon surrender hereof, together with a written instrument of transfer in the form attached hereto and satisfactory to the Bond Registrar and duly executed by the registered owner or his duly authorized attorney. The County may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

This bond may be transferred or exchanged at the principal corporate trust office of the Bond Registrar. Upon any transfer or exchange, the County shall issue and the Bond Registrar shall authenticate and deliver a new registered bond or bonds of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the bond exchanged or transferred and maturing on the same date and bearing interest at the same rate. In each case, the Bond Registrar may require payment by the registered owner of this bond requesting the exchange or transfer hereof of any tax, fee or other governmental charge, shipping charges and insurance that may be required to be paid with respect thereto, but otherwise no charge shall be made to the registered owner hereof for the exchange or transfer.

The full faith and credit and taxing power of the County are hereby unconditionally pledged to the payment of this bond and of the interest payable hereon according to its terms, and the County does hereby covenant and agree to pay punctually the principal of this bond and the interest hereon on the dates and in the manner prescribed herein, according to the true intent and meaning hereof.

It is hereby certified and recited that each and every act, condition and thing required to exist, to be done, to have happened, and to be performed precedent to and in the issuance of this bond, does exist, has been done, has happened and has been performed in full and strict compliance with the Constitution and laws of the State of Maryland, the Enabling Act, the Public Local Law and the Resolution, and that the issue of bonds, of which this bond is one, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the State of Maryland, and that due provision shall be made for the levy and collection of an annual ad valorem tax or taxes upon all the legally assessable property within the corporate limits of the County in rate and amount sufficient to provide for the payment, when due, of the principal of and interest on this bond.

This bond shall not become obligatory for any purpose or be entitled to any benefit under the above-mentioned laws until this bond shall have been authenticated by an authorized officer of the Bond Registrar.

IN WITNESS WHEREOF, Queen Anne's County, Maryland has caused this bond to be executed in its name by the [facsimile] signature of the President of the Board of County Commissioners and by its corporate seal imprinted hereon [in facsimile], attested by the [facsimile] signature of the Clerk to the Board of County Commissioners, all as of the ____ day of _____, 2012.

QUEEN ANNE'S COUNTY, MARYLAND

By _____
President, Board of County
Commissioners

(SEAL)

ATTEST: _____
Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the registered bonds of Queen Anne’s County Public Facilities Refunding Bonds of 2012.

Wells Fargo Bank, N.A.
as Bond Registrar

By: _____
Authorized Officer

Date of Authentication: _____

(Form of Assignment)
ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto
PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS,
INCLUDING ZIP CODE OF ASSIGNEE)

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

Dated: _____

Signature Guaranteed:

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

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Section 8. The Bonds shall be sold by the solicitation of competitive bids at public sale. Bids shall be received electronically until 11 a.m. local Centreville, Maryland time on the date fixed for sale. The President of the Board of County Commissioners or his designee may establish an alternative date, time, or location for the sale of the Bonds pursuant to the authority of this Resolution. In the event that an alternative date, time, or location for the sale of the Bonds is established, the Board of County Commissioners is not required to adopt an additional resolution, authorizing the sale of the Bonds. The President of the Board of County Commissioners or his designee shall conduct the sale of the Bonds in the name of the County and shall by order award the Bonds on behalf of the County to the bidder or bidders therefor whose bid or bids are determined to be the best responsible bid received in compliance with the terms and conditions of the official published Notice of Sale for the Bonds (the "Notice of Sale"). Public notice of the sale shall be given by advertisement which shall be published in a daily or weekly newspaper having a general circulation in the County at least twice prior to the sale, the first such publication to occur not fewer than 10 days prior to the date of sale. The Notice of Sale, which shall constitute the form of advertisement to be published in the County pursuant to this Section, and shall be in substantially the form hereinafter set forth. The terms and conditions stated in the Notice of Sale and Proposal are hereby adopted and approved as the terms and conditions under which the Bonds shall be sold, issued and delivered at public sale. Appropriate variations and insertions shall be made to provide dates, numbers and amounts, and modifications may be made by the President of the Board of County Commissioners to carry into effect the purposes of this Resolution or to comply with recommendations of legal counsel. Upon the recommendation of the financial advisor to the County, the President of the Board of County Commissioners may make such other changes to the terms and conditions under which the Bonds shall be sold, issued and delivered as the President shall deem to be in the best financial interest of the County. The publication of the Notice of Sale or a summary thereof in the Bond Buyer is hereby authorized.

[Form of Notice of Sale]

NOTICE OF SALE
\$ _____*
General Obligation Bonds
QUEEN ANNE’S COUNTY, MARYLAND

Public Facilities Refunding Bonds of 2012
(Dated _____, 2012)

Electronic bids via BiDCOMP/PARITY
will be received until 11 o’clock A.M., local Centreville, Maryland Time, on
_____, 2012

ELECTRONIC BIDS, via BiDCOMP/PARITY Competitive Bidding System (BiDCOMP/Parity) will be received at the offices of the Director of Finance for the purchase of the \$ _____* Queen Anne’s County Public Facilities Refunding Bonds of 2012, (the “Bonds”). The Bonds will be dated the date of their delivery, and bear interest payable beginning on July 15, 2012 and semi-annually thereafter on the 15th day of January and July until maturity.

The Bonds will be issued under the authority of Sections 14 to 21, inclusive, of Article 25B of the Annotated Code of Maryland, (2011 Replacement Volume); Section 24 of Article 31 of the Annotated Code of Maryland (2005 Replacement Volume and 2010 Supplement) (the “Refunding Act”), a public local law enacted by the Board of County Commissioners of Queen Anne’s County on April 29, 2003 (Bill No. 03-08), the authority pursuant to which the bonds being refunded were issued and in accordance with a Resolution of the Board of County Commissioners of the County passed on _____, 2012.

The Bonds will mature on the 15th day of January in the following years and aggregate amounts:

<u>Year</u>	<u>Preliminary Principal Amounts</u>	<u>Year</u>	<u>Preliminary Principal Amounts</u>
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*Preliminary, subject to change

The proceeds of the Bonds will be used (i) to redeem on _____, 2012 (or on such other date as may be determined by the Director of Finance) at a price of 100% of the principal amount thereof, Queen Anne's County Public Facilities Bonds of 2003 maturing on and after January 15, 2014; and (ii) to pay financial and legal, planning and engineering services related thereto.

General Provisions for the Bonds

The Bonds shall be issued only in fully registered form without coupons. One Bond representing each maturity will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds and each such Bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder(s), as a condition to delivery of the Bonds, will be required to deposit the bond certificates representing each maturity with DTC. The Bonds will bear interest payable semiannually on the 15th day of January and July, commencing July 15, 2012 (___ months), until maturity. Interest will be paid to the persons in whose names the Bonds are registered on the registration books maintained by the Bond Registrar on the Regular Record Date, which is the last day of the month immediately preceding the month in which each such interest payment date occurs, by check mailed to each such person's address as it appears on such bond registration books.

The Bonds are not subject to optional redemption prior to maturity.

Electronic Bids

Electronic bids will be received via **BiDCOMP/PARITY**, in the manner described below, until 11:00 a.m. local Centreville, Maryland time, on _____, 2012.

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

Disclaimer

Each prospective electronic bidder shall be solely responsible to register to bid via **BiDCOMP/PARITY** as described above. Each qualified prospective electronic bidder shall be solely responsible to make necessary arrangements to access **BiDCOMP/PARITY** for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the County nor **BiDCOMP/PARITY**, shall have any duty or obligation to provide or assure access to **BiDCOMP/PARITY** to any prospective bidder, and neither the County nor **BiDCOMP/PARITY** shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages

caused by, **BiDCOMP/PARITY**. The County is using **BiDCOMP/PARITY** as a communication mechanism, and not as the County's agent, to conduct the electronic bidding for the Bonds. The County is not bound by any advice and determination of **BiDCOMP/PARITY** to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via **BiDCOMP/PARITY** are the sole responsibility of the bidders; and the County is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying or withdrawing a bid for the Bonds, he should telephone **BiDCOMP/PARITY** (212) 849-5021 and notify the County's Financial Advisor, Lester B. Guthorn, at Public Advisory Consultants, Inc. by facsimile at 410 581-9808.

Electronic Bidding Procedures

Electronic bids must be submitted for the purchase of the Bonds via **BiDCOMP/PARITY**. Bids will be communicated electronically to the County at 11:00 a.m., local Centreville, Maryland time, on _____, 2012. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via **BiDCOMP/PARITY**, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds, or (3) withdraw its proposed bid. Once the bids are communicated electronically via **BiDCOMP/PARITY** to the County, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on **BiDCOMP/PARITY** shall constitute the official time.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by via **BiDCOMP/PARITY**. No bid will be received after the time for receiving such bids specified above.

Bid Specifications

Bidders shall state in their electronic bids the rate or rates of interest to be paid of the Bonds in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%), and each proposal shall be based and submitted on the rate or rates stated therein. Bidders may specify more than one rate of interest to be borne by the Bonds, but the difference between the highest and lowest rates named may not be greater than ____ percent (___%) for the Bonds. Bidders may not specify more than one rate of interest for the Bonds of any single maturity. A zero rate may not be named for any maturity. The Bonds will be awarded to the bidder naming the lowest true interest cost for all of the Bonds in any legally acceptable proposal and offering to pay not less than par and accrued interest. The lowest true interest cost will be determined by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments from the payment dates to the date of the Bonds and to the amount bid, not including interest accrued to the date of delivery. Where the proposals of two or more bidders result in the same lowest true interest cost for the Bonds, such Bonds may be apportioned between such bidders, but if this shall not be acceptable, the County shall have the right to award all of the Bonds to one bidder. The right is reserved to the County to reject any or all proposals and to

waive any irregularity or informality in any proposal. The Board's judgment shall be final and binding upon all bidders with respect to the form and adequacy of any proposal received and as to its conformity to the terms of this Notice of Sale. Any award of the Bonds may be made as late as 2:00 P.M. on the sale date. All bids remain firm until an award is made.

Procedures for Sale and Principal Amount Changes: The aggregate principal amount and the principal amount of each maturity of the Bonds are subject to adjustment by the County, both before and after the receipt of bids for their purchase. Pre-sale, the County reserves the right to increase or decrease the aggregate principal amount of the Bonds and/or change the maturity schedule set forth above from time to time up until 9:30 a.m. prevailing Eastern Time on the date of sale. Any pre-sale revisions to the maturity schedule will be made available on the BiDCOMP/Parity/www.i-dealprospectus.com system no later than 9:30 a.m. prevailing Eastern Time on the date of sale. In the event any such pre-sale revisions are made to the maturity schedule and so communicated not later than 9:30 a.m. prevailing Eastern Time on the date of sale, the last pre-sale revisions so published shall constitute the applicable maturity schedule for purposes of submitting electronic or sealed written bids with respect to the Bonds. Changes to be made after the sale to the maturity amounts of the Bonds will be communicated to the successful bidder by 5:00 p.m. prevailing Eastern Time on the date of sale and will not reduce or increase the aggregate principal amount of the Bonds by more than 10% from the amount bid upon. Such changes may result in the elimination of one or more maturities of the Bonds. In addition, the final maturity schedule for the Bonds will be communicated to the successful bidder by 5:00 p.m. prevailing Eastern Time on the date of sale. The dollar amount bid for principal and any bid for premium by the successful bidder will be adjusted proportionally to reflect any reduction or increase in the aggregate principal amount of the Bonds, but the coupon rates specified by the successful bidder for all maturities will not change. The successful bidder may not withdraw its bid as a result of any changes made within these limits.

Award

As promptly as reasonably practicable after the bids are opened, the County will notify the bidder to whom the Bonds will be awarded, if and when such award is made, and such bidder, upon such notice, shall advise the County of the initial reoffering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"). It is noted that the County has the right to award the Bonds by private negotiation at any time and may determine to exercise such right either before bids are submitted in response to this Notice of Sale or in the event that all bids are rejected. The County may so negotiate with, and make such award to, any person, including bidders hereunder. **THE SUCCESSFUL BIDDER FOR THE BONDS SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS FOR WHICH IT IS THE SUCCESSFUL BIDDER AT THE INITIAL OFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED BELOW.**

Good Faith

The successful bidder of the Bonds shall submit a good faith deposit in the amount of \$____,____ (the "Good Faith Deposit") for the winning bid on the Bonds to the County as provided below. The Good Faith Deposit will secure the County from any loss resulting from the failure of the successful bidder to comply with the terms of the bid. The successful bidder shall transfer

the Good Faith Deposit by wire transfer directly to the County upon notification of the preliminary award of the Bonds, as indicated on PARITY (the "Preliminary Award"), but in any case no later than 4:00 p.m., prevailing Eastern Time, on the date of sale. Wire instructions will be provided to the successful bidder by the County's Financial Advisor upon notification of the Preliminary Award.

The successful bidder will provide as quickly as it is available evidence of wire transfer to the County's Financial Advisor by providing to the County's Financial Advisor the federal funds reference number. The formal award of the Bonds shall not be made until the County's Financial Advisor has confirmation of receipt of the Good Faith Deposit, and if successful bidder fails to so deliver the Good Faith Deposit by the time designated above, the County will have the option to withdraw the Preliminary Award and the successful bidder shall be responsible to the County for all consequential damages arising from such withdrawal.

At the time of the delivery of the Bonds, the Good Faith Deposit will be applied against the purchase price for the Bonds or will be retained as liquidated damages upon the failure of the successful bidder to take and pay for the Bonds in accordance with the terms of its proposal. The successful bidder shall have no right in or to the Good Faith Deposit if it fails to complete the purchase of, and payment in full of, the Bonds for any reason whatsoever, unless such failure of performance shall be caused by an act or omission of the County. No interest will be paid upon the Good Faith Deposit to the successful bidder. Notwithstanding the foregoing, should a successful bidder fail to pay for the Bonds at the price and on the date agreed upon, the County retains the right to seek further compensation for damages sustained as a result of the successful bidder so doing.

Legal Opinion

The Bonds will be issued and sold subject to approval as to legality by McKennon Shelton & Henn LLP, Bond Counsel, whose approving opinion substantially in the form included in the Preliminary Official Statement referred to below will be delivered, upon request, to the purchaser or purchasers of the Bonds.

Continuing Disclosure

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the County will execute and deliver a continuing disclosure agreement on or before the date of issuance of the Bonds pursuant to which it will undertake to provide certain information annually and notices of certain events. A description of this agreement is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

CUSIP Numbers

CUSIP identification numbers will be applied for by the successful bidder with respect to the Bonds, but the County will assume no obligation for the assignment or printing of such numbers on the Bonds or the correctness of such numbers, and neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or

refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale.

Delivery of the Bonds

When delivered, the Bonds shall be duly executed and authenticated and registered in the name of Cede & Co., as nominee of DTC, as registered owner of the Bonds.

Not later than seven (7) business days after the award of the Bonds to the successful bidder or bidders on the day of sale, the County will authorize an Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. If so requested by the purchaser or purchasers at or before the close of business on the date of the sale, the County will include in the Official Statement such pricing and other information with respect to the terms of the reoffering of the Bonds by the successful bidder(s) (“Reoffering Information”), if any, as may be specified and furnished in writing by such bidder. If no Reoffering Information is specified and furnished by the successful bidder(s), the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. The successful bidder or bidders for the Bonds shall be responsible to the County and its officials for the Reoffering Information, and for all decisions made by such bidder with respect to the use or omission of the Reoffering Information in any reoffering of the Bonds, including the presentation or exclusion of any Reoffering Information in any documents, including the Official Statement. The successful bidder(s) will also be furnished, without cost, with up to 300 copies of the Official Statement (and any amendments or supplements thereto).

Delivery of the Bonds, without expense, will be made by the County to the purchaser or purchasers on or about _____, 2012, or as soon as practicable thereafter, through DTC in New York, New York, and, thereupon, said purchaser or purchasers will be required to accept delivery of the Bonds purchased and pay, in federal funds, the balance of the purchase price due. The Bonds will be accompanied by the customary closing documents, including a no-litigation certificate, effective as of the date of delivery, stating that there is no litigation pending affecting the validity of any of the Bonds. It shall be a condition to the obligation of said purchaser or purchasers to accept delivery of and pay for the Bonds that, simultaneously with or before delivery and payment for the Bonds, said purchaser or purchasers shall be furnished a certificate or certificates of an authorized member of the Board, the County Administrator and the Director of Finance to the effect that, to the best of their knowledge and belief, the Official Statement (and any amendment or supplement thereto) (except for the Reoffering Information provided by the purchaser and information regarding DTC and DTC’s book-entry system provided by DTC, as to which no view will be expressed) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and that between the date of sale and the date of delivery of the Bonds there has been no material adverse change in the financial position or revenues of the County, except as reflected or contemplated in the Official Statement (and any amendment or supplement thereto).

SIMULTANEOUS WITH OR BEFORE DELIVERY OF THE BONDS, THE SUCCESSFUL BIDDER OF THE BONDS SHALL FURNISH TO THE COUNTY A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (i) SUCH SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF THE BONDS FOR WHICH IT WAS THE SUCCESSFUL BIDDER AT THE INITIAL REOFFERING PRICES; AND (ii) A SUBSTANTIAL AMOUNT OF SUCH BONDS WAS SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES OR SUCH OTHER FACTS REGARDING THE ACTUAL SALE OF THE BONDS AS BOND COUNSEL SHALL REQUEST, AS DESCRIBED BELOW. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder; (ii) the sale to the public of 10% or more in par amount of the Bonds of each maturity at (or below) the Reoffering Prices would be sufficient to certify as to the sale of a substantial amount of the Bonds; and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

NOTE: The County may revise this Notice of Sale by written notice available to prospective bidders at the place of sale at the time for submission of bids or by publishing notice of any revisions on TM3 at or before the time for submission of bids. Any bid submitted shall be in accordance with, and incorporate by reference, this Notice of Sale including any revisions made pursuant to this paragraph.

The County reserves the right to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be announced by TM3 by notice prior to any announced date for receipt of bids. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, any Alternative Sale Date will be announced via TM3 at least 48 hours prior to such Alternative Sale Date. In addition, the County reserves the right, on the date established for the receipt of bids, to reject all bids and establish a subsequent Alternative Sale Date. If all bids are rejected and an Alternative Sale Date for receipt of bids established, notice of the Alternative Sale Date will be announced via TM3 not less than 48 hours prior to such Alternative Sale Date. On any such Alternative Sale Date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Sale except for the date of sale and except for the changes announced by TM3 at the time the sale date and time are announced. The Preliminary Official Statement, together with this Notice of Sale, may be obtained from the Director of Finance, Jonathan R. Seeman, Queen Anne's County, County Office Bldg. 107 North Liberty Street, Centreville, MD 21617, (410) 758-4064 ext. 2080 or from Lester B. Guthorn, Public Advisory Consultants, Inc., 25 Crossroads Drive, Suite 402, Owings Mills, Maryland 21117, (410) 581-4820.

In the event that all or any part of the Bonds are initially reoffered with bond insurance secured by the successful bidder, the successful bidder shall be required to notify promptly the Director of Finance with any information he reasonably requests regarding such bond insurance including the amount paid for such insurance. The County will, at the request and expense of the successful bidder, include customary language in the Official Statement and the form of bond regarding the insurance policy upon receipt of such opinions or certificates as the County

reasonably may require regarding the accuracy of any information to be included in the Official Statement and the binding nature of the obligations contained in the insurance policy with respect to the Bonds. The County shall have no obligation to provide the successful bidder or the bond insurance company with any other documents or opinions relating to the Bonds.

Such Preliminary Official Statement is deemed final by the County as of its date for purposes of SEC Rule 15c-2-12 but is subject to revision, amendment and completion in the Official Statement referred to above.

By order of

BOARD OF COUNTY COMMISSIONERS OF
QUEEN ANNE'S COUNTY

Section 9. As soon as may be practicable after the sale hereinabove provided for has been held, the Bonds shall be suitably prepared in definitive form, executed and delivered to the purchaser upon receipt of the purchase price therefor, plus interest accrued to the date of delivery, less the good faith deposit accompanying the proposal. The President of the Board of County Commissioners and the Director of Finance and all other officers and employees of the County are expressly authorized, empowered and directed to take any and all action necessary to complete and close the award, sale and delivery of the Bonds to the purchaser thereof.

Section 10. Immediately after the sale of the Bonds, the interest rate or rates payable thereon shall be fixed by order of the President of the Board of County Commissioners (except to the extent provided in Section 9), in accordance with the terms and conditions of the sale of the Bonds, and said Bonds shall thereupon be suitably printed and delivered to the purchasers thereof in accordance with the conditions of delivery set forth in the Notice of Sale. The Director of Finance may deduct from the total gross proceeds from the sale of the Bonds all expenses incurred in the issuance of the Bonds. The Director of Finance shall use the balance of said proceeds to purchase or shall deposit said balance with the escrow agent to purchase direct obligations of the United States of America or time deposits secured by direct obligations or obligations the principal of and interest on which are guaranteed by the United States of America, or such other investments permitted by applicable law, the principal of and interest on which will be sufficient to redeem the Refunded Bonds on _____ (or on such other date as may be determined by the Director of Finance).

Section 11. For the purpose of paying the principal of and interest on the Bonds when due, the County shall levy or cause to be levied, for each and every fiscal year during which the Bonds may be outstanding, upon all real and tangible personal property within its corporate limits subject to assessment for County taxation, ad valorem taxes in rate and amount sufficient to provide for the prompt payment, when due, of the principal of and interest on the Bonds in each such fiscal year; and, if the proceeds from the taxes so levied in any fiscal year are inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up such deficiency. The full faith and credit and unlimited taxing power of the County are hereby irrevocably and unconditionally pledged to the prompt payment of the principal of and interest on the Bonds as and when they become due and payable and to the levy and collection of the taxes hereinabove prescribed as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of the Bonds. The County hereby covenants and agrees with each of the registered owners of the Bonds to levy and collect the taxes hereinabove prescribed and to take any further action that may be appropriate from time to time during the period that the Bonds remain outstanding and unpaid to provide the funds necessary to pay promptly the principal thereof and the interest due thereon. The County may apply to the payment of the principal of or interest on the Bonds of an issue any funds received by it from the State of Maryland or the United States of America or any governmental agency or instrumentality, or from any other source, if such funds are granted for the purpose of assisting the County in accomplishing the type of project or projects which the Bonds of that issue are issued to finance, and to the extent of any such funds received or receivable in any fiscal year, the taxes hereby required to be levied may be reduced proportionately.

Section 12. (a) The President of the Board of County Commissioners and the Director of Finance shall be the officials of the County responsible for the issuance of the Bonds within the meaning of Section 1.148-2(b)(2) of the Arbitrage Regulations (defined below). The President of the Board of County Commissioners and the Director of Finance shall also be the officials of the County responsible for the execution and delivery (on the date of the issuance of the Bonds) of one or more certificates of the County (collectively, the "Tax and Section 148 Certificate") that complies with the requirements of Section 148 of the Internal Revenue Code of 1986, as amended ("Section 148"), and the applicable regulations thereunder (the "Arbitrage Regulations"), and such officials are hereby authorized and directed to execute and deliver the Tax and Section 148 Certificate to counsel rendering an opinion on the validity of the Bonds on the date of the issuance of the Bonds.

(b) The County shall set forth in the Tax and Section 148 Certificate its reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of the Bonds or of any moneys, securities or other obligations on deposit to the credit of any account of the County which may be deemed to be proceeds of the Bonds pursuant to Section 148 or the Arbitrage Regulations (collectively, the "Bond Proceeds"). The County covenants that the facts, estimates and circumstances set forth in the Tax and Section 148 Certificate will be based on the County's reasonable expectations on the date of the issuance of the Bonds and will be, to the best of the certifying officials' knowledge, true and correct as of that date.

(c) The County covenants and agrees with each of the registered owners of any of the Bonds that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the Bond Proceeds that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 and the Arbitrage Regulations. The County further covenants that it will comply with Section 148, as amended, and the Arbitrage Regulations which are applicable to the Bonds on the date of issuance thereof and which may subsequently be made applicable thereto as long as the Bonds remain outstanding and unpaid. The President of the Board of County Commissioners and the Director of Finance are hereby authorized and directed to prepare or cause to be prepared and to execute any certification, opinion or other document, including, without limitation, the Tax and Section 148 Certificate, which may be required to assure that the Bonds will not be deemed to be "arbitrage bonds" within the meaning of Section 148 and the Arbitrage Regulations. All officers, employees and agents of the County are hereby authorized and directed to take such actions, and to provide such certifications of facts and estimates regarding the amount and use of the proceeds of the Bonds, as may be necessary or appropriate from time to time to comply with, or to evidence the County's compliance with, the covenants set forth in this Section.

(d) The County further covenants that it shall make such use of the proceeds of the Bonds, regulate the investment of the proceeds thereof, and take such other and further actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds.

(e) The County further covenants with each of the registered owners of any of the Bonds (i) that it will not take any action or (to the extent that it exercises control or direction) permit any action to be taken that would cause the Bonds or a portion of the Bonds to be

“federally guaranteed” within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the proceeds of the Bonds or a portion of such proceeds that would cause the Bonds or a portion of the Bonds to be “private loan bonds” within the meaning of Section 141(c) of the Code.

(f) The President of the Board of County Commissioners or the Director of Finance may make such covenants or agreements in connection with the issuance of the Bonds as either of them shall deem advisable in order to assure the registered owners of such Bonds that interest thereon shall be and remain excludable from gross income for federal income tax purposes, and such covenants or agreements shall be binding on the County so long as the observance by the County of any such covenants or agreements is necessary in connection with the maintenance of the exclusion of the interest on such Bonds from gross income for federal income tax purposes. The foregoing covenants and agreements may include such covenants or agreements on behalf of the County regarding compliance with the provisions of the Code as the President of the Board of County Commissioners or the Director of Finance shall deem advisable in order to assure the registered owners of the Bonds that the interest thereon shall be and remain excludable from gross income for federal income tax purposes, including (without limitation) covenants or agreements relating to the investment of Bond Proceeds, the payment of certain earnings resulting from such investment to the United States, limitations on the times within which, and the purpose for which, Bond Proceeds may be expended, or the use of specified procedures for accounting for and segregating Bond Proceeds. Such covenants and agreements may be set forth in the Tax and Section 148 Certificate.

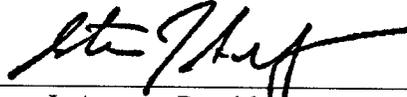
Section 13. (a) The distribution of an Official Statement pertaining to the Bonds is hereby authorized, the final form of such Official Statement to be approved by the President of the Board of County Commissioners as evidenced by said President’s signature thereon. The distribution of the Preliminary Official Statement with respect to the Bonds is hereby authorized. The Official Statement shall be in substantially the form of such Preliminary Official Statement, with such changes, modifications, additions and deletions as the President of the Board of County Commissioners may approve.

(b) The President of the Board of County Commissioners is hereby expressly authorized to approve the form of and execute and deliver on behalf of the County, a continuing disclosure agreement to assist bidders in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

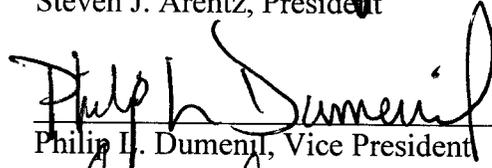
(c) The President of the Board of County Commissioners is also hereby expressly authorized to (i) approve the form and contents of, and provisions for the execution and delivery of, such documents as the President of the Board of County Commissioners shall deem necessary or desirable to evidence, secure or effectuate the issuance, sale and delivery of the Bonds and (ii) to specify, prescribe, determine, provide for or approve such other matters in connection with the authorization, issuance, execution, sale, delivery and payment of the Bonds and the consummation of the transactions contemplated by this resolution as may be deemed appropriate by the President of the Board of County Commissioners.

Section 14. This Resolution shall become effective on the date of its adoption.

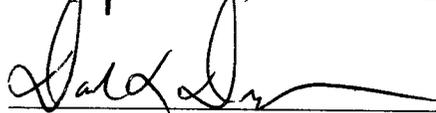
COUNTY COMMISSIONERS OF
QUEEN ANNE'S COUNTY, MARYLAND



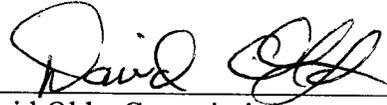
Steven J. Arentz, President



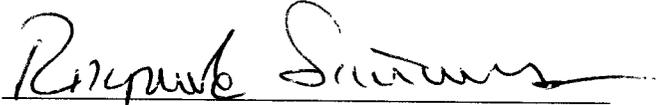
Philip L. Dumenil, Vice President



David L. Dunmyer, Commissioner



David Olds, Commissioner



Raymond Simmons, Commissioner

Adopted on 3/13, 2012