OFFICIAL STATEMENT DATED MARCH 6, 2019

NEW ISSUE: BOOK-ENTRY ONLY

Ratings: (See "Ratings" herein)
S&P Global Ratings: AA+
Moody's Investors Service, Inc.: Aa1
Fitch Ratings: AA+

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing law, the interest portion of the Purchase Installments to be made by the State of Maryland as purchaser under the Purchase Agreement and received by the holders of the Certificates (i) is excludable from gross income for federal income tax purposes and (ii) is exempt from taxation by the State of Maryland. (See "Tax Matters" herein.)

$ 23,490,000
Maryland Department of Transportation
Certificates of Participation
(Baltimore/Washington International Thurgood Marshall Airport Shuttle Bus Fleet Acquisition), Series 2019
Evidencing Proportionate Interests in a Conditional Purchase Agreement Between Zions Bancorporation, National Association and the State of Maryland

Dated: Date of Delivery **Due:** As shown on the inside front cover

The Certificates of Participation (the "Certificates") will be issued as fully registered Certificates without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Certificates. Individual purchases of the Certificates may be made in book-entry form only, in the principal amount of $5,000 and integral multiples thereof. Holders of the Certificates will not receive physical delivery of certificates.

Principal of the Certificates, payable annually on each March 1, beginning March 1, 2020, and interest on the Certificates, payable initially on September 1, 2019, and thereafter on each September 1 and March 1, will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Certificates as described herein.

The proceeds of the sale of the Certificates will be used to finance the acquisition of buses for shuttle services between the main terminal and various parking sites of the Baltimore/Washington International Thurgood Marshall Airport and to pay costs of issuance of the Certificates. The Certificates represent proportionate interests in a Conditional Purchase Agreement (the "Purchase Agreement") between the State of Maryland (the "State") for the use of the Maryland Department of Transportation (the "Department"), Maryland Aviation Administration (the "MAA") (collectively referred to as the "Purchaser"), and Zions Bancorporation, National Association as Seller and are payable solely from and secured by (i) Purchase Installments payable by the Purchaser under the Purchase Agreement and (ii) amounts realized pursuant to the exercise of certain remedies under the Purchase Agreement upon the occurrence of a failure to appropriate or certain defaults by the Purchaser thereunder.

THE PRINCIPAL OR REDEMPTION PRICE OF AND THE INTEREST ON THE CERTIFICATES SHALL BE PAYABLE SOLELY FROM THE PURCHASE INSTALLMENTS AND OTHER FUNDS PLEDGED FOR THE PAYMENT THEREOF UNDER THE CERTIFICATE OF PARTICIPATION TRUST AGREEMENT. ALL AMOUNTS PAYABLE BY THE PURCHASER UNDER THE PURCHASE AGREEMENT, INCLUDING THE PURCHASE INSTALLMENTS, ARE SUBJECT IN EACH YEAR TO APPROPRIATION BY THE MARYLAND GENERAL ASSEMBLY. THE MARYLAND GENERAL ASSEMBLY IS UNDER NO OBLIGATION TO MAKE ANY APPROPRIATION WITH RESPECT TO THE PURCHASE AGREEMENT. THE PURCHASE AGREEMENT IS NOT A GENERAL OBLIGATION OF THE STATE, THE DEPARTMENT OR THE MAA AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE STATE, THE DEPARTMENT OR THE MAA WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE STATE. NEITHER THE DEPARTMENT NOR THE MAA HAS TAXING POWERS.

FOR MATURITY SCHEDULE, INTEREST RATES AND PRICES SEE INSIDE FRONT COVER

The Certificates are offered for delivery when, and if issued, subject to the approving opinion of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel. Certain legal matters will also be passed upon for the Department by the Office of Attorney General of the State of Maryland. It is expected that the Certificates in book-entry form will be available for delivery to DTC on or about March 27, 2019.

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

PNC Capital Markets LLC

$23,490,000
Maryland Department of Transportation
Certificates of Participation
(Baltimore/Washington International Thurgood Marshall Airport Shuttle Bus Fleet Acquisition), Series 2019

Maturity Schedule, Interest Rates, Prices, and CUSIP Numbers

The Certificates will mature March 1 in the years and amounts as follows:

Year	Amount	Interest Rate (1)	Price (1)	CUSIP (2)
2020	$1,190,000	4.000%	102.181	57420WDU2
2021	1,165,000	5.000	106.290	57420WDV0
2022	1,225,000	5.000	109.445	57420WDW8
2023	1,285,000	5.000	112.404	57420WDX6
2024	1,350,000	5.000	115.074	57420WDY4
2025	1,420,000	5.000	117.361	57420WDZ1
2026	1,490,000	5.000	119.387	57420WEA5
2027	1,565,000	5.000	121.075	57420WEB3
2028	1,645,000	5.000	120.185 *	57420WEC1
2029	1,725,000	3.000	102.703 *	57420WED9
2030	1,775,000	3.000	101.768 *	57420WEE7
2031	1,830,000	3.000	100.843 *	57420WEF4
2032	1,885,000	3.000	100.349 *	57420WEG2
2033	1,940,000	3.000	99.659	57420WEH0
2034	2,000,000	3.000	99.165	57420WEJ6

(1) The interest rates and prices shown above were furnished by the successful bidder for the Certificates on March 6, 2019. All the information concerning the terms of reoffering of the Certificates should be obtained from the successful bidder and not from the Department. (See "DESCRIPTION OF THE CERTIFICATES - Sale at Competitive Bidding".)

(2) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, which is managed by S&P Capital IQ, a division of McGraw Hill Finance, and the Department 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 CUSIP Global Services.

*Priced to the March 1, 2027 optional redemption date at a redemption price of 100%

No dealer, broker, salesman or any other person has been authorized by the State of Maryland (the "State") or the Maryland Department of Transportation (the "Department") to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Department. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities described herein by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by the Department and other sources. The Department believes that the information contained in this Official Statement is correct and complete and has no knowledge of any inaccuracy or incompleteness as to any of the information herein contained. The information and expression of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Certificates shall under any circumstances, create any implication that there has been no change in the affairs of the Department since the date hereof.

The Trustee has neither reviewed, nor participated in the preparation of, this Official Statement and does not assume any responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other disclosure document relating to the Certificates.

No quotations from or summaries or explanations of provisions of law and documents herein purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the Department, the State and the purchasers or holders of any of the Certificates described herein. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date hereof.

The cover page hereof, list of officials, this page and the appendices attached hereto are part of this Official Statement.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section of this Official Statement. The offering of the Certificates is made only by means of this entire Official Statement.

The Certificates have not been registered under the Securities Act of 1933, as amended, nor has the certificate of participation trust agreement been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts.

IN MAKING AN INVESTMENT DECISION, INVESTORS SHOULD RELY ON THEIR OWN EXAMINATION OF THE STATE AND THE DEPARTMENT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NO REGISTRATION STATEMENT RELATING TO THE CERTIFICATES HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC") OR WITH ANY STATE SECURITIES AGENCY. THE CERTIFICATES 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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STATE OF MARYLAND

Lawrence J. Hogan, Jr., Governor

Peter Franchot, Comptroller

Nancy K. Kopp, Treasurer

Maryland Department of Transportation

Pete K. Rahn, Secretary

James F. Ports, Jr., Deputy Secretary

R. Earl Lewis, Jr., Deputy Secretary

Ricky D. Smith, Sr., Maryland Aviation Administration Executive Director

Cheryl A.C. Brown-Whitfield, Assistant Attorney General/Principal Counsel

Jaclyn D. Hartman, Chief Financial Officer

Approving Legal Opinion

McKennon Shelton & Henn LLP
Baltimore, Maryland

Financial Advisors

Frasca & Associates, LLC
Washington, DC
and
Wye River Group, Incorporated
Annapolis, Maryland

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SUMMARY OF THE OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding the $23,490,000 Maryland Department of Transportation Certificates of Participation (Baltimore/Washington International Thurgood Marshall Airport Shuttle Bus Fleet Acquisition), Series 2019 (the "Certificates") and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the appendices hereto.

Security:	The Certificates are payable solely from Purchase Installments to be paid by the Purchaser pursuant to the Purchase Agreement. Purchase Installments are subject to appropriation in each year by the Maryland General Assembly. In the event of a failure to appropriate, the Trustee has certain remedies under the Purchase Agreement.	
Purpose:	Proceeds of the Certificates will be used to acquire 25 forty-foot and 15 sixty-foot clean diesel buses for parking shuttle services at Baltimore/Washington International Thurgood Marshall Airport.	
Denominations:	$5,000 or integral multiples thereof.	
Record Date:	The fifteenth calendar day of the month immediately preceding the applicable payment date.	
Principal Payments:	Annually commencing March 1, 2020, by electronic transfer to the registered owner as of the record date.	
Interest Payments:	Semiannually on September 1 and March 1, commencing September 1, 2019, by draft or electronic transfer to the registered owner as of the record date.	
Professional Consultants:	*Financial Advisors:*	Frasca & Associates, LLC Washington, DC and Wye River Group, Incorporated Annapolis, Maryland
	Bond Counsel:	McKennon Shelton & Henn LLP Baltimore, Maryland
	Trustee/Seller:	Zions Bancorporation, National Association Pittsburgh, Pennsylvania
Legal Matters:	Legal matters incident to the authorization and issuance of the Certificates are subject to the approving opinion of McKennon Shelton & Henn LLP, as to validity and tax exemption. Certain legal matters will also be passed upon for the Department by the Office of the Attorney General of the State of Maryland. The opinion of Bond Counsel will be substantially in the form set forth in Appendix C attached hereto.	
Delivery:	Expected on or about March 27, 2019, to The Depository Trust Company on behalf of the purchasers of the Certificates.	
Book-Entry Only:	The Certificates will be issued as book-entry only securities through The Depository Trust Company.	

No Litigation:	There is no litigation now pending or, to the knowledge of the State or the Department officials, threatened, which questions the validity of the Certificates or of any proceedings of the State or the Department taken with respect to the issuance or sale thereof.
Continuing Disclosure:	The Department on behalf of itself and the State will provide annual financial and other information, including notice of certain events, in order to assist the successful bidder in complying with United States Securities and Exchange Commission Rule 15c2-12(b)(5). See "FORM OF CONTINUING DISCLOSURE AGEEEMENT" in Appendix G.

Questions regarding the Certificates or the Official Statement can be directed to and additional copies of the Official Statement may be obtained from Frasca & Associates, LLC, 1455 Pennsylvania Avenue, N.W. Suite 400, Washington, DC 20004, (202-349-3676), Wye River Group, Incorporated, 522 Chesapeake Avenue, 2nd Floor, Annapolis, Maryland 21403, (410-267-8811), and the Department, 7201 Corporate Center Drive, Hanover, Maryland 21076, (410-865-1036).

OFFICIAL STATEMENT

$23,490,000
Maryland Department of Transportation
Certificates of Participation
(Baltimore/Washington International Thurgood Marshall Airport Shuttle Bus Fleet Acquisition),
Series 2019
Evidencing Proportionate Interests in a Conditional Purchase Agreement
Between Zions Bancorporation, National Association and the State of Maryland

DESCRIPTION OF THE CERTIFICATES

Authorization and Purpose of the Certificates

The $23,490,000 Maryland Department of Transportation Certificates of Participation (Baltimore/Washington International Thurgood Marshall Airport Shuttle Bus Fleet Acquisition), Series 2019 (the "Certificates") represent proportionate interests in a Conditional Purchase Agreement (the "Purchase Agreement") to be entered into by the State of Maryland (the "State") for the use of the Maryland Department of Transportation (the "Department"), Maryland Aviation Administration (the "MAA") (collectively referred to as the "Purchaser"), and Zions Bancorporation, National Association as the seller (the "Seller") and as trustee under the Trust Agreement (defined below) to acquire 25 forty-foot and 15 sixty-foot clean diesel buses for parking shuttle services (the "Buses") at Baltimore/Washington International Thurgood Marshall Airport ("BWI Marshall"). As of the date of issuance of the Certificates, the Purchaser will have entered into the Purchase Agreement.

The Purchase Agreement requires the Purchaser to make periodic purchase installments (the "Purchase Installments") in amounts sufficient to pay the scheduled debt service on the Certificates until the Purchaser shall pay the entire price necessary to acquire the Buses (the "Purchase Price"), which Purchase Price shall be equal to the amount necessary to pay the principal of and interest on all outstanding Certificates. The ability of the Purchaser to pay the Purchase Installments due under the Purchase Agreement depends upon the appropriation each year by the Maryland General Assembly (the "General Assembly") of sufficient funds for such purpose. It is the intention of the Purchaser that the Purchase Installments will be made from funds in the Department's Transportation Trust Fund (the "Transportation Trust Fund" or "TTF"), from which all expenditures of the Department are made. (See "DESCRIPTION OF THE CERTIFICATES - Security - Appropriation by the General Assembly" and "TRANSPORTATION TRUST FUND" herein.)

The Certificates will be issued pursuant to a Certificate of Participation Trust Agreement dated as of March 1, 2019 (the "Trust Agreement"), between the Seller, as trustee (the "Trustee") and the Purchaser. Under the Trust Agreement, the Trustee, for the benefit of the holders of the Certificates, holds all of the rights of the Seller under the Purchase Agreement, including the right to receive the Purchase Installments and the right to enforce payment of the Purchase Installments when due. (See "DESCRIPTION OF THE CERTIFICATES - Security" herein.)

THE GENERAL ASSEMBLY IS UNDER NO OBLIGATION TO MAKE ANY APPROPRIATION WITH RESPECT TO THE PURCHASE AGREEMENT. THE PURCHASE AGREEMENT IS NOT A GENERAL OBLIGATION OF THE STATE, THE DEPARTMENT OR THE MAA AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE STATE, THE DEPARTMENT OR THE MAA WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE STATE. NEITHER THE DEPARTMENT NOR THE MAA HAS TAXING POWERS.

The Board of Public Works of Maryland (the "Board") approved participation in the issuance of the Certificates on February 6, 2019. The Governor, Comptroller and Treasurer are the members of the Board. A constitutional body, the Board supervises the expenditure of all sums obtained by State loans and all funds appropriated for capital improvements other than roads, bridges, and highways.

General

The Certificates are dated as of the date of their delivery, expected to occur on or about March 27, 2019 and will mature on the dates and in the principal amounts and will be paid at the rate or rates as shown on the inside cover of this Official Statement. (Interest is computed on the basis of a 360-day year composed of twelve 30-day months.)

The Certificates, in the aggregate principal amount of $23,490,000, shall accrue interest from the date of issuance and delivery and will be payable commencing on September 1, 2019 and semiannually thereafter on each March 1 and September 1 (the "Interest Payment Dates") until maturity unless redeemed prior to maturity as provided herein under "Redemption Provisions".

If an Interest Payment Date is not a Business Day (herein defined), then the interest on the Certificates will be paid on the next succeeding Business Day to the owner in whose name the Certificates are registered at the close of business on the fifteenth day of the month immediately preceding the Interest Payment Date. "Business Day" means a day other than a Saturday, Sunday or day on which banking institutions in the State are authorized or obligated by law or required by executive order to remain closed. The principal of the Certificates will be payable upon presentation and surrender of the Certificates at the principal office of the Registrar/Paying Agent (herein defined) or at the principal office of any other Registrar/Paying Agent designated by the Secretary of Transportation (the "Secretary"), on the date the principal is payable or, if that date is not a Business Day, on the next succeeding Business Day. So long as the Certificates are maintained in book-entry form, interest on the Certificates will be paid by electronic funds transfer on the Interest Payment Date.

The Certificates will be issued in fully registered form in the denominations of $5,000 each, or any integral multiple thereof. The Certificates will initially be maintained under a book-entry system. Individual purchasers ("Beneficial Owners") shall have no right to receive physical possession of the Certificates, and any payment of the principal or redemption price of, and interest on the Certificates will be made as described in Appendix F — "BOOK-ENTRY ONLY SYSTEM-GENERAL". So long as the Certificates are maintained under a book-entry only system, the Department will initially serve as the Certificate Registrar and Paying Agent (the "Registrar/Paying Agent").

The Certificates will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which principal and interest payments on the Certificates will be made so long as Cede & Co. is the registered owner of the Certificates. Beneficial Owners of the Certificates will not have physical possession of certificates and their interest in the Certificates will be made through DTC.

Estimated Sources and Uses of Funds

Sources of Funds	
Par Amount of Certificates……………………	$23,490,000.00
Net Premium…………………………………..	1,851,782.45
Total Sources……………………….............	**$25,341,782.45**
Uses of Funds	
Project Fund (1)………………………………...	$25,145,000.00
Costs of Issuance (2)……………………………	150,000.00
Underwriter's Discount………………………...	45,462.48
Rounding Amount……………………………..	1,319.97
Total Uses………………………………………	**$25,341,782.45**

(1) Total acquisition costs are estimated at $25,145,000.
(2) Estimated fees for financial advisors, bond counsel and other costs.

Purpose of the Certificates

The MAA, a business unit of the Department, will use the proceeds of the sale of the Certificates to acquire 25 forty-foot and 15 sixty-foot clean diesel buses for parking shuttle services between the main terminal and various parking sites of BWI Marshall. MAA expects to receive delivery of all of the Buses by January 2020.

By license agreement with the MAA, the bus operator will be required to perform all general maintenance and repairs using certified mechanics and outsourced specialty companies. The bus operator will also be required to maintain an inventory of expendable spare parts and replacement items for quick turnaround on Buses being serviced. Further, the bus operator will be required to provide experienced, trained and qualified drivers to operate the Buses. Buses will be inspected daily, and weekly mechanical inspections are also required.

The bus operator is required under the licensing agreement with the MAA to insure the Buses against damage and destruction. Insurance coverage required is $10.0 million for each accident. In addition, the contractor will carry commercial general liability insurance. The Purchaser also has secondary insurance through the State's self - insurance program. Additionally, the bus operator will be required to provide performance and payments bonds and to indemnify the MAA, the Department and the State.

MAA has five parking options of which three use shuttle buses to take travelers to and from the terminal at BWI Marshall: Long-term (lots A&B), and the Daily Garage. There are 18,400 spaces at these facilities that are open daily to the public. During peak periods around the holidays the MAA has used the BWI Marshall Rail Station Garage, and other locations for overflow parking.

Sale at Competitive Bidding

The Certificates were offered by the Department at a competitive sale on March 6, 2019. The interest rates shown on the inside front cover of this Official Statement are the interest rates that resulted from the award of the Certificates at the competitive sale. The initial prices shown on the inside front cover of this Official Statement are based on the information supplied to the Department by PNC Capital Markets LLC, the successful bidder for the Certificates. Other information concerning the terms of the reoffering of the Certificates, if any, should be obtained from the successful bidder and not from the Department.

Security

General

The Certificates are payable as to principal, interest and redemption price solely from Purchase Installments to be paid by the Purchaser, pursuant to the Purchase Agreement, and amounts from time to time on deposit in certain funds and accounts established by the Trust Agreement. Pursuant to the Trust Agreement, the Seller has assigned to the Trustee all of its rights under the Purchase Agreement, and all amounts on deposit from time to time in such funds and accounts, for the benefit of the holders of the Certificates. (See "DESCRIPTION OF THE CERTIFICATES - Security - Purchase Agreement" herein.)

The Purchaser is required under the Purchase Agreement to pay Purchase Installments from appropriated funds. Although the sources of funds appropriated to pay the Purchase Installments are not limited to any particular source of State revenue, it is intended that the Purchase Installments will be paid from funds in the Transportation Trust Fund and more specifically from the revenue of the MAA. All expenditures of the Department and its business units are paid from the Transportation Trust Fund. Certain of the Department's revenues deposited in the Transportation Trust Fund are pledged to the payment of the Department's bonds. (See "TRANSPORTATION TRUST FUND" herein.)

If the Purchaser fails to pay Purchase Installments, the Trustee has the right to seek certain remedies under the Purchase Agreement, including the termination of the Purchase Agreement. (See "Summary of Certain Provisions of the Purchase Agreement – Events of Default Defined and – Remedies on Default" in Appendix B.) Under the Purchase Agreement, title to the Buses will be held by the Purchaser at all times. **The Purchase Installments are *not* secured by any lien on the Buses.**

Appropriation by the General Assembly

All amounts payable by the Purchaser under the Purchase Agreement, including the Purchase Installments, are subject in each year to appropriation by the General Assembly. The General Assembly meets annually for a ninety-day session beginning the second Wednesday in January. The Purchase Installments due September 1, 2019 and March 1, 2020 are expected to be appropriated by a budget amendment to be submitted in fiscal year 2020. It is expected that during the 2020 session, appropriations will be made for Purchase Installments payable the next succeeding fiscal year which includes the September 1, 2020 and March 1, 2021 Purchase Installments.

The Purchaser has covenanted in the Purchase Agreement to use its best efforts to request that all Purchase Installments coming due during the ensuing fiscal year be included in the budget of the Governor to be submitted to the General Assembly for inclusion in its next fiscal year budget.

THE GENERAL ASSEMBLY IS UNDER NO OBLIGATION TO MAKE ANY APPROPRIATION WITH RESPECT TO THE PURCHASE AGREEMENT. THE PURCHASE AGREEMENT IS NOT A GENERAL OBLIGATION OF THE STATE, THE DEPARTMENT OR THE MAA AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE STATE, THE DEPARTMENT, OR THE MAA WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE STATE. NEITHER THE DEPARTMENT NOR THE MAA HAS TAXING POWERS.

In the event that the General Assembly fails to appropriate sufficient funds for the payment of the Purchase Installments (a "Failure to Appropriate"), the Trustee may take only those actions permitted by the Purchase Agreement (See Appendix B - "Document Summaries"). Upon the occurrence of a Failure to Appropriate, neither the State, the Department nor MAA shall be obligated to pay Purchase Installments beyond the last day of the fiscal year for which an appropriation is available and the Trustee shall not have any right to compel the Department to make such payments. THE REMEDIES AVAILABLE TO THE TRUSTEE IN THE EVENT OF A FAILURE TO APPROPRIATE ARE LIMITED AND DO NOT INCLUDE THE RIGHT TO INSTITUTE LEGAL PROCEEDINGS TO COMPEL PAYMENT OF ANY PURCHASE INSTALLMENTS FOR WHICH THERE IS NOT AN APPROPRIATION, NOR MAY THE TRUSTEE SEEK A JUDGMENT AGAINST THE STATE, THE DEPARTMENT OR THE MAA. THE FAILURE TO APPROPRIATE IS NOT AN EVENT OF DEFAULT.

The Certificates are subject to mandatory redemption upon the occurrence of a Failure to Appropriate. In the event that funds available therefor are not sufficient to redeem the Certificates in full, then payment of a redemption price of less than 100% of the principal amount and accrued interest to the redemption date shall constitute a redemption in full of the Certificates, and the holders of the Certificates shall have no further claim for payment against the State, the Department or MAA.

Purchase Agreement

The Purchase Agreement will remain in effect until the Purchaser has paid the Purchase Price to the Seller, unless terminated earlier in accordance with the Purchase Agreement. The Purchase Installments due under the Purchase Agreement are sufficient to pay the scheduled debt service on the Certificates, and the Purchaser has agreed to pay the fees and expenses of the Trustee and the Seller. The Purchaser is also obligated under the Purchase Agreement to pay all expenses associated with the operation and maintenance of the Buses, including repairs and taxes, if any, and to cause insurance to be maintained with respect to the Buses.

The Purchase Installments are payable semi-annually on March 1 and September 1 of each year so long as any of the Certificates are outstanding and will be paid directly to the Trustee. The ability of the Purchaser to pay the Purchase Installments and make other payments under the Purchase Agreement is subject to the annual appropriation of sufficient funds for such purpose by the General Assembly (see "DESCRIPTION OF THE CERTIFICATES - Security - Appropriation by General Assembly.") The Purchaser has covenanted to apply funds that are appropriated and received by it for the Buses to the payment of its obligations under the Purchase Agreement.

Additional Certificates

So long as the Purchase Agreement remains in effect and no event of default thereunder has occurred and is continuing, additional certificates ("Additional Certificates") in addition to the Certificates may be issued from time to time under and secured by the Trust Agreement. The proceeds of Additional Certificates may be used as additional funds for the acquisition and repair of the Buses and for refinancing any outstanding certificates issued under the Trust Agreement. Each series of Additional Certificates will be on parity with and shall be entitled to the same security under the Trust Agreement as, the Certificates.

Redemption Provisions

Optional Redemption

The Certificates maturing on or after March 1, 2028 are subject to redemption, on or after March 1, 2027, as a whole or in part at any time at the option of the Secretary on at least 20 days prior notice and, if in part, in any order of maturity at the option of the Secretary, at the redemption price of par, plus accrued interest thereon to the date fixed for redemption.

Special Mandatory Redemption

The Certificates are subject to special mandatory redemptions as soon as practicable after such moneys are available therefor in whole or in part at any time at the redemption price of par plus accrued interest thereon to the date fixed for redemption from amounts deposited in the Certificate Fund from the amount remaining from the gross proceeds of any insurance claim after deducting all expenses (including reasonable attorney's fees) incurred in the collection of such claim of insurance not used to replace or repair the Buses after the damage or destruction thereof, with such redemption to be made as soon as possible after monies are available.

Mandatory Redemption

See "DESCRIPTION OF THE CERTIFICATES – Security – Appropriation by the General Assembly" above for discussion regarding mandatory redemption upon the occurrence of Failure to Appropriate.

Ratings

S&P Global Ratings, Moody's Investors Service, Inc. and Fitch Ratings have given the Certificates ratings of AA+, Aa1, and AA+, respectively. An explanation of the significance of each rating may be obtained only from the rating agency furnishing it. The Department furnished to such rating agencies certain materials and information about the Certificates and the Department. Generally, rating agencies base their rating on such materials and information, as well as their own investigations, studies and assumptions. It should be noted that ratings may be changed at any time and that no assurance can be given that they will not be revised downward, suspended or withdrawn by any or all rating agencies, if in the judgement of any or all, circumstances should warrant such actions. Any downward revision, suspension or withdrawal of any of the ratings could have an adverse effect on the market price of the Certificates.

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CERTAIN RISKS IN OWNERSHIP OF THE CERTIFICATES

THE PURCHASE OF THE CERTIFICATES IS SUBJECT TO RISKS. EACH PROSPECTIVE INVESTOR IN THE CERTIFICATES IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, INCLUDING ALL APPENDICES HERETO. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED BELOW THAT, AMONG OTHERS, COULD AFFECT THE TIMELY PAYMENT OF PRINCIPAL OF AND INTEREST ON THE CERTIFICATES AND THAT COULD ALSO AFFECT THE MARKET PRICE OF THE CERTIFICATES TO AN EXTENT THAT CANNOT BE DETERMINED.

Failure to Appropriate

The primary source of funds for payment of the Certificates is the Purchaser's payment of Purchase Installments. Purchase Installments are payable from funds budgeted and appropriated therefor by the General Assembly in each successive fiscal year. The General Assembly is not obligated under the Purchase Agreement to make any appropriation, or to make a sufficient appropriation, to pay Purchase Installments in any fiscal year. A failure to obtain a sufficient appropriation to pay all Purchase Installments coming due during the next ensuing fiscal year would not constitute an Event of Default; provided, however, that such a failure would constitute a Failure to Appropriate.

While the Purchaser is directed, pursuant to the Purchase Agreement, to use its best efforts to request inclusion in successive annual budget proposals items for all Purchase Installments coming due during the ensuing fiscal year, there is no assurance that the General Assembly will appropriate money sufficient to pay Purchase Installments in each ensuing fiscal year until maturity of the Certificates. The likelihood of any future appropriation is dependent upon factors beyond the control of the Department, its officers and employees, and the owners of the Certificates, including (i) the continuing need for the Buses, (ii) the continuing sufficiency of the Buses for the evolving, and perhaps increasing, needs of the Department and the MAA, (iii) the financial condition of the Department and the State and (iv) demographic and economic conditions which would affect the need for the Buses. It is the intention of the Purchaser that the amounts payable under the Purchase Agreement, including Purchase Installments, will be made from funds in the Transportation Trust Fund. (See "TRANSPORTATION TRUST FUND" herein.)

In the event of Failure to Appropriate, neither the State, the Department nor the MAA would be obligated to make any Purchase Installments beyond those appropriated during the then current fiscal year. The Trustee may pursue those remedies available to it under the Purchase Agreement (as set forth in Appendix B - "Document Summaries").

THE REMEDIES AVAILABLE TO THE TRUSTEE IN THE EVENT OF A FAILURE TO APPROPRIATE ARE LIMITED AND DO NOT INCLUDE THE RIGHT TO INSTITUTE LEGAL PROCEEDINGS TO COMPEL PAYMENT OF ANY PURCHASE INSTALLMENTS FOR WHICH THERE IS NOT AN APPROPRIATION, NOR MAY THE TRUSTEE SEEK A JUDGMENT AGAINST THE STATE, THE DEPARTMENT OR THE MAA. THE FAILURE TO APPROPRIATE IS NOT AN EVENT OF DEFAULT.

THE DEPARTMENT OF TRANSPORTATION

The Department was established as a principal department of the State government in 1971. The head of the Department is the Secretary who is appointed by the Governor with the advice and consent of the Senate.

The Department has the responsibility for most State-owned transportation facilities and programs. This responsibility includes the planning, financing, construction, operation and maintenance of various modes of transportation and carrying out various related licensing and administrative functions. The statutorily created transportation agencies, which are encompassed by the Department, are the MAA, the Maryland Port Administration, (the "MPA"), the Motor Vehicle Administration, (the "MVA"), the Maryland Transit Administration, (the "MTA") and the State Highway Administration (the "SHA") (collectively the "Administrations").

The Secretary is empowered, on behalf of the Department, to exercise or perform any power or duty, which any of these Administrations may exercise or perform. These powers and duties involve, among others, the operation by MAA of BWI Marshall, including the power to fix landing fees and to rent space to airlines and concessionaires; the operation of various State-owned buildings and marine terminals in the Port of Baltimore, including the power to fix and collect rental and other fees for the use of these facilities; the construction and maintenance of the State highway system; the operation of all transit facilities in the Baltimore metropolitan transit district, including the operation of the bus and rail systems in this district, and the power to fix and collect the fares for these systems; the licensing and registration of all motor vehicles and motor vehicle operators in the State; and the power to acquire any property by purchase or condemnation that is necessary to exercise or perform these powers and duties.

Certain transportation facilities which are not part of the Department are operated as toll facilities by the Maryland Transportation Authority (the "Authority"). Although the Authority acts on behalf of the Department, none of the tolls and other revenues received from these facilities are initially credited to the Transportation Trust Fund. These facilities include the Chesapeake Bay Bridges, the Fort McHenry Tunnel, the Baltimore Harbor Tunnel, the Francis Scott Key Bridge, the John F. Kennedy Memorial Highway (including the I-95 Express Toll Lanes), the Potomac River Bridge, the Susquehanna River Bridge, and the Intercounty Connector. The Authority also developed an intermodal container transfer rail yard which is managed by the MPA. The Authority is governed by a board of citizens consisting of eight members, who are appointed by the Governor, and the Secretary, who is the *ex officio* Chairman of the Authority.

TRANSPORTATION TRUST FUND

The Transportation Trust Fund was established in 1971 by Chapter 526 of the Laws of Maryland of 1970. The TTF is credited with taxes, fees, charges, bond proceeds, federal grants for transportation purposes and other receipts (excluding passenger facility charges ("PFC") and airport rental car customer facility charges, and to the extent required for debt service on obligations issued on behalf of the Department by the Authority, certain parking revenues) of the Department. All expenditures of the Department are made from the TTF. The Department may use funds in the TTF for any lawful purpose related to the exercise of its powers, duties and obligations, after meeting its debt service requirements for Consolidated Transportation Bonds. Unexpended funds remaining in the TTF at the close of each fiscal year do not revert to Maryland's General Fund (the "General Fund") but remain in the TTF.

Consolidated Transportation Bonds

The Department issues Department of Transportation of Maryland Consolidated Transportation Bonds ("Consolidated Transportation Bonds"). In accordance with certain provisions of State law, the aggregate principal amount of Consolidated Transportation Bonds that may be outstanding is $4,500,000,000. In addition, provisions of the Act provide for the General Assembly to establish in the budget for any fiscal year a maximum outstanding aggregate amount of these bonds as of June 30 of the respective fiscal year that does not exceed $4,500,000,000. As established in the budget for fiscal year 2019, the maximum aggregate amount of Consolidated Transportation Bonds that may be outstanding as of June 30, 2019 is $3,422,265,000. Certain taxes of the Department (motor fuel tax, titling tax, a portion of the State's corporate income tax, and a portion of sales and use tax on short term vehicle rentals) are pledged to the payment of the Department's Consolidated Transportation Bonds. These taxes are also pledged on a subordinate basis to the Authority's Grant and Revenue Anticipation Bonds ("GARVEE").

See "Taxes Pledged to Bonds and Net Revenues as Defined for the Purposes of the Bond Coverage Tests" in the Department's Comprehensive Annual Financial Report (the "CAFR").

Under existing law, the following sources of funds are available to the TTF.

Taxes and Fees

Highway User Revenues – Within the TTF there is a Gasoline and Motor Vehicle Revenue Account ("GMVRA") wherein Highway User Revenues ("HUR") are collected. HUR include the following taxes and fees after the deduction of certain programmatic expenses provided by law:

1. Motor Vehicle Fuel Tax and Fees ("Base Tax Rate") – these taxes and fees that are a component of HUR consist of the following:

(a) The 23 1/2¢ on each gallon other than aviation gasoline and 24 1/4¢ on each gallon of special fuels other than turbine fuel after deductions for certain refunds and collection costs, a 2.3% distribution to the Chesapeake Bay 2010 Trust Fund and/or the General Fund and a 0.5% distribution to the Waterway Improvement Fund; and

(b) The fee for a 15-day trip permit for a commercial vehicle at an amount equal to the tax rate on special fuel other than turbine fuel, in effect at the time the permit is issued, and payable on 174 gallons of motor vehicle fuel.

2. Motor Vehicle Titling Tax – two-thirds of an excise tax imposed at the rate of 6% of the fair market value, excluding trade in allowance, of certain motor vehicles for which certificates of title are issued.

3. Sales and Use Tax on Short-Term Vehicle Rentals – 80% of 45% of the revenues from the collection of the sales and use tax on short-term vehicle rentals.

4. Motor Vehicle Registration Fees – a registration fee on all motor vehicles that ranges from $2.50 to $1,800.00 per vehicle.

5. Corporation Income Tax – a percentage of the revenues derived from the State's 8.25% corporation income tax after certain General Fund reductions. For fiscal years 2014 through 2016, the percentage distribution was 19.5%. For fiscal year 2017 and fiscal years thereafter, the percentage distribution is 17.2%.

Allocation of Highway User Revenues – Chapter 397, Laws of Maryland 2011 enacted in the 2011 legislative session of the General Assembly ("Chapter 397") reduced the percentage of the State's corporation income tax pledged to the payment of debt service on Consolidated Transportation Bonds. Pursuant to Chapter 397, the allocation of total HUR for fiscal year 2014 and all fiscal years thereafter is 90.4% to the Department and 9.6% to pay allocations to the counties, municipalities and Baltimore City.

2018 General Assembly Session's Impact on HUR

Chapter 330, Laws of Maryland 2018, enacted in the 2018 session of the General Assembly (the "HUR Redistribution Bill"), modifies the allocation of HUR to the counties, municipalities and Baltimore City. In addition, the definition of HUR changes as of July 1, 2019 from funds within the GMVRA to capital grants appropriated to Baltimore City, the counties and the municipalities.

Beginning in fiscal year 2020, 100% of revenue credited to the GMVRA will be allocated to the TTF. For fiscal years 2020 through 2024, capital grants shall be allocated from the TTF in an amount equal to 13.5% of the funds credited to the GMVRA. The GMVRA is the basis for the calculation; however, the capital grants could come from any funds within the TTF.

For fiscal years 2025 and each fiscal year thereafter, capital grants shall be allocated from the TTF based on 9.6% of the funds credited to the GMVRA.

While there will be an increase in the amount of HUR allocated to the counties, municipalities and Baltimore City from fiscal years 2020 through 2024, the HUR Redistribution Bill specifically provides that the capital grants to be made shall be appropriated only if all debt service requirements and the Department's operations expenses have been funded and sufficient funds are available to fund the Department's capital program.

Additional Transportation Trust Fund Revenue – the following revenues of the Department are not HUR:

1. Motor Vehicle Titling Tax – one third of the excise tax imposed at the rate of 6% of the fair market value excluding trade in allowance, of certain motor vehicles for which certificates of title are issued. (See "Highway User Revenues – 2. Motor Vehicle Titling Tax".)

2. Motor Vehicle Fuel Tax – the following increases to the motor fuel tax were enacted under Chapter 429 Laws of Maryland 2013, legislation enacted by the General Assembly at its 2013 session:

   (a). Effective July 1, 2013, there is an annual adjustment to the motor fuel tax in excess of the Base Tax Rate. The increases in the tax are indexed to the Consumer Price Index (the "CPI"), compounding with each adjustment. The annual increase may not be greater than 8%. While the Base Tax Rate is part of HUR, the adjustments are not.

(b). Effective July 1, 2013, there was an increase in the motor fuel tax attributable to sales and use tax equivalent on motor fuel based upon the product of the average annual retail price of motor fuel, less state and federal taxes, multiplied by specified percentages rate. The percentage beginning July 1, 2013 was 1% and increased to 2% on January 1, 2015 and 3% on July 1, 2015. Effective December 1, 2015, the percentage increased to 4% on January 1, 2016 and 5% on July 1, 2016 (the maximum allowed under law).

3. Sales and Use Tax Revenue on Short-term Vehicle Rentals – the Department received 20% of 45% of the sales and use tax revenues on short-term vehicle rentals.

4. Operating Revenues – revenues of the TTF are produced by operations of the MPA, the MTA and the MAA. Effective July 1, 2014, MTA is required to increase base fare prices at specified intervals based on the change in the CPI.

5. Other Revenues – all other revenues include the other taxes, fees, charges, and revenues of every kind collected or received by, paid or appropriated to, or be credited to the TTF for the Department in exercise of its rights, powers, duties, obligations or functions.

Federal Aid

Federal aid, representing 21% of the total funding in the Department's TTF, supports the multimodal investments in the fiscal year 2019 – 2024 Consolidated Transportation Program, (the "CTP"). The continued support of the Federal Highway Trust Fund is critical to the Department's ability to enhance, improve, and rebuild State infrastructure to compete in a modern economy.

The fiscal years 2019 – 2024 CTP is based on the spending levels and contract authority under the federal highway program enacted in December 2015 entitled Fixing America's Surface Transportation Act (the "FAST Act"). Federal highway program funds authorized and apportioned to the states are subject to annual ceilings, which determine how much of the authorized money can be obligated in any given year. This ceiling is referred to as Obligational Authority ("OA") and is imposed by Congress annually in response to prevailing economic policy. Since fiscal year 2004, the Department's OA has ranged from 84% to 95%. The OA level received in fiscal year 2018 was 91.7%. The CTP assumes an OA level of 94% for fiscal years 2019 – 2024.

Under the FAST Act, the Department receives federal aid for the highway program, primarily for interstate, primary, secondary and urban systems, bridge replacement, highway safety, and congestion mitigation/air quality improvement. All available federal aid is utilized, and no federal aid will be lost for lack of State match.

The Federal Transit Administration provides transit operating and capital assistance for bus, metro, light rail, and commuter rail. Federal grants are also provided for rural areas as well as elderly and handicapped persons. Federal entitlement and discretionary funding for airport projects are provided by the Federal Aviation Administration, ("FAA") through the Airport Improvement Program.

In addition, the Department was awarded federal funds under the Transportation Investment Generating Economic Recovery ("TIGER") competitive grant program for various transportation projects. TIGER was a discretionary grant program administered by the United States Department of Transportation for road, rail, transit and port projects that achieve national multi-modal objectives. The TIGER program has been replaced by the Better Utilizing Investments to Leverage Development transportation discretionary grants program.

Lastly, the Department receives federal funding from the United States Department of Homeland Security for various transit, port and driver services security projects. Federal Emergency Management Administration manages several grant programs that award funding to improve security and disaster preparedness across the state transportation network.

The Major federal fund receipts for the capital program including the federal funds from local governments in fiscal year 2018 were $881,631,815. Projected receipts for fiscal year 2019 are $1,049,382,000.

The subsidy for the Department's Consolidated Transportation Bonds, Series 2010B (Federally Taxable – Issuer Subsidy – Build America Bonds) will be reduced by 6.2% in federal fiscal year 2019.

The following table shows a condensed summary of the fund balances of the Department for each of the past five fiscal years ended on June 30th.

DEPARTMENT OF TRANSPORTATION FUND BALANCES
Fiscal Years 2014-2018
($ in thousands)

	2014	2015	2016	2017	2018
Revenues	$3,890,784	$4,049,561	$4,170,716	$4,490,955	$4,407,888
Expenditures	4,192,914	4,487,894	4,746,329	5,142,879	5,240,698
Excess (deficiency) of revenues over expenditures	(302,130)	(438,333)	(575,613)	(651,924)	(832,810)
Net other sources (uses) of financial resources (a)	360,811	427,128	342,822	737,021	643,348
Net change in fund balances	58,681	(11,205)	(232,791)	85,097	(189,462)
Fund balance, July 1	308,789	367,470	356,265	123,474	208,571
Fund balance, June 30	$367,470	$356,265	$123,474	$208,571	$19,109

Note: The Department of Transportation special revenue and debt service funds account for substantially all of the financial activities of the Transportation Trust Fund. The Authority is not part of the Transportation Trust Fund. The above summary was prepared from the audited financial statements of the Department which are prepared in accordance with Generally Accepted Accounting Principles.

NONTRADITIONAL DEBT

The Department's nontraditional debt ("Nontraditional Debt") is defined by the General Assembly as any debt instrument that is not a Consolidated Transportation Bond or a GARVEE. Such debt includes, but is not limited to, certificates of participation, debt backed by customer facility charges, passenger facility charges, or other revenues, and debt backed by the Maryland Economic Development Corporation ("MEDCO") or any third party on behalf of the Department. The General Assembly established that as of June 30, 2019, the total aggregate outstanding and unpaid principal balance of Nontraditional Debt may not exceed a budgetary limit of $874,695,000. The following paragraphs outline certain issues of Nontraditional Debt outstanding, all of which are subject to the budgetary limit set forth hereinabove.

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Conditional Purchase and Lease Agreements

The Department has from time to time financed the construction and acquisition of various facilities through conditional purchase, sale-leaseback, and similar transactions. Such transactions are subject to approval by the Board of Public Works. Financings of this type are as follows:

Conditional Purchase Financing	**Projects**	**Issuance Amount**	**Outstanding as of December 31, 2018**
Certificates of Participation (MPA), Refunding Series 2016	MPA South Locust Point Warehouse construction – refunded original 2006 issue	$ 15,040,000	$ 11,855,000
Project Certificates of Participation (MAA), Refunding Series 2010	BWI Thurgood Marshall Airport Facilities	19,610,000	10,110,000
Project Certificates of Participation (MTA), Refunding Series 2010	MTA Rail Station Parking Garage at BWI Thurgood Marshall Airport	13,070,000	7,030,000
Total			$ 28,995,000

All of the lease payments under these conditional purchase financings are subject to annual appropriation by the General Assembly. In the event that such appropriations are not made, the Department may not be held contractually liable for the payment.

Capital Leases	**Projects**	**Issuance Amount**	**Outstanding as of December 31, 2018**
MEDCO Refunding Lease Revenue Bonds, Series 2010	Construction of the Headquarters Building for the Department	$ 22,715,000	$ 10,095,000
MEDCO Refunding Lease Revenue Bonds, Series 2010	Expansion and renovation of Piers A, B and Terminal Building at BWI Thurgood Marshall Airport	199,555,000	136,455,000
Total Outstanding Leases with MEDCO			$ 146,550,000

The Department's payments to MEDCO for debt service on all MEDCO Refunding Lease Revenue Bonds are subject to the General Assembly's annual appropriation.

The Department has entered into several lease agreements as lessee for the financing of various projects at BWI Marshall. The Authority was the conduit issuer. Those financings of this type follow:

Capital Leases	Projects	Issuance Amount	Outstanding as of December 31, 2018
Maryland Transportation Authority Taxable Consolidated Rental Car Facility Bonds, Series 2002	Acquisition, construction and equipping of new rental care facility	$ 117,345,000	$ 81,080,000
Maryland Transportation Authority Airport Parking Revenue Bonds, Refunding Series 2012	Refunded Series 2002 original issue $264,075,000 used to construct a parking garage, make improvements to the Central Utility Plant, to public access, and to widen roads	190,560,000	125,515,000
Maryland Transportation Authority Passenger Facility Charge Revenue Bonds, Series 2012A	Finance a portion of the costs to construct a passenger connector hall between the secure Concourse B and C, expansion of C, and expansion and relocation of security checkpoint	50,905,000	39,510,000
Maryland Transportation Authority Passenger Facility Charge Revenue Bonds, Series 2012B	Finance a portion of the costs of runway safety improvement and paving	92,070,000	63,485,000
Maryland Transportation Authority Variable Rate Passenger Facility Charge Revenue Bonds, Series 2012C	Finance a portion of the costs of runway safety improvements and paving	43,400,000	43,400,000
Maryland Transportation Authority Passenger Facility Charge Revenue Bonds, Series 2014	Finance a portion of costs To construct a passenger connector hall between the secure Concourse D and E	40,000,000	35,030,000
Total			$ 388,020,000

The Department's liability on the above leases may be less than the bonds outstanding due to cash on hand in certain restricted accounts held by the Authority. The revenues derived from airport parking, rental car customer facility charges and passenger facility charges are pledged to the payment of the bonds financing these projects, respectively, and no other TTF revenues are pledged as security for these bonds. With that exception of excess parking revenue, none of these revenues are available for debt service on the Certificates.

Energy Performance Contract (EPC)

The Department of General Services implemented an Energy Performance Contract program for the Department in fiscal year 2011, with a goal to reduce Maryland's energy consumption through energy efficiency projects. The Treasurer's Office secured the financing required to fund the construction of the improvement. The savings resulting from the projects are used to offset the financing costs. The SHA, MTA, MAA, MPA and the MVA participated in EPC. As of December 31, 2018, the total amount due in long-term liability for EPC obligations is $35,169,000.

MARYLAND AVIATION ADMINISTRATION

The MAA was established by the General Assembly on July 1, 1971. MAA, as provided by the Transportation Article of the Annotated Code of Maryland, is responsible for fostering and developing aviation activity and facilities throughout the State and operating State-owned airports. By legislative action in the 1972 Session of the General Assembly, ownership of BWI Marshall was acquired by the State from the City of Baltimore on July 26, 1972 and responsibility for its operation, maintenance, protection, and development was assigned to the MAA. Martin State Airport ("Martin Airport") was purchased by the State on July 1, 1975. The MAA operates Martin Airport as a joint facility, serving the needs of private and corporate aircraft owners and two squadrons of the Maryland Air National Guard and the Maryland State Police. In addition to filling the present need for such facilities, Martin Airport serves as a federally designated reliever airport for non-commercial air carrier traffic at BWI Marshall.

Baltimore/Washington International Thurgood Marshall Airport

BWI Marshall, operated by MAA, is located on a 3,596 acre site in Anne Arundel County, 9 miles south of downtown Baltimore and 32 miles northwest of Washington, D.C. More than 20 scheduled airlines, including commuter and cargo air carriers, serve at BWI Marshall and currently provide more than 330 domestic and international departures daily. During fiscal year 2018, approximately 27 million passengers used BWI Marshall.

The CTP six-year program total of $644,494,000 includes $379,586,000 in major improvements at BWI Marshall Airport consisting of regional aviation, noise mitigation, apron and taxi lane expansion and improvements and shuttle bus replacements. Major terminal modernization improvements in the CTP include the Concourse A Phase 2 improvements, the expansion of the International Concourse and redesign of the Federal Inspection Services area. Other terminal improvements include HVAC replacement, restroom renovations and aircraft maintenance facility.

There are certain issues of Nontraditional Debt outstanding to provide financing for some of the major improvements at BWI Marshall, including the expansion of Concourses C, passenger connector hall between the secured Concourses B and C, and Concourses D and E, terminal and access roadway work, a parking garage, a consolidated rental car facility and expansion and relocation of security checkpoints. The bond financings for these projects were issued either by the Authority or MEDCO. (See "NONTRADITIONAL DEBT".)

The Aviation Safety and Capacity Expansion Act of 1990 (the "1990 Safety Act"), enacted by the United States Congress ("Congress"), allows a public agency to impose an airport PFC for enplaned passengers up to $3.00 per passenger. The proceeds of such PFCs are to be used to finance eligible airport-related construction projects, as approved by the FAA. The MAA received FAA approval in July 1992 to collect PFCs for four projects. The MAA amended its PFC program in April 1994 to increase the total to six projects. In 1994, the Authority issued special obligation revenue bonds secured by PFCs to construct the International Terminal at BWI Marshall and provide for other landside and airside facilities. These bonds were defeased during fiscal year 2003.

The Aviation Investment and Reform Act for the 21st Century, enacted by Congress in April of 2000, together with the 1990 Safety Act, increased the maximum per passenger PFC allowed to be charged by qualifying airports from $3.00 to $4.50. In June 2002, the MAA received FAA approval to increase its collection level to $4.50 to support PFC approved projects in MAA's capital program. The FAA further allows the MAA to impose and use PFCs for the payment of debt service for bonds used to fund PFC approved projects. PFC collections not needed for debt service are used for PFC approved paygo projects. The FAA approved additional applications for PFC eligible projects in June 2006, February 2007, February 2008, September 2010, March 2012, September 2012, October 2014, and August 2016. The MAA submitted a PFC application during the fall of 2018 which includes a PFC backed bond issuance.

The CTP also anticipates expenditures of $224,408,000 for airport planning and preservation of both BWI Marshall and Martin State Airport, of which $19,206,000 is expected from federal grants, $15,505,000 from non-Department revenue sources and $189,697,000 from other resources of the Department.

Other Aviation Facilities and Programs

Martin Airport is located northeast of Baltimore in Baltimore County, and provides facilities for general aviation, the Maryland Air National Guard, private sector companies and public sector organizations. The list of tenants can be accessed at http://www.martinstateairport.com/content/airserv/tenant_directory.html. Improvements amounting to an estimated $11,580,000 are allocated during the CTP period to Martin State Airport. It is estimated that $1,124,000 would be provided by federal grants and $10,456,000 from other resources of the Department.

In 2008 MAA updated the Maryland Aviation System Plan (the "MASP"), a comprehensive review of Maryland's airport system which includes all public-use landing facilities. The MASP is a planning document to preserve and expand a safe and efficient system of airports. A grant program to aid general aviation and commercial airports throughout the State, in keeping with MASP, is expected to require more than $12,000,000 during the CTP period.

STATE GOVERNMENT

Legislature

The State has a bicameral legislature, the General Assembly, composed of the Senate with 47 members and the House of Delegates with 141 members. The State is divided into 47 legislative districts, each with one senator and three delegates. All members of the General Assembly are elected for four-year terms. The General Assembly meets annually for a 90-day session beginning on the second Wednesday in January. This regular session may be extended by the General Assembly or the Governor, and the General Assembly may meet in special sessions, but no extended or special session may last for longer than 30 days except for the purpose of enacting the budget.

Constitutional Officers

The leadership of State government includes four constitutional officers elected by the voters on a statewide basis for four-year terms: the Governor, the Lieutenant Governor, the Comptroller and the Attorney General. The Treasurer is also a constitutional officer, appointed upon a joint ballot of the Senate and the House of Delegates for a four-year term.

The Governor is the chief executive officer of the State. The Lieutenant Governor has such duties as are delegated by the Governor, which may include any and all powers and duties of the Governor, and may serve as Acting Governor during the absence or incapacity of the Governor. The Attorney General is legal counsel to the Governor, the General Assembly and all departments and units of the State government except the Public Service Commission and certain authorities.

Together, the Comptroller and the Treasurer constitute the Treasury Department. The Comptroller is required to exercise general superintendence over the fiscal affairs of the State, to prepare plans for the improvement and management of revenue and support of public credit, to keep the accounts of the State and its agencies, including the Transportation Trust Fund and the special accounts therein, to prescribe the form of completing and stating these accounts and to superintend and enforce the collection of all taxes and revenues. The Treasurer maintains custody of all deposits of State monies, invests the State's surplus funds, maintains custody of all securities, and is responsible for all disbursements of State funds, including payment of principal and interest on State debt. Among the State funds for which the Treasurer is responsible are the monies in the Transportation Trust Fund.

Principal Departments

The executive functions of State Government are organized into 20 major departments, 19 of which are headed by a Secretary appointed by the Governor with the advice and consent of the Senate. The State Department of Education is headed by the State Board of Education, the members of which are appointed by the Governor for overlapping five-year terms, and the State Superintendent of Schools, who is appointed by the State Board of Education for a four-year term.

Judiciary

The Judiciary, a separate branch of government established in the Constitution of Maryland (the "State Constitution"), includes two courts of appellate jurisdiction. The Court of Appeals, originally created by the State Constitution of 1776, is the State's highest court; today this court's appellate jurisdiction is almost entirely discretionary. The Court of Special Appeals was established in 1966 as an intermediate appeals court having statewide jurisdiction; almost all initial civil and criminal appeals are now included in the jurisdiction of this court.

The Circuit Courts, which function as trial courts of general jurisdiction, are the common law and equity courts of record exercising original jurisdiction within the State and handle the major civil and the more serious criminal matters. A Circuit Court sits in each county and in Baltimore City. The District Court of Maryland, created in 1970, is divided into 12 geographic districts throughout the State, and exercises limited civil and criminal jurisdiction.

Board of Public Works

The Governor, Comptroller, and Treasurer are the members of the Board. The State Constitution, Article XII, Section 2, provides that a majority of the Board shall be competent to act. A constitutional body, the Board supervises the expenditure of all funds obtained by State general obligation bond issues and all funds appropriated for capital improvements other than roads, bridges, and highways. The Board must review and approve all contracts for such capital expenditures after review by the legislatively authorized control agency, principally, the Department, the Department of General Services, the Department of Budget and Management or the University System of Maryland. The Board considers, acts upon, and authorizes all issues of State general obligation bonds and fixes the rate of the State property tax required for debt service.

STATE FINANCES

Budgetary System

The State has a strong executive system of government. Under the State Constitution, Article III, §52, the Governor is responsible for the preparation and introduction of the State's annual budget. The Governor is required by the State Constitution to submit a balanced budget, and in preparing the budget, the Governor is statutorily required to use revenue estimates reported by the Board of Revenue Estimates, whose members are the Comptroller, the Treasurer and the Secretary of Budget and Management, or explain the use of different estimates. Except for the General Assembly's own budget and the Judiciary's budget, the General Assembly cannot increase the Governor's proposed budget, but may reduce it.

Passage of the State's budget is constitutionally prioritized. The General Assembly meets annually for 90 days, beginning the second Wednesday of each January. If the budget has not been enacted seven days before the end of session (the 83rd day), the State Constitution requires that the Governor issue a proclamation extending the session. If the budget has not been enacted by the 90th day, the General Assembly cannot consider any matter except the budget. This places the normal budget deadline in early April, almost three months before the start of the next fiscal year.

Although laws enacted by the General Assembly are generally subject to referendum, the power of referendum is subject to express limitations, and does not extend to the State budget. The effective date of the State budget cannot be delayed by referendum. The State does not require supermajorities to increase taxes or enact the budget. A simple majority is required for passage of all bills.

The Governor submits to the General Assembly, shortly after the beginning of its annual session, a budget containing a complete plan of proposed expenditures and estimated revenues for the ensuing fiscal year, together with a statement showing: (1) the revenues and expenditures for the preceding fiscal year; (2) reserves, and surplus or deficit of the State; (3) the debts and funds of the State; (4) an estimate of the State's financial condition as of the beginning and end of the preceding fiscal year; and (5) any explanation the Governor may desire to make as to the important features of the budget and any suggestions as to methods for reduction or increase of the State's revenue. The budget is required to include a total for all appropriations and all estimated revenues; total appropriations may not exceed the estimated revenues, either as submitted by the Governor or as enacted by the General Assembly. The State

Constitution requires the Governor to include appropriations for certain matters, including specifically an appropriation to pay and discharge the principal and interest of the debt of the State in conformity with Article III, Section 34 of the State Constitution and all laws enacted pursuant thereto.

The Governor also is required to include in his annual budget sufficient appropriations to fund programs for which specific statutory spending levels or rates have been established by the General Assembly at a preceding session. With the submission of the budget for the ensuing year, the Governor also presents to the General Assembly any deficiency appropriations that the Governor may deem necessary to supplement the current year's appropriations in light of current conditions. By law the Governor has the power, with the approval of the Board, to reduce by not more than 25% any appropriation that he may deem unnecessary, except appropriations for the payment of interest and the retirement of State debt, the legislature, the public schools, the judiciary, the salaries of public officers during their terms of office.

The General Assembly is prohibited by the State Constitution from amending the budget to affect certain specified provisions, including the obligations or debt of the State under Article III, Section 34 of the State Constitution. Except for these specified provisions, the General Assembly may amend the budget to increase or decrease appropriations relating to the legislative and judicial branches but it may only strike out or reduce executive branch appropriations submitted by the Governor. The General Assembly must enact a balanced budget. After the enactment of the budget, and not before, the General Assembly is permitted to enact supplementary appropriations, but may not enact any supplementary appropriation unless embodied in a separate bill that is limited to a single object or purpose and provides the revenue necessary to pay the appropriation by a tax to be levied and collected under the terms of the bill.

State expenditures are made pursuant to the appropriations in the annual budget, as amended from time to time by budget amendment. The various units of State government may, with the Governor's approval, amend the appropriations for particular programs in their individual budgets funded from the General Fund, provided they do not exceed their total General Fund appropriations as contained in the annual budget. Additionally, appropriations for programs funded in whole or in part from funds other than the General Fund may permit expenditures in excess of original appropriations to the extent that revenues from the particular non-General Fund sources exceed original budget estimates and the additional expenditures are approved by the Governor. The Transportation Trust Fund constitutes such a fund in that revenues are derived from non-General Fund sources (See "THE TRANSPORTATION TRUST FUND" herein.)

The Department of Budget and Management is headed by a secretary who assists the Governor in the preparation and administration of the budget and constitutes a statutorily created department.

The Department of Legislative Services ("DLS") provides full-time professional assistance to all committees and subcommittees of the General Assembly including those involved with budget, taxation and fiscal matters. DLS also conducts research into fiscal and policy issues. The Office of Legislative Audits is part of DLS and is required by law to examine and report on the books and accounts of all agencies of State government at least every four years.

The Spending Affordability Committee consists of certain designated officers of the General Assembly and other members as may be appointed by the President of the Senate and the Speaker of the House of Delegates. Each year the Committee must submit a report to the Legislative Policy Committee of the General Assembly and to the Governor recommending the level of State spending, the level of new debt authorization, the level of State personnel, and the use of any anticipated surplus.

State Financial Overview

The fiscal year 2019 budget is expected to close with a fund balance of $805.5 million and a Revenue Stabilization Account balance of $881.9 million. For fiscal year 2020, The Governor has proposed a budget which is projected to close with a fund balance of $105.5 million and a Revenue Stabilization Account balance of $1.2 billion.

State Revenues. The State derives most of its revenue from a combination of specialized taxes and user charges. The following are principal sources of the State's revenues: income taxes, corporate taxes, sales and use taxes, property taxes, lottery revenue, casino gaming revenue, public service company franchise taxes, insurance taxes, motor vehicle fuel and titling taxes and registration fees, transfer taxes, tobacco taxes, estate and inheritance taxes, alcoholic beverage taxes, bay restoration fees, and other revenue such as federal grants, court fees, interest and tuition fees paid to institutions of higher education. Revenue from the State property tax are credited to the Annuity Bond Fund and used to service general obligation debt.

Revenue Estimates. The State's revenue estimates are based upon projections by the Board of Revenue Estimates, composed of the Comptroller, the Treasurer, and the Secretary of Budget and Management. The Board studies the findings and recommendations of the Bureau of Revenue Estimates, a statutory State agency administratively under the Comptroller, that reviews the findings and recommendations of other agencies responsible for economic monitoring and revenue administration and reports the estimates of revenue to the Governor for submission to the General Assembly in connection with the budget.

In its report issued each December, the Board of Revenue Estimates presents revised revenue estimates for the current fiscal year (based upon current economic factors and legislative changes), and revenue estimates for the next succeeding fiscal year, upon which that fiscal year's budget is based. The revised estimate for the current year is made seven months before the end of that fiscal year, while the budget estimate for the next succeeding fiscal year is made 19 months before the end of that fiscal year. The estimates are reviewed in March, prior to final action on the budget by the General Assembly, and any appropriate adjustments to the estimates are made at that time. The following table shows the accuracy of General Fund revenue estimates for the fiscal years 2014 through 2018.

Historic General Fund Revenue Estimates and Actual Collections
($ in millions)

Fiscal	Actual	Original Estimate		Final Estimate	
Year	Collections	Amount	% (a)	Amount	% (a)
2014	$15,106.2	$15,351.2	98.4%	$15,133.5	99.8%
2015	15,922.6	16,005.3	98.5	15,708.4	101.4
2016	16,198.0	16,245.2	98.8	16,448.1	98.5
2017	16,698.7	17,081.9	97.8	16,608.4	100.5
2018	17,372.5	17,058.5	101.8	17,019.1	102.1

(a) Actual collections as a percentage of estimates.

State Expenditures. State expenditures and services for capital and operating programs include a typical range of direct governmental services and activities, as well as State support and aid to local governmental units, primarily in the area of education.

Fiscal Year 2014-2018 GAAP General Fund Results of Operations

The GAAP General Fund is that fund from which all general costs of State government are paid and to which taxes and other revenues not specifically directed by law to be deposited in separate funds are recorded in accordance with Generally Accepted Accounting Principles ("GAAP"). The following table presents the comparative statement of revenues, expenditures, and changes in fund balances in the GAAP General Fund for fiscal years ended June 30, 2014 through June 30, 2018.

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GAAP General Fund Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years 2014-2018
($ in thousands)

	2014	2015	2016	2017	2018
Revenues (a):					
Income taxes	$8,743,986	$9,418,584	$9,832,668	$ 9,786,505	$10.740.942
Sales and use taxes	4,196,314	4,410,080	4,504,417	4,609,782	4,716,515
Other taxes	1,678,552	1,737,057	1,794,271	1,788,424	1,826,222
Other licenses and fees	607,785	641,478	646,622	604,004	561,410
Charges for services	1,740,718	1,562,196	1,581,096	1,538,017	1,506,729
Interest and other investment income	106,866	61,938	51,608	(63,033)	(44,267)
Federal revenue	8,983,031	10,188,633	10,269,176	10,992,657	10,903,198
Other	396,472	373,876	473,942	542,086	393,458
Total revenues	26,453,724	28,393,844	29,153,800	29,798,442	30,604,207
Expenditures (a):					
General government	832,136	853,446	882,947	873,014	909,097
Health	11,160,187	12,007,975	12,206,406	13,334,642	13,483,142
Education	9,007,495	9,394,548	9,464,748	9,717,075	9,787,350
Human Services	2,542,075	2,543,937	2,501,100	2,391,286	2,324,795
Public Safety	1,888,200	1,972,570	1,983,864	2,076,945	1,989,791
Judicial	638,115	689,975	715,230	740,041	742,851
Labor, licensing and regulation	319,814	322,158	315,758	334,642	364,276
Natural resources and recreation	186,486	232,514	236,959	306,062	353,728
Housing and community development	292,494	266,912	282,414	319,809	327,564
Environment	96,901	107,103	108,548	108,702	102,623
Agriculture	87,110	75,226	69,105	71,000	82,600
Commerce	103,253	100,030	83,389	106,959	100,377
Intergovernmental	355,307	364,409	378,907	412,329	392,939
Total expenditures	27,509,573	28,930,802	29,229,375	30,792,506	30,961,133
Excess (deficiency) of revenues over expenditures.	(1,055,849)	(536,958)	(75,575)	(994,064)	(356,926)
Other sources (uses) of financial resources:					
Capital leases	167,717	3,676	8,144	9,900	15,034
Transfers in	1,069,971	1,117,818	1,180,508	1,224,862	1,357,120
Transfers out	(401,750)	(439,907)	(600,578)	(678,964)	(640,454)
Net other sources (uses) of financial resources	835,938	681,587	588,074	555,798	731,700
Net change in fund balances	(219,911)	144,629	512,499	(438,267)	374,774
Fund balances at the beginning of the year	1,359,235	1,139,325	1,283,953	1,796,452	1,358,186
Fund balances, June 30	$1,139,325	$1,283,953	$1,796,452	$1,358,186	$1,732,960
Fund balance as % of revenues	4.3%	4.5%	6.2%	4.6%	5.7%

State Reserve Fund

The State Reserve Fund is currently composed of four accounts: the Revenue Stabilization Account, which is established to retain State revenues for future needs and to reduce the need for future tax increases; the Dedicated Purpose Account, which is established to retain appropriations for major multi-year expenditures and to meet contingency requirements; the Economic Development Opportunities Program Account, which is to be used for extraordinary economic development opportunities as a supplement to existing programs; and the Catastrophic Event Account, which is to be used to respond quickly to a natural disaster or other catastrophic event that cannot be managed within existing appropriations. All interest earned on the State Reserve Fund is credited to the Revenue Stabilization Account.

The Governor is required to include in each annual budget bill an appropriation of $100.0 million if the balance in the Revenue Stabilization Account is less than 3.0% of estimated General Fund revenues. If the balance in the Revenue Stabilization Account is at least 3.0% of estimated General Fund revenues but less than 7.5% of estimated General Fund revenues, the Governor is required to include an appropriation to the Revenue Stabilization Account of $50.0 million or the amount necessary to bring the balance of the Revenue Stabilization Account to above 7.5%, whichever is less. Maryland law defines estimated General Fund revenues as those stated in the annual report of the Board of Revenue Estimates submitted to the Governor.

For fiscal year 2020, the Governor is required to include an appropriation to the State Retirement and Pension System (the "System") equal to half of the unappropriated General Fund balance in excess of $10.0 million up to $50.0 million. For fiscal years 2018 and 2019, the General Assembly passed legislation removing the requirement to pay this supplemental $50 million; it is included in the fiscal year 2020 Governor's proposed budget. Legislation passed during the 2017 Legislative Session requires that beginning in fiscal 2021, one-quarter of the unappropriated general fund surplus above $10.0 million be appropriated to the Postretirement Health Benefits Trust Fund and another quarter be appropriated to the System. Each of these appropriations is capped at $25.0 million. Any remaining unappropriated general funds above those distributions are appropriated to the Revenue Stabilization Account.

In 2017, legislation was enacted to address the volatility inherent to revenue estimates. The legislation was the result of recommendations made by a workgroup made up of experts from both the Legislative and Executive branches of State government. It requires that beginning in fiscal 2020, the Revenue Stabilization Account shall receive a share of non-withholding general fund revenues above a cap that is based on the 10-year average non-withholding revenues' share of total general funds. The Budget Reconciliation and Financing Act of 2018 allowed for this legislation to be phased in with caps on non-withholding revenue of 0.5% of general funds in fiscal year 2020, 1.0% in fiscal year 2021, and 2.0% in fiscal year 2022. In years, when non-withholding income exceeds the ten-year average, revenues are reduced. At the end of the fiscal year, excess funds are first used to offset any general fund revenue shortfall. If there is no shortfall, the Comptroller is required to credit excess funds to the Revenue Stabilization Account if that fund's balance is less than 6% of estimated general fund revenues. Once the Revenue Stabilization Account balance reaches 6% of estimated general fund revenues, 50% of any excess funds are credited to the Revenue Stabilization Account (until the balance equals at least 10% of estimated general fund revenues), and the other 50% is credited to a newly created Fiscal Responsibility Fund, which the Governor must use to provide paygo appropriations for public school, community college, and four-year higher education projects. In fiscal year 2020, the cap reduced estimated revenues by $93.6 million.

In the past, withdrawals that do not result in a Revenue Stabilization Account balance below 5% of estimated General Fund revenues required authorization by an act of the General Assembly other than the State budget bill. In fiscal year 2019 and beyond withdrawals that do not result in a balance below 5% may be authorized in the State budget. Withdrawals that result in a Revenue Stabilization Account balance below 5% of estimated General Fund revenues must still be authorized by an act of the General Assembly other than the State Budget Bill.

The following table presents the balances of the State Reserve Fund for the fiscal years ended June 30, 2016 through June 30, 2018, and the estimates for the fiscal years ending on June 30, 2019, and June 30, 2020.

State Reserve Fund
Fiscal Years 2016–2020
($ in millions)

	Balance at Fiscal Year End			
Fiscal Year	**Revenue Stabilization Account**	**Other Accounts**	**Total State Reserve Fund**	**Revenue Stabilization Account as a % of General Fund Revenue**
2016	$832.4	$38.2	$870.6	5.1%
2017	832.5	28.9	861.3	5.0
2018[(a)]	856.9	21.7	878.6	5.0
2019 (estimate)	881.9	24.5	906.4	4.9
2020 (estimate)	1,210.5	32.3	1,242.8	6.5

Note: Totals may not add due to rounding.

(a) In the proposed budget, the Revenue Stabilization Account balance as a percentage of General Fund revenue as stated in the annual report of the Board of Revenue Estimates enacted fiscal year 2019 equaled 5.0%. Subsequently, revenue write-ups related to the Tax Cut and Jobs Act of 2017 brought reserves slightly below 5.0% prior to the enactment of the fiscal year 2020 budget.

General Fund 2019 Budget

The General Assembly enacted the fiscal year 2019 Budget (the "2019 Budget") on March 27, 2018. The 2019 Budget included $17.9 billion in General Fund spending. The three largest categories of expenditure were: (1) $7.8 billion in aid to local governments from general funds, including $7.0 billion for K-12 education; (2) $5.0 billion to support public health services in the Department of Health, including $3.4 billion for the Medicaid Program; and (3) $1.6 billion for the System.

The 2019 Budget also included a $3.3 net million appropriation to the Revenue Stabilization Account. The balance in the Revenue Stabilization Account on June 30, 2019 is estimated to equal $881.9 million, or 4.9% of General Fund revenues, as estimated by the Board of Revenue Estimates in December 2018.

The 2019 Budget included $1.6 billion in State funding for the System. For years 2017-2020, the Governor is also required to deposit half of the unappropriated General Fund balance in excess of $10.0 million up to $50.0 million for the System. For fiscal year 2019, the General Assembly approved a deferral to this policy.

The 2019 Budget funded debt service on the State's general obligation bonds with $286.0 million in general funds, $1.0 billion in special funds primarily from State property tax revenues, and $12.8 million in federal funds reflecting the interest subsidy on current outstanding America Recovery and Reinvestment Act ("ARRA") Bonds. The State also received a $80.1 million bond premium from the August 2018 general obligation bond sale, of which $55.0 million was restricted by the legislature for paygo. The projected amount of State property tax revenues reflects a property tax rate of 11.2 cents (per $100 of taxable assessed value), a rate unchanged from fiscal year 2018.

Pursuant to Section 7-213 of the State Finance and Procurement Article of the Annotated Code of Maryland, the Governor may, with the approval of the Board, reduce by not more than 25% any appropriation that he may deem unnecessary, except appropriations for the payment of interest and the retirement of State debt, the legislature, the public schools, the judiciary, and certain salaries.

On September 24, 2018, the Board of Revenue Estimates reported that General Fund revenues in fiscal year 2018 had exceeded estimates by $339.3 million, and for fiscal year 2019 General Fund revenue estimates increased by $325.2 million. These adjustments stemmed primarily from changes to the federal tax code.

On December 12, 2018, the Board of Revenue Estimates reduced its estimate for General Fund revenues in fiscal year 2019 by $18.4 million, and for fiscal year 2020 by $55.3 million. These changes were driven by income shifting from fiscal year 2018 to fiscal year 2019 for possible tax planning purposes, as well as from reduced sales tax estimates.

The proposed fiscal year 2020 Budget includes deficiency appropriations for the fiscal year 2019 of $53.0 million. It also assumes $35.0 million in reversions.

Based on the events and actions discussed above, it is estimated that the General Fund balance on a budgetary basis at June 30, 2019 will be $805.5 million.

General Fund 2020 Budget

The Governor proposed the fiscal year 2020 Budget (the "2020 Budget") on January 18, 2019. The 2020 Budget includes $19.5 billion in General Fund spending. The three largest categories of expenditures were: (1) $8.2 billion in aid to local governments from general funds, including $7.3 billion for education; (2) $5.1 billion to support public health services in the Department of Health, including $3.3 billion for the Medicaid Program; and (3) and $1.8 billion for the System.

The 2020 Budget includes a $443.8 million appropriation to the Revenue Stabilization Account. The balance in the Revenue Stabilization Account at June 30, 2020 is estimated to equal $1.2 billion, or 6.5% of General Fund revenues, as estimated by the Board of Revenue Estimates in December 2018.

The 2020 Budget includes $1.8 billion in State funding for the System, and the Budget includes actuarial funding of the System. The 2020 Budget also includes an additional supplemental contribution to the System of $125 million.

The 2020 Budget funds debt service on the State's general obligation bonds with $287.0 million in general funds, $1.0 billion in special funds, primarily from State property tax revenues, and $11.5 million in federal funds reflecting the interest subsidy on current outstanding ARRA Bonds. The projected amount of State property tax revenues reflects a property tax rate of 11.2 cents (per $100 of taxable assessed value), a rate unchanged from fiscal year 2019.

Based on the events and actions discussed above, it is estimated that the General Fund balance on a budgetary basis on June 30, 2020 will be $105.5 million.

General Fund Outlook

As with all future projections, the information in this section is based on certain assumptions. One or more of these assumptions may prove to be inaccurate and may be changed in the future as new information becomes available. The Department of Budget and Management forecasts a range from a budget surplus of $105.0 million to structural budget deficits of $1.8 billion for fiscal years 2020 through 2024. In addition, Maryland voters approved a ballot initiative in November 2018 which significantly increases General Fund spending on K-12 education. These increases are phased in over time, with an impact of $125.0 million in fiscal year 2020 increasing to $532.1 million by fiscal year 2023. The Governor must submit and the Legislature must enact a balanced budget.

State Tax-Supported Debt

The State issues general obligation bonds, to the payment of which the State ad valorem property tax is pledged, for capital improvements and for various State-sponsored projects. In addition, the Department issues for transportation purposes its limited, special obligation bonds payable primarily from specific, fixed-rate excise taxes and other revenues related mainly to highway use. The State and certain of its agencies also have entered into a variety of lease-purchase agreements to finance the acquisition of capital assets. These lease agreements specify that payments thereunder are subject to annual appropriation by the General Assembly.

At least since the end of the Civil War, the State has paid the principal of and interest on its general obligation bonds when due. There is no general debt limit imposed by the State Constitution or public general laws. Although the State has the authority to make short-term borrowings in anticipation of taxes and other receipts up to a maximum of $100.0 million, the State has not issued short-term tax anticipation notes or made any other similar short-term borrowings for cash flow purposes.

The aggregate principal amount of outstanding bonded indebtedness of the State is as follows:

Tax-Supported Debt Outstanding
($ in millions)

	Outstanding at December 31, 2018
General Obligation Bonds (a)	$9,454.4
Consolidated Transportation Bonds	3,488.8
Maryland Stadium Authority Bonds and Leases	75.3
Capital Leases	123.0
GARVEE Bonds (b)	129.7
Bay Restoration Revenue Bonds	273.6
Net Tax-Supported Debt	$13,544.8

(a) As of December 31, 2018, the authorized but unissued amounts before and after giving effect to the sale of the general obligation bonds were $1.9 billion and $1.4 billion, respectively. This amount includes approximately $87.5 million of outstanding qualified zone academy bonds which are privately placed.

(b) The final maturity of the Series 2008 GARVEE Bonds was refunded in March 2019 with no change to debt outstanding.

Note: The above table excludes local debt as well as revenue and enterprise debt, all of which are not State tax-supported debt.

State Demographic and Economic Data is contained in Appendix A.

LITIGATION

There is no litigation pending which will restrain or enjoin the execution or delivery of the Purchase Agreement or affect the validity of the Purchase Agreement or the Certificates.

FINANCIAL STATEMENTS

The financial statements of the Department can be accessed at http://www.mdot.maryland.gov/newMDOT/Finance/ComprehensiveAnnualFinancialReport.html. The financial statements of the State can be accessed at https://finances.marylandtaxes.gov/where_the_money_comes_from/General_Revenue_Reports/CARF.shtml. These financial statements are also available on the Electronic Municipal Market Access ("EMMA") system. MAA financial information is incorporated in the comprehensive financial statement of the Department.

MUNICIPAL ADVISORS

Frasca & Associates, LLC, Washington, DC and Wye River Group, Incorporated, Annapolis, Maryland have been retained as Co-Financial Advisors to the Department in connection with the sale of the Certificates and other matters pertinent thereto.

TAX MATTERS

In the opinion of Bond Counsel, assuming compliance with the covenants described herein and under existing statutes, regulations and decisions, (i) the interest portion of the Purchase Installments to be made by the Purchaser under the Purchase Agreement and to be received by the holders of the Certificates is excludable from gross income for federal income tax purposes, and (ii) the interest portion of such Purchase Installments is exempt from income taxation by the State of Maryland. No opinion is expressed as to estate or inheritance taxes, or any other Maryland taxes not levied or assessed directly on the interest on the Certificates.

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 Certificates in order for interest on the Certificates to remain excludable from gross income for federal income tax purposes, including restrictions that must be complied with throughout the term of the Certificates. These include the following: (i) a requirement that certain investment earnings received from the investment of the proceeds of the Certificates 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 Certificates; and (iii) other requirements applicable to the use of the proceeds of the Certificates 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 Certificates in gross income for federal income tax purposes, effective from the date of their issuance. The Purchaser has made certain covenants regarding actions required to maintain the excludability of interest on the Certificates from gross income for federal income tax purposes. It is the opinion of Bond Counsel that, assuming compliance with such covenants, the interest on the Certificates will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

Further, under existing statutes, regulations and decisions, Bond Counsel is of the opinion that interest on the Certificates is not included in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment. In addition, interest income on the Certificates will be includable in the applicable tax base for the purpose of determining the branch profits tax imposed by the Code on certain foreign corporations engaged in a trade or business in the United States of America.

In rendering its opinion, Bond Counsel will rely without investigation on the Department's Tax and Section 148 Certificate with respect to certain material facts within the knowledge of the Department relevant to the tax-exempt status of the Certificates.

Bond Counsel will express no opinion as to the treatment for federal or State of Maryland income tax purposes of any payment made to the Seller or its assigns from sources other than the Purchase Installments paid by the Purchaser.

Certain Other Federal Tax Consequences

There are other federal tax consequences of ownership of obligations such as the Certificates 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 25% 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 Certificates, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status; (v) net gain realized upon the sale or other disposition of the Certificates must be taken into account when computing the 3.8% Medicare tax with respect to investment income imposed on certain higher income individuals and specified trusts and estates; and (vi) the receipt of certain investment income, including interest on the Certificates, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code.

Tax Accounting Treatment of Discount Certificates

Certain maturities of the Certificates may be issued at an initial issue price which is less than the amount payable on such Certificates at maturity (the "Discount Certificates"). The difference between the initial offering price at which a substantial amount of the Discount Certificates of each maturity was sold, and the principal amount of such Discount Certificates payable at maturity constitutes original issue discount. In the case of any holder of Discount Certificates, the amount of such original issue discount which is treated as having accrued with respect to such Discount Certificates 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 Discount Certificate 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 Discount Certificate, and (2) the amount of original issue discount attributable to the period during which the holder held such Discount Certificate, 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 Discount Certificates will be attributed to permissible compounding periods during the life of any Discount Certificates in accordance with a constant rate of interest accrual method. The yield to maturity of the Discount Certificates 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 Discount Certificates 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 Discount Certificate for any particular compounding period is equal to the excess of (a) the product of (i) the yield for the Discount Certificate (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 Discount Certificate 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 Discount Certificate during such period. For purposes of the preceding sentence the tax basis of a Discount Certificate, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Certificate the original issue discount that is treated as having accrued during all prior compounding periods. If a Discount Certificate 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 Discount Certificates should note that, under the tax regulations, the yield and maturity of a Discount Certificate is determined without regard to commercially reasonable sinking fund payments and any original issue discount remaining unaccrued at the time that a Discount Certificate 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 upon the occurrence of certain contingencies.

The prices for the Certificates as shown on the inside cover of this Official Statement may not reflect the initial issue prices for the purposes of determining the original issue discount for federal income tax purposes.

The foregoing summarizes certain federal income tax consequences of original issue discount with respect to the Discount Certificates 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 Discount Certificates should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on Discount Certificates. In addition, prospective corporate purchasers should consider possible federal tax consequences arising from original issue discount on such Discount Certificates under 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 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 Discount Certificates should consult their tax advisors.

Purchase, Sale and Retirement of Certificates

Except as noted below in the case of market discount, the sale or other disposition of a Certificate will normally result in capital gain or loss to its holder. A holder's initial tax basis in a Certificate will be its cost. Upon the sale or retirement of a Certificate, 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 Certificate, determined by adding to the original cost basis in such Certificate the amount of original issue discount that is treated as having accrued as described above under "Tax Accounting Treatment of Discount Certificates". Such gain or loss will be long-term capital gain or loss if at the time of the sale or retirement the Certificate 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 Certificate after its original issuance at a discount below its principal amount (or in the case of a Certificate issued at an original issue discount, at a price that produces a yield to maturity higher than the yield to maturity at which such Certificate was first issued), the holder will be deemed to have acquired the Certificate at ''market discount,'' unless the amount of market discount is *de minimis,* as described in the following paragraph. If a holder that acquires a Certificate with market discount subsequently realizes a gain upon the disposition of the Certificate, 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 Certificate, 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 Certificate not issued at an original issue discount, market discount will be *de minimis* if the excess of the Certificate's stated redemption price at maturity over the holder's cost of acquiring the Certificate 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 Certificate and its stated maturity date. In the case of a Certificate issued at an original issue discount, market discount will be *de minimis* if the excess of the Certificate's revised issue price over the holder's cost of acquiring the Certificate is less than 0.25% of the revised issue price multiplied by the number of complete years between the date the holder acquires the Certificate and its stated maturity date. For this purpose, a Certificate's ''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 Certificate during the period between its original issue date and the date of acquisition by the holder.

Amortizable Premium

A Certificate will be considered to have been issued at a premium if, and to the extent that, the holder's tax basis in the Certificate exceeds the amount payable at maturity. Under tax regulations applicable to the Certificates, the amount of 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 Certificate. The holder will be required to reduce his tax basis in the Certificate for purposes of determining gain or loss upon disposition of the Certificate by the amount of amortizable Certificate 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 certificate premium on the Certificates.

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 Certificates in light of such holder's particular circumstances and income tax situation. Each holder of Certificates should consult such holder's tax advisors as to the specific consequences to such holder of the ownership and disposition of the Certificates, including the application of state, local, foreign and other tax laws.

Legislative Developments

Legislative proposals recently under consideration or proposed after the issuance and delivery of the Certificates could adversely affect the market value of the Certificates. Further, if enacted into law, any such proposal could cause also the interest on the Certificates 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 Certificates should consult with their tax advisors as to the status and potential effect of proposed legislative proposals, as to which Bond Counsel expresses no opinion.

See APPENDIX C hereto for the FORM OF LEGAL OPINION.

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CONTINUING DISCLOSURE

In order to enable the successful bidder for the Certificates to comply with the requirements of paragraph (b)(5) of Rule 15c2-12, the Department will execute and deliver, on or before the date of issuance and delivery of the Certificates, a Continuing Disclosure Agreement, the form of which is attached as Appendix G. Potential purchasers should note that certain of the events listed in Section 4(a) of the Continuing Disclosure Agreement have been included for purpose of compliance with Rule 15c2-12 but are not relevant for the Certificates, specifically those events relating to credit enhancements and liquidity providers, and property or other collateral.

The Department, on behalf of the State and itself, will provide to EMMA annual audited financial statements presented in conformity with accounting principles generally accepted in the United State of America.

The Department believes it has complied in all material respects with its obligations under its previous continuing disclosure undertakings pursuant to Rule 15c2-12 during the last five years; however, the Department acknowledges that during such period, certain financial information, while publicly available and filed with EMMA and linked to CUSIPs assigned to the Department's outstanding bonds on EMMA, in some limited cases were not properly linked to certain outstanding CUSIPs on EMMA at the time of filing. The Department believes it has taken corrective action to properly link all such informational filings with all relevant CUSIPs and has implemented procedures designed to assure proper linkage of filings in the future.

LEGAL MATTERS

The Certificates are offered for delivery when, and if issued, subject to the approving opinion of McKennon Shelton, & Henn LLP, Baltimore, Maryland, Bond Counsel. Certain legal matters will also be passed upon for the Department by the Office of Attorney General of the State of Maryland. It is expected that the Certificates in definitive form will be available for delivery on or about March 27, 2019. A copy of the opinion of Bond Counsel will be substantially in the form set forth in Appendix C herein.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The Department's financial advisors are selected by the Department periodically through a competitive process in accordance with the State procurement law. Compensation of the financial advisors is not contingent on the sale of the Certificates. Bond Counsel was selected by the Office of Attorney General of the State through a process of review of responses to a request for proposals. Compensation of Bond Counsel is not contingent on the sale of the Certificates.

The Official Statement is not to be constructed as a contract or agreement between the Department and the purchasers or the holders of any of the Certificates.

MARYLAND DEPARTMENT OF TRANSPORTATION

by order of

/s/ Pete K. Rahn
Secretary of Transportation

APPENDIX A

STATE OF MARYLAND
SELECTED ECONOMIC, SOCIAL AND EMPLOYMENT DATA

Introduction

The following selected economic, social, and employment data may be relevant in evaluating the economic and financial condition of the State; however, this information is not intended to provide all relevant data necessary for a complete evaluation of the State's economic and financial condition.

Maryland is located on the East Coast in the South Atlantic Census Region, and is bordered by Delaware, Pennsylvania, West Virginia, Virginia, and the District of Columbia. Maryland encompasses 12,193 square miles. Ranking 42 among the 50 states in size, Maryland's land area (exclusive of inland waterways and the 1,726 square miles of the Chesapeake Bay) is 9,844 square miles.

Population

According to the 2010 Census Bureau reports, Maryland's population on April 1 of that year was 5,773,552, an increase of 9.0% from the 2000 Census. Maryland's population is concentrated in urban areas. In 2017, the eleven counties and Baltimore City located in the Baltimore-Washington region contained 50.1% of the State's land area and 87.7% of its population. The 2017 population for the Baltimore Metropolitan Statistical Areas was estimated at 2,808,175 and for the Maryland portion of the Washington Metropolitan Statistical Areas was estimated at 2,474,790. Overall, Maryland's population per square mile was 612 in 2017. The following table presents estimated population of Maryland and the United States from 2009 - 2018.

Population Trends

	Maryland		United States	
Year	Population	Change	Population	Growth
2009	5,730,388	0.8%	306,771,529	0.9%
2010	5,773,552	0.8	308,745,531	0.6
2011	5,838,991	1.1	311,580,009	0.9
2012	5,887,072	0.8	313,874,218	0.7
2013	5,923,704	0.6	316,057,727	0.7
2014	5,958,165	0.6	318,386,421	0.7
2015	5,986,717	0.5	320,742,673	0.7
2016	6,004,692	0.3	323,071,342	0.7
2017	6,024,891	0.3	325,147,121	0.6
2018	6,042,718	0.3	327,167,434	0.6

Source: U.S. Department of Commerce, Bureau of the Census
Note: Figures are estimates for July 1 of each year.

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In March 2018, The Bureau of Revenue Estimates released a report titled The Impact of Age Demographics on Maryland's Economic and Tax Revenue Outlook. This report may be obtained online at the following link: http://finances.marylandtaxes.gov/static_files/revenue/BRE_reports/FY_2018/BRE%20Report%20on%20Age%20Demographics.pdf. According to the report, in addition to population growth, the age distribution, or structure, of the population has a significant impact on the economy and State revenues. Essentially, realized and expected changes to the age distribution of the population will result in subdued productivity and labor force growth compared to economic expansions of the recent past. Primarily this is due to the fact that the age distribution of the labor force is skewed more towards younger and older workers than in the past. Middle age workers are the most productive and have the highest earning on average. For 2017, populations of Maryland and the United States were distributed by age as follow:

Age Distribution 2017

Age	Maryland	United States
Under 5 years	6.1%	6.1%
5 through 19 years	18.8	19.1
20 to 44 years	32.9	33.3
45 to 64 years	27.3	25.9
65 years and over	14.9	15.6
	100.0%*	100.0%*

Source: US Department of Commerce, Bureau of the Census
* Totals may not add due to rounding.

Personal Income

Maryland residents received approximately $368.3 billion in personal income in 2017. Maryland's total personal income increased at a rate of 4.1%, just below the national increase of 4.4%. Per capita income remained significantly above the national average in 2017, $60,847 in Maryland compared with the national average of $51,640. In 2017, Maryland's per capita personal income ranked fifth highest in the nation. Per capita income varies across the State, with the highest incomes in the Washington and Baltimore regions. The table below shows trends in per capita personal income in Maryland and the United States.

Per Capita Personal Income Trends

Year	Maryland	Change	United States	Change	Maryland Ranking
2008	$49,307	3.9%	$40,904	2.7%	4
2009	48,609	- 1.4	39,284	-4.0	4
2010	49,862	2.6	40,545	3.2	4
2011	52,229	4.7	42,727	5.4	4
2012	53,320	2.1	44,582	4.3	7
2013	52,792	-1.0	44,826	0.5	7
2014	54,431	3.1	47,025	4.9	8
2015	56,877	4.5	48,940	4.1	7
2016	58,738	3.3	49,831	1.8	5
2017	60,847	3.6	51,640	3.6	5

Source: U.S. Department of Commerce, Bureau of Economic Analysis.
Note: Rankings do not include the District of Columbia.

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Maryland is more reliant on the service and government sectors than the nation as a whole, while the manufacturing sector is much less significant than it is nationwide. As one of the wealthier states, a greater share of personal income is derived from dividends, interest and rent, and a lesser share comes from transfer payments. In 2017, the sources of personal income in the State and the comparable sources of personal income for the nation were as follows:

Sources of Personal Income
2017
($ in millions)

		Percentage of Personal Income Before Residence Adjustment	
	Maryland	Maryland	United States
Mining, forestry, fishing	$ 276	0.1%	0.9%
Construction	16,836	4.9	4.3
Manufacturing	10,669	3.1	6.5
Trade, transportation & utilities	29,740	8.6	10.7
Information services	8,061	2.3	2.5
Finance, insurance & real estate	27,372	7.9	6.8
Professional & business services	47,087	13.7	12.2
Educational & health services	32,294	9.4	9.1
Leisure & hospitality services	11,007	3.2	3.3
Other services	8,923	2.6	2.6
Government			
Federal, civilian	25,826	7.5	2.0
Military	4,026	1.2	0.8
State & local	28,634	8.3	8.6
Farm income	438	0.1	0.4
Earnings by place of work	251,188	72.9%	70.7%
Less:			
Personal contributions for social insurance	(27,176)	(7.9)	(7.7)
Plus:			
Dividends, Interest and Rent	70,024	20.3	20.0
Transfer Payments	50,568	14.7	17.0
Personal income before residence adjustment	344,605	100.0%*	100.0%*
Residence adjustment	23,654		
Total Personal Income	$368,258*		

Source: U.S. Department of Commerce, Bureau of Economic Analysis (State Quarterly Personal Income, Series SQ5N).
Note: Total personal income is reported by place of residence; however, income by industry is shown by place of work. The residence adjustment accounts for Maryland residents who work outside the State.
* Totals may not add due to rounding.

Between 2012 and 2017, total personal income in Maryland has grown 3.2% annually, compared to a national growth rate of 3.7%. During this period, wage and salary income, roughly half of total personal income, has grown at a lower rate in Maryland than nationally. Investment income (income derived from dividends, interest, and rent) also did not keep pace with the nation as a whole. However, proprietors' income and transfer payments grew faster in Maryland than the nation. The difference in growth of the residence adjustment income earned by residents who work outside of Maryland or the nation is not very meaningful, because the residence adjustment is 6.4% of Maryland personal income, but less than two basis points of national personal income.

Average Annual Growth of Personal Income Components
(2012 through 2017)

	Maryland	United States
Wages and Salaries	3.0%	4.1%
Supplements to Wages and Salaries	3.5	3.6
Proprietors' Income	5.3	2.1
Contributions for Social Insurance	5.5	6.4
Residence Adjustment	0.6	-3.0
Dividends, Interest and Rent	3.5	4.6
Transfer Payments	4.4	3.9
Total Personal Income	3.2	3.7

Source: U.S. Department of Commerce, Bureau of Economic Analysis (State Annual Personal Income, Series A04).
Note: Total personal income is reported by place of residence; however, income by industry is shown by place of work. The residence adjustment accounts for Maryland residents who work outside the State.

While Maryland remains significantly wealthier than the nation as a whole, it should be noted that most of the comparison period in the above table reflects the recovery from the Great Recession. Employment and personal income declined at a lesser rate in Maryland during the depths of the recession. The slower post-recession trajectory for Maryland's principal income measures may be partially a function of the lesser rate of decline; coming out of a deeper trough, the nation as a whole would require higher income and employment growth than Maryland in order to reach potential Gross Domestic Product ("GDP"). Maryland's slower post-recession trajectory also likely reflects of the economic hurdles faced during that time frame. Relative to the nation as a whole, Maryland's economy has been disproportionately affected by federal budget uncertainty, federal austerity or sequestration, and higher income tax rates.

More recent economic indicators suggest that the economic drag has lifted for the time being. Since 2015, per capita personal income has grown at a rate greater than or equal to the nation as a whole. GDP growth tells a similar story, as Maryland's growth has been consistent with the nation following the worst of the sequester impacts. Looking forward, there is considerable federal policy uncertainty. Depending on the impact of the policy proposals that may be or have been enacted, Maryland's growth could be negatively, positively, or insignificantly impacted. While recently imposed trade barriers will increase costs for all consumers, Maryland's relatively high wealth and small manufacturing sector likely mean a smaller impact for the State compared to the nation.

Annual Personal Income and Wages and Salaries Growth

	Personal Income		Wages and Salaries	
	Maryland	United States	Maryland	United States
2008	4.5%	3.6%	2.3%	2.2%
2009	-0.6	-3.1	-0.9	-4.4
2010	3.6	4.1	2.2	2.0
2011	5.7	6.2	3.6	4.0
2012	2.9	5.1	3.1	4.6
2013	- 0.3	1.3	0.9	2.7
2014	3.8	5.7	3.4	5.1
2015	5.0	4.9	4.6	5.1
2016	3.7	2.6	2.9	2.9
2017	4.1	4.4	3.5	4.6

Source: U.S. Bureau of Economic Analysis.

Employment

Maryland's labor force totaled 3.2 million in 2018, including agricultural and non-agricultural employment, the unemployed, the self-employed and residents who commute to jobs in other states. The government, retail trade, and services sectors (notably professional and business, and educational and health) are the leading areas of employment in the State. In contrast to the nation as a whole, considerably more people in Maryland are employed in the federal government and service sectors and fewer in manufacturing, as shown in the following table:

Distribution of Employment
2018

	Maryland	United States
Construction & mining	6.0%	5.3%
Manufacturing	3.9	8.5
Trade, transportation & utilities	17.1	18.7
Information services	1.3	1.9
Financial activities	5.1	5.8
Professional & business services	16.6	14.1
Educational & health services	17.2	15.9
Leisure & hospitality services	10.2	11.0
Other services	4.2	3.9
Government		
Federal	5.3	1.9
State & local	13.0	13.1
Total	100.0%*	100.0%*

Source: U.S. Department of Labor, Bureau of Labor Statistics.
*Totals may not add due to rounding.

Average Annual Employment Growth
(2013 through 2018)

	Maryland	United States
Construction & mining	2.2%	3.5%
Manufacturing	0.0	1.1
Trade, transportation & utilities	0.8	1.5
Information services	-1.6	0.4
Financial activities	-0.6	1.7
Professional & business services	1.8	2.5
Educational & health services	2.2	2.3
Leisure & hospitality services	1.9	2.8
Other services	0.7	1.3
Government		
Federal	0.0	0.2
State & local	0.0	0.5
Total Non-agricultural Employment	1.1%	1.8%

Source: U.S. Department of Labor, Bureau of Labor Statistics.

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Historical annual employment growth in Maryland's five largest sectors is shown in the table below. Maryland's five largest sectors represented approximately 79.4% of total employment in 2018. As is often the case, government employment in Maryland acted as a stabilizing factor during the recession, but has at times held back overall job growth during the following expansion. For example, federal government employment in Maryland and Washington DC began to decline in 2017. More recently however, it appears the decline has halted. Pushing in the other direction, federal government purchases of inputs from the private sector increased 10.0% year over year in the second quarter of 2018. The fastest rate of increase since early 2010.

Annual Employment Growth
Maryland's Five Largest Employment Sectors

	Government	Trade, Transportation, & Utilities	Educational & Health Services	Professional & Business Services	Leisure & Hospitality Services	Total MD Employment	Total US Employment
2009	1.2	-5.4	2.7	-3.5	-2.4	-2.9	-4.3
2010	1.4	-0.4	1.7	1.0	-0.3	-0.2	-0.7
2011	0.5	1.4	1.9	3.1	1.6	1.0	1.2
2012	-0.3	1.4	2.4	2.7	4.6	1.2	1.7
2013	0.0	0.3	1.4	1.8	4.0	0.9	1.6
2014	-0.3	1.0	1.2	1.5	2.5	0.9	1.9
2015	0.3	1.6	2.4	1.8	2.8	1.5	2.1
2016	0.0	0.9	2.0	2.0	2.1	1.2	1.8
2017	0.3	0.0	2.6	0.9	2.0	1.0	1.6
2018	-0.4	0.6	2.5	2.6	0.0	0.8	1.6

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Recent employment trends in Maryland are shown in the following table. Maryland's annual unemployment rate was higher than the nation as a whole for the first time since state-level records began 42 years ago.

Employment Trends

Calendar Year	Unemployment Rate in Maryland	Unemployment Rate in the United States	Growth in Maryland Labor Force	Growth in United States Labor Force
2009	7.0	9.3	1.0	-0.1
2010	7.7	9.6	1.3	-0.2
2011	7.3	8.9	0.7	-0.2
2012	7.0	8.1	0.7	0.9
2013	6.6	7.4	0.3	0.3
2014	5.8	6.2	0.0	0.3
2015	5.1	5.3	0.7	0.8
2016	4.4	4.9	0.9	1.3
2017	4.1	4.4	1.3	0.7
2018	4.2	3.9	0.3	1.1

Source: Maryland Department of Labor, Licensing and Regulation.
Note: In December 2018 the unemployment rate was 3.9% in both Maryland and the United States.

Federal Government Shutdown

As noted above, Maryland is impacted by a federal government shutdown to a greater degree than perhaps any other state, both in terms of employment and economic output. In addition to federal government jobs located within Maryland, many federal government jobs in Washington, DC are held by Maryland residents. Adjusting for commuting patterns, we estimate that between 230,000 and 245,000 direct federal jobs were held by Maryland residents in 2018. Our own W-2 data shows that around 10% of Maryland households had at least one member who received wages from the federal government. Based on a list of funded and unfunded agencies published in Governing.com, we estimate around 90,000 Marylanders were furloughed or working without pay during the most recent shutdown. Unfortunately, the federal government does not know how many contractors it employs. Estimates by Paul Light of New York University, give a ratio of 1.81 contractors for each direct federal employee in 2015, the most recent year available. Direct federal employees receive back-pay whereas we do not know what arrangements contractors have beyond the fact that they do not receive pay from the federal government for hours they did not work.

For direct federal workers, the bi-weekly, or per paycheck, wage loss to Maryland residents is estimated to be $408 million, which translates to $57.5 million in income tax withholding collections. Using data from the Bureau Labor Statistics Consumer Expenditure Survey as well as our own tax data, we estimate that typical bi-weekly wages of these workers supports around $51 million in taxable consumption, which translates to $3.1 million in sales and use tax collections. Because direct federal employees were paid eventually, some amount of the decrease in consumption was simply delayed rather than foregone. It is important to note that these figures are for direct federal workers only. The longer the shutdown, the greater the economic damage as unpaid workers reduce their savings and cut back expenditures.

Educational Levels

Maryland's workforce is more highly educated than that of the rest of the United States as a whole. As of 2017, the most recent year for which data was available, the percentage of the population (25 years and over) with a bachelor's degree or higher was 39.7% as compared to 32.0% for the nation as a whole. Maryland ranks third in the nation in the percentage of its population over 25 with a graduate or professional degree. The percentage of the population with a high school diploma or higher is 89.9% in Maryland compared to 88.0% for the nation as a whole. This educational attainment facilitates the growth of the professional services and information services sectors, which require an educated workforce.

Educational Attainment of Population 25 Years and Over in 2017

	Maryland	United States
Less than High School	10.1%	12.0%
High School Diploma	24.5	27.1
Some College	18.9	20.4
Associate's Degree	6.8	8.5
Bachelor's Degree	21.3	19.7
Graduate or Professional Degree	18.3	12.3

Source: U.S. Department of Commerce, Census Bureau (American Community Survey).

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Assessed Value of Property

Maryland levies a State tax on real property, revenues from which are credited to the Annuity Bond Fund to pay debt service. Though fiscal year 2003 the rate was 8.4 cents per $100 of assessment (21 cents on utility operating property). In fiscal year 2004 the rate was increased to 13.2 cents per $100 of assessment (33 cents on utility operating property). For fiscal years 2007 through 2018, the tax rate is 11.2 cents per $100 of assessment (28 cents on utility operating property).

Shown below is the assessed value for State purposes of real property as determined by the State Department of Assessments and Taxation. All real property is assessed at full cash value once every three years, with any increase in full cash value phased in over the ensuing three taxable years in equal installments. Any decrease in the full cash value is recognized in full in the next taxable year and held constant for the remaining two taxable years.

Assessed Values of Real Estate
($ in thousands)

Fiscal Year	Real Property	Utility Operating Real Property	Total*	Change in Assessed Values
2010	$750,498,802	$1,069,237	$751,568,039	6.2%
2011	733,884,066	708,090	734,592,156	-2.3
2012	682,650,240	793,154	683,443,394	-7.0
2013	651,655,464	714,633	652,370,097	-4.5
2014	642,571,751	737,924	643,309,675	-1.4
2015	669,161,466	786,889	669,948,355	4.1
2016	694,111,984	838,059	694,950,043	3.7
2017	718,640,142	889,156	719,529,298	3.5
2018	744,894,989	906,939	745,801,928	3.7
2019	765,259,987	830,780	766,090,767	2.7

Source: State Department of Assessments and Taxation, January 2018.
*Totals may not add due to rounding.

Residential Real Estate

Residential real estate is particularly important in terms of State borrowing as State property tax revenue is dedicated to paying off principal and interest on general obligation bonds. Since the housing price trough in 2011, median prices have increased for six of the seven years to 2018. Notably, the median price in 2018 is 6.2% less than its 2006 peak and sales volume in 2017 is 21.2% below its 2005 peak. Of course, a return to prior peaks was not expected in the short run in the absence of a housing bubble. In 2017, the value of all residential unit permits issued increased by 2.9%, while the total number of residential building permits decreased by 4.8%. In 2018, the average monthly active inventory of units for sale decreased 5.5% to 21,106, under half of the peak level of 2008. That follows a 12.9% decrease in active inventory in 2017. Unit sales for 2018 decreased 4.9%, the first decline since 2011, while the median unit price rose 2.9%. The recent decrease in supply and increase in price suggests that the inventory of foreclosures has essentially cleared and is no longer restraining price growth. Indeed, as of the third quarter of 2018, the percentage of loans in foreclosure in Maryland continues to decline and is below levels observed in the late 1990s and early 2000s. On the other hand, recent federal tax changes are expected to decrease the portion of taxpayers who itemize deductions, which will result in fewer people receiving the home mortgage interest deduction. Given historically low interest rates however, the impact may be slight.

Another relevant issue concerning real estate values, and thus property tax revenue, is climate change. Climate change is expected to result in higher sea levels, threatening coastal property. The State's Atlantic coastline is rather short relative to other East Coast states. Assateague Island, a protected barrier island, makes up the majority of Maryland's Atlantic coastline, leaving just over nine miles of developed coastline. However, as noted earlier, the State's boundaries encompass 1,726 square miles of the Chesapeake Bay (the Bay), the nation's largest estuary. The Bay coastline faces the twin problems of rising sea levels and subsiding land, owing to geological factors relating to the creation of the Bay and the composition of the soil. Contemporary flood risk and past instances of flooding would clearly reduce the relative value of a property. However, economic theory holds that market participants are forward looking as well and price in their expectations of the future. Recent research confirms this tendency for properties that are expected to only be threatened by sea level rise several decades into the future. According to one paper, such homes already sell for an average discount of 6.6% compared to observably identical unexposed properties. The pricing in of future expectations means adjustment will be gradual rather than sudden. It is important to note that coastal properties are still more valuable than non-coastal properties on average and are expected to remain so because owners value the access to coastal amenities they provide.

Aggregate Value of and Building Permits Issued for Residential Construction in Maryland

Year	Value of Construction in Current Dollars ($ in millions)	Change	Number of Permits Issued	Change
2008	$2,229.7	-40.8%	$13,018	-29.9%
2009	2,089.0	-6.3	11,123	-14.6
2010	1,951.9	-6.6	11,931	7.3
2011	2,204.6	12.9	13,481	13.0
2012	2,409.9	9.3	15,217	12.9
2013	2,811.2	16.7	17,918	17.7
2014	2,889.2	2.8	16,331	-8.9
2015	3,080.6	6.6	17,057	4.4
2016	3,166.8	2.8	17,044	-0.1
2017	3,257.3	2.9	16,224	-4.8

Source: U.S. Department of Commerce, Bureau of the Census.

Home Sales and Median Home Price

Year	Unit Home Sales	Growth	Median Home Price	Growth
2009	49,526	11.3	257,114	-9.9
2010	54,416	9.9	245,166	-4.6
2011	51,253	-5.8	228,081	-7.0
2012	54,148	5.6	243,909	6.9
2013	61,191	13.0	257,596	5.6
2014	62,804	2.6	260,112	1.0
2015	73,014	16.3	258,239	-0.7
2016	80,045	9.6	267,928	3.8
2017	82,851	3.5	280,086	4.5
2018	78,762	-4.9	288,347	2.9

Source: Maryland Association of Realtors.

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Taxable Retail Sales

Taxable retail sales growth slowed significantly as budget sequestration, the fiscal cliff of 2012, and the expiration of the federal payroll tax reduction weighed on income growth and confidence. Fiscal years 2014 to 2016 saw improvement, though the acceleration was largely attributable to strong vehicle sales. Fiscal years 2015 onward also include the sale tax collections from internet retailer Amazon. A slowdown in vehicle sales growth compared to prior years has contributed to a decline in the overall growth rate of 1.5% in fiscal year 2018. Taxable retail sales, like retail sales generally, have been subdued compared to past expansions and are expected to remain so. The recent Supreme Court decision, South Dakota v. Wayfair Inc., 585 U.S., allows states to require that remote sellers collect and remit sales tax to the locality in which the customer resides. This ruling willed to higher sales tax collections in the State; the Bureau of Revenue Estimates expects the revenue impact to grow to around $100 million by FY 2021 and then grow by around 4% annually thereafter. The following table illustrated the change in taxable sales for fiscal years 2009 through 2018:

Taxable Retail Sales in Maryland
(includes automobile sales)
($ in thousands)

Fiscal Year	Taxable Retail Sales	Change
2009	72,413,624	-9.6%
2010	71,521,298	-1.2
2011	74,479,247	4.1
2012	76,758,835	3.1
2013	78,254,027	1.9
2014	80,415,065	2.8
2015	84,825,062	5.5
2016	87,778,479	3.5
2017	89,627,253	2.1
2018	90,937,146	1.5

Source: Comptroller of the Treasury, Bureau of Revenue Estimates.
Note: Includes sales and use tax base and motor vehicle excise tax base.

Other Economic Factors

The Port of Baltimore. As one of the largest ports on the East Coast by tonnage, in 2017 the Port of Baltimore handled 38.4 million tons of foreign commerce cargo valued at $53.9 billion. This represented a 20.8% increase in tons from 2016 and an increase in value of 7.9%. Owned by the State but operated by a private entity (Ports America), the Port has capitalized on the widening of the Panama Canal, which permits longer and wider ships to pass. Baltimore is one of a few East Coast ports to have the berth depths and cranes to handle such ships. There is the possibility of a negative impact resulting from an increase in global trade barriers. However, East Coast ports do proportionately more trade with Europe than China, so are less affected by recent tariff increases than West Coast ports. Furthermore, the port benefits from trade regardless of the direction goods move. While trade barriers will make some goods more expensive to import, the overall trade balance is determined by the savings rates of the trading partners involved. When the United States has negative savings, it is by definition importing more than it exports (spending more than it earns), and vice versa. Federal policies to date have resulted in higher federal borrowing. If not canceled out by an increase in private savings, these policies will increase the overall trade deficit through higher imports, regardless of the tariff rates on certain goods. Indeed the trade deficit has recently gotten larger. The port conceivably benefits from that increased demand for imports.

Biotechnology. Maryland is well-positioned in the front ranks of the biotechnology field. The State's concentration of higher education and research institutions, particularly medical schools, a thriving pharmaceuticals industry and one of the most highly educated workforces in the country have created growth opportunities for the biotechnology companies that have located or started up in the State. Further, the State currently offers a biotechnology investment incentive tax credit for investments in qualified Maryland biotechnology companies. The State also provides seed and early-stage equity funding for biotechnology companies through the Maryland Venture

Fund. In addition, there are more than 20 business incubators located throughout the State, providing support for the development of biotechnology enterprises.

Base Realignment and Closure. The State received more federal jobs than any other state in the country as a result of the 2005 Base Realignment and Closure ("BRAC") process. As part of BRAC, the commands of the Army Team C4ISR, Defense Information Systems Agency, Defense Media Activity, Army Research, Development and Engineering, and Walter Reed Hospital have been moved to Maryland. It was estimated that 45,232 jobs with an average wage of $70,388 would be created in or moved to Maryland by 2020 - of that, more than 15,000 would be direct, more than 22,000 would be indirect, and more than 7,000 would be induced. Presumably many of these jobs are currently in place because the direct federal job realignment had a statutory end date of September 15, 2011; for this reason, many of the related indirect jobs are likely in place as well. Separately but related, the United States Cyber Command, established at Fort Meade, Maryland in May 2010 and activated in October 2010, is also expected to have added thousands of jobs since activation and is expected to provide continued growth in the near future.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL AND FINANCING DOCUMENTS DEFINITIONS OF CERTAIN TERMS

In addition to the terms defined elsewhere in this Official Statement, the following are definitions of certain terms used in this Official Statement. Terms used but not defined in this Official Statement shall have the meanings set forth in the Purchase Agreement and the Trust Agreement.

Certain terms used herein are defined in Appendix A to the Purchase Agreement and the Trust Agreement, respectively. Terms used in the Purchase Agreement and the Trust Agreement shall have the meanings set forth in Appendix A to the Purchase Agreement and the Trust Agreement, respectively, unless a different meaning clearly appears from the context.

"Bus" or "Buses" means the buses to be used for shuttle services between the main terminal and various parking sites of the Baltimore/Washington International Thurgood Marshall Airport the cost of which is financed or refinanced with any proceeds of the Certificates, as such property may be modified in accordance with the terms of the Purchase Agreement from time to time, together with any and all additions and attachments thereto, modifications, repairs, replacements and parts thereof.

"Cost" or "cost" means with regard to the Buses, any costs of the acquisition, renovation, furnishing, equipping, installation, inspection and testing of the Buses, whether incurred prior to or after the date of initial execution and delivery of the Purchase Agreement or the Certificates, including, without limitation:

(a) premiums attributable to all insurance maintained during the period of acquisition, renovation, furnishing, equipping, installation and testing of such Bused and the premium on each surety bond, if any, required with respect to work on such Buses;

(b) costs incurred in connection with site improvement, the construction of structures, the acquisition and installation of furniture, fixtures, machinery and equipment and the acquisition, improvement and installation of utility services or other facilities and roads and other rights of access including, without limitation, equipment orders, procurement expenses, transportation, shipping and trackage to connect such Buses with public transportation facilities;

(c) financial advisory, legal, accounting, and printing and engraving fees, charges and expenses and all other such fees, charges and expenses, incurred in connection with the authorization, sale, issuance and delivery of the Certificates and the preparation and delivery of the Trust Agreement, the Purchase Agreement and other related documents and any costs or refinancing of the costs of the Buses, including, without limitation, interest and premiums;

(d) interest that may become due and payable on the Certificates prior to the completion of the acquisition of the Buses; and

(e) any other costs determined by the State to be properly chargeable by the State as a cost of the purchase, renovation, installation, transportation, acquisition and financing of the Buses; provided, however, that the itemization of cost classifications in this definition shall not be deemed to authorize any use of the proceeds of the sale of the Certificates that is not permitted by law or the Trust Agreement or that would adversely affect the excludability from gross income, for federal or state income tax purposes, of the interest portion of the Purchase Installments received by the Holders.

"Failure to Appropriate" means that sufficient funds for the payment of the Purchase Installments due under the Purchase Agreement in the next succeeding Fiscal Year have not been appropriated by the Maryland General Assembly in its annual appropriations.

"Fiscal Year" means the 12-month period commencing on July 1 of any year and ending on June 30 of the succeeding year, unless the State shall notify the Trustee of a change in its fiscal year for accounting purposes, in which case the Fiscal Year shall be the 12-month period set forth in such notice.

"Interest Payment Date" means September 1 and March 1 of each year, commencing September 1, 2019.

"Net Proceeds" means the amount remaining from the gross proceeds of any insurance claim after deducting all expenses (including reasonable attorney's fees) incurred in the collection of such claim.

"Purchase Price" means the amount that is equal to the principal of, premium (if any) and interest on the Certificates from time to time outstanding.

"Qualified Bank" means a bank, trust company or national banking association that is a member of the Federal Deposit Insurance Corporation or its successors.

"Qualified Dealer" means a securities dealer registered under the Securities Exchange Act of 1934, as amended, which is a member of the Securities Investors Protection Corporation or its successors.

"Rating Agency" means Moody's Investors Service, Inc., Fitch Ratings, S&P Global Ratings, or any other securities rating agency that, at the request of the State, shall have assigned a rating that is then in effect with respect to any Certificates, and their successors and assigns, and "Rating Agencies" means each such Rating Agency, collectively.

"Rating Category" means one of the general rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by numerical modifier or otherwise.

"Revenues" means (i) all payments to be made by the State to the Seller pursuant to the Purchase Agreement, (ii) the proceeds of the Certificates and all amounts from time to time on deposit in the funds and accounts established by the Trust Agreement (except for the amounts on deposit in the Rebate Fund), and (iii) all other revenues derived from the Purchase Agreement.

"Term" means the duration of the Purchase Agreement as described in "Summary of Certain Provisions of the Purchase Agreement – Term of Purchase Agreement" in this Appendix B.

SUMMARY OF CERTAIN PROVISIONS OF THE PURCHASE AGREEMENT

The following is a summary of certain provisions of the Purchase Agreement. This summary is not a complete recital of the terms of the Purchase Agreement, and reference is made to the Purchase Agreement for a complete statement of its terms.

Term of Purchase Agreement (Sections 4.01 and 4.02)

The Purchase Agreement shall be in effect beginning on the date of issuance of the Certificates and shall remain in effect until the Purchaser has paid the Purchase Price to the Seller. The Purchase Agreement is subject to earlier termination as set forth below, and, if such termination occurs prior to the full payment of the Purchase Price of the Buses, the Purchaser shall have no right to receive any refund of any Purchase Installments made by the Purchaser.

The Term will terminate upon the earliest of any of the following events: (a) the prepayment by the Purchaser of the Purchase Price; (b) the Seller's election to terminate the Purchase Agreement upon an Event of Default under the Purchase Agreement; (c) the payment by the Purchaser of all Purchase Installments required to be paid by the Purchaser under the Purchase Agreement and any other sums required to be paid thereunder; or (d) the nonappropriation of funds sufficient for payment of Purchase Installments.

Nonappropriation (Section 6.06)

In the event sufficient funds shall not be appropriated for the payment of the Purchase Installments required to be paid under the Purchase Agreement, the Purchaser shall not be obligated to make payment of the Purchase Installments beyond the last date of which an appropriation is available. The Purchaser shall deliver written notice to the Seller of such termination no later than ten days after the Purchaser has knowledge that an appropriation will not be available. The failure to give such notice shall neither extend the Term beyond such date nor affect the termination of the Purchase Agreement. Upon termination of the Purchase Agreement for nonappropriation, the obligations of the Purchaser requiring the expenditure of money will cease so long as all payments previously approved or appropriated have been made. The Certificates shall be subject to mandatory redemption upon the occurrence of a Failure to Appropriate as provided in the Trust Agreement.

Promptly, upon approval by the General Assembly in subsequent years of such appropriations pertaining to the Buses, but in any event not later than 60 days prior to the final day of the fiscal year, the Purchaser shall furnish a fully-executed certificate to the Trustee (with a copy to the Seller) which shall certify that the General Assembly has authorized appropriations sufficient to enable the Purchaser to make the payments required under the Purchase Agreement for the immediately succeeding fiscal year.

Purchase Installments to be Unconditional (Section 6.03)

The obligation of the Purchaser to make payment of the Purchase Installments required under the Purchase Agreement and to perform and observe the other covenants and agreements contained therein shall be absolute and unconditional in all events except as expressly provided in the Purchase Agreement. Notwithstanding any dispute between the Purchaser and the Seller or any other person, or any defects, breakdowns or malfunctions in the Buses, the Purchaser shall make all payments of Purchase Installments when due and shall not withhold any part of any Purchase Installments pending final resolution of such dispute or repair of the Buses nor shall the Purchaser assert any right of set-off, cross-claim, recoupment, or counterclaim against its obligation to make such payments required under the Purchase Agreement. The Purchaser's obligation to make Purchase Installments during the Term shall not be abated through accident or unforeseen circumstances.

Continuation of Term by the Purchaser (Section 6.04)

The Purchaser agrees, subject to the nonappropriation provisions of the Purchase Agreement, to pay the Purchase Installments due thereunder. The Purchaser reasonably believes that funds of an amount sufficient to make all Purchase Installments during the Term will be available. The Purchaser agrees to use its best efforts and to do all things lawfully within its power annually to request appropriation of funds from which the Purchase Installments will be made.

Nonsubstitution (Section 6.05)

The Purchaser shall not fail to seek or obtain an appropriation for the Buses in order to acquire (through purchase, lease or otherwise) other equipment in substitution for the Buses.

Essential Use (Section 6.07)

The Purchaser represents that the Buses will be essential for the operations of the Purchaser.

Ownership of the Buses (Article VII)

The Purchaser shall be entitled to ownership, possession and use of and title to the Buses upon execution and delivery of the Purchase Agreement.

Improvement and Maintenance of the Buses by Purchaser (Section 8.01)

During the Term, the Purchaser, at the Purchaser's own cost and expense, will maintain, preserve and keep, or cause to be maintained, preserved and kept, the Buses in good repair, working order and condition and that the Purchaser, from time to time, will make or cause to be made all necessary and proper repairs, replacements and renewals necessary for the same.

Insurance (Section 8.03)

The Purchaser shall, during the Term, cause property insurance or self-insurance (by means of a self-insurance fund set aside and maintained for that purpose) to be carried and maintained with respect to the Buses in the amounts customarily maintained by the Purchaser for buses. The Purchaser may insure the Buses under a blanket insurance policy or policies of self-insurance which cover not only the Buses but other properties.

During the Term, with respect to insurance coverage for public liability regarding the Buses, the Purchaser shall maintain or caused to be maintained in effect such insurance or self-insurance as the State generally maintains or causes to be maintained for similar liabilities and occurrences.

Damage or Destruction (Section 9.01)

Purchaser may apply, in its discretion, the Net Proceeds of any insurance related to damage or other casualty of the Buses, including the proceeds of any self-insurance fund but not including the proceeds of any public liability insurance, to the repair or replacement of the damaged or destroyed property, or the redemption of Certificates in the manner specified in Section 5.01 of the Trust Agreement or such other purposes as determined by Purchaser.

Assignment by the Purchaser (Section 12.02)

The Purchaser's interest in the Purchase Agreement may not be sold, pledged, assigned or otherwise encumbered by Purchaser for any reason without the prior written approval of the Seller, which approval shall be granted if the Seller reasonably determines that the Seller's security in the Revenues will not be adversely affected.

Termination (Section 11.01)

The Purchase Agreement shall terminate: (a) at the end of the Term, upon payment in full of all Purchase Installments due under the Purchase Agreement and all other sums required to be paid thereunder; or (b) prior to the end of the Term, on any prepayment of the Purchase Price.

Interest on Certificates to be Tax Exempt (Section 14.10)

The Purchaser covenants that, unless and until the Purchaser has been advised by Bond Counsel that failure to comply will not cause interest on the Certificates to become subject to federal income taxation, the Purchaser shall comply with the provisions of the Internal Revenue Code of 1986 ("Code") applicable to the Certificates, including, without limitation, any provisions regulating or restricting the times within which, or the purposes for which, proceeds of the Certificates may be expended, any provisions restricting the yields that may be earned on the investment of proceeds of the Certificates or other funds relating to the Certificates, any provisions requiring the rebate to the United States of earnings received from the investment of proceeds of the Certificates or other funds relating to the Certificates, and any provisions requiring the filing of information or reports regarding the Certificates with the Internal Revenue Service.

The Purchaser further covenants that it shall make such use of the Buses and of the proceeds of the Certificates, regulate the investment of the proceeds thereof, and take such other and further actions as may be required under the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Certificates (unless and until the Purchaser has been advised by Bond Counsel that failure to comply will not cause interest on the Certificates to become subject to federal income taxation).

All officers, employees and agents of the Purchaser shall take such actions, provide such certifications of facts and estimates and enter into such further covenants and agreements regarding the application and investment of the proceeds of the Certificates as may be necessary or appropriate from time to time, in the opinion of Bond Counsel, to comply with, or to evidence the Purchaser's compliance with, the covenants set forth above. The Purchaser shall be permitted to enter into an agreement with the Trustee or other persons under which such persons assume responsibility for such actions as are necessary to comply with such covenants.

The Tax and Section 148 Certificate, concerning use of the proceeds of the Certificates and the Project, to be executed by the Department and dated the date of issuance and delivery of the Certificates shall constitute a certificate of the Purchaser. The Purchaser agrees to be bound by the covenants and representations set forth therein.

Events of Default Defined (Section 13.01)

The following shall be "Events of Default" under the Purchase Agreement subject to the provisions of the Purchase Agreement regarding nonappropriation:

(a) Failure by the Purchaser (i) to pay any Purchase Installment at the time specified in the Purchase Agreement; or (ii) to pay any other payment required to be paid under the Purchase Agreement (other than any Purchase Installments and compensation payments to the Trustee) within 15 days after the due date for such payments; or

(b) Failure by the Purchaser to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in paragraph (a) above, for a period of 30 days after written notice is given to the Purchaser by the Seller, specifying such failure and requesting that it be remedied, unless the Seller shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Seller will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Purchaser within the applicable period and diligently pursued until the default is corrected.

The provisions of paragraph (b) above are further subject to the limitation that, if by reason of acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, orders, restraint or shut downs of any kind of the government of the United States of America or any of its departments, agencies or officials, or any civil or military authority, insurrections, riots, landslides, earthquakes, fires, storms, droughts, floods, explosions, breakage or accident to machinery, transmission pipes or canals, or any other cause or event not reasonably within the control of the Purchaser and arising without its fault or negligence, the Purchaser is unable in whole or in part to carry out its agreements referred to in paragraph (b) above, the Purchaser shall not be deemed to be in default under the Purchase Agreement during the continuance of such inability.

Remedies on Default (Section 13.02)

Whenever any Event of Default under the Purchase Agreement shall have happened and be continuing, the Seller shall have the rights, at its sole option, without any further demand or notice, to take any one or any combination of the following remedial steps:

(a) Terminate the Purchase Agreement.

(b) Institute appropriate legal proceedings to require the Purchaser to cure any such Event of Default by observing, complying with or performing its obligations under the Purchase Agreement.

(c) Cause a mandatory redemption of the Certificates.

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

The following is a summary of certain provisions of the Trust Agreement. This summary is not a complete recital of the terms of the Trust Agreement, and reference is made to the Trust Agreement for a complete statement of its terms.

Creation of Funds and Accounts (Section 4.01)

The following funds and accounts are created under the Trust Agreement: Project Fund, Certificate Fund (Interest Account, Principal Account and Redemption Account) and Rebate Fund. The funds and accounts are to be held in trust by the Trustee for the purposes specified in the Trust Agreement. The funds and accounts created pursuant to the Trust Agreement may contain one or more accounts and subaccounts.

Application of Project Fund (Sections 2.03 and 4.02)

The proceeds of the Certificates will be deposited into the Project Fund. Moneys on deposit in the Project Fund shall be paid by the Trustee for the costs of issuance of the Certificates and costs of the Buses upon receipt from the State of a duly executed requisition form. If the State shall at any time determine that the amount on deposit in the Project Fund exceeds the amount necessary to pay such costs, the Trustee shall transfer the amount of the excess to the Certificate Fund as the State shall direct in writing.

Application of Certificate Fund (Section 4.03)

Except as otherwise expressly provided in the Trust Agreement, the Trustee shall deposit Revenues immediately upon their receipt, including (without limitation) amounts received by the Trustee pursuant to the Purchase Agreement, as follows.

FIRST: to the Interest Account, the amount, if any, necessary to make the amount on deposit in the Interest Account equal to the interest to accrue on the Certificates until the earlier of (i) the immediately succeeding Interest Payment Date and (ii) any redemption date;

SECOND: to the Principal Account or the Redemption Account (as the case may be), the amount, if any, necessary to make the amount on deposit therein equal to the principal amount or Redemption Price of the Certificates due on the earlier of (i) the immediately succeeding Interest Payment Date and (ii) any redemption date; and

THIRD: to the Trustee, the accrued fees and expenses of the Trustee remaining unpaid for a period of 60 days, with 15 days prior written notice to the State.

On any Interest Payment Date and redemption date, the Trustee shall pay or cause to be paid out of the Interest Account the interest due on the Certificates on such date. On each Interest Payment Date and redemption date, the Trustee shall pay or cause to be paid out of the Principal Account or the Redemption Account (as the case may be) the principal or Redemption Price due on the Certificates on such date. After making the payments required by items FIRST through THIRD above, the Trustee shall deposit any balance of the Revenues (other than proceeds of the Certificates deposited in the Project Fund) held by the Trustee into the Interest Account or, upon the written request and direction of a State Representative, into the Redemption Account.

Surplus (Section 4.04)

On March 1 and September 1 of each year, after the payment of all amounts due and payable on such date with respect to all of the Certificates and the amount of any fees and expenses of the Trustee, the Trustee shall, upon the State’s request, pay any amount on deposit in the Interest Account of the Certificate Fund to the State for deposit into the Transportation Trust Fund.

Rebate Fund (Section 4.06)

Upon receipt of a written direction delivered to the Trustee given by the State directing the transfer of amounts on deposit in any fund or account created by the Trust Agreement to the Rebate Fund in order to provide for the rebate of such amounts to the United States of America pursuant to the Code, the Trustee shall make the transfer referred to therein, any other provision of the Trust Agreement to the contrary notwithstanding.

Amounts on deposit in the Rebate Fund from time to time required to be rebated to the United States of America pursuant to the Code shall be applied by the Trustee to the payment of such rebates in accordance with the written directions of the State Representative and shall not be pledged to the payment of the principal or Redemption Price of or interest on the Certificates. If amounts on deposit in the Rebate Fund are determined not to be required to be rebated to the United States of America, then such amounts shall be transferred by the Trustee to any fund or account under the Trust Agreement at the written direction of the State.

Investments Authorized (Section 4.05)

Moneys held by the Trustee under the Trust Agreement shall be invested upon written order of a State Representative by the Trustee in Qualified Investments. Such investments shall be registered in the name of the Trustee and held by the Trustee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the Trust Agreement. Such investments and reinvestments shall be made giving full consideration for the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment.

"Qualified Investments" means (a) direct obligations of, or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations"); (b) direct obligations (including bonds, notes or participation certificates) of, or obligations the timely payment of the principal of and the interest on which are unconditionally guaranteed by, any of the agencies or instrumentalities of the United States of America, including but not limited to: the Government National Mortgage Association, the Export-Import Bank of the United States, the Farmers Home Administration, the Small Business Administration, the General Services Administration, United States Maritime Administration, U.S. Department of Housing & Urban Development and Federal Housing Administration; (c) interest bearing time deposits, certificates of deposit or similar arrangements ("Deposits") with any commercial bank, trust company or savings and loan association (including, without limitation, the Trustee and its affiliates), provided that, to the extent such Deposits are not fully insured by the Federal Deposit Insurance Corporation, the outstanding unsecured long-term indebtedness of such commercial bank, trust company or savings and loan association (or its holding company) is rated by a Rating Agency in one of its three highest Rating Categories, and such Deposits are continuously secured by lodging with a bank or trust company, as collateral security, obligations described in clause (a), (b), (e) or (f), having a market value, calculated no less frequently than monthly, not less than 102% of the amount of such Deposit; (d) repurchase agreements for obligations described in clause (a) or (b) with any Qualified Bank or Qualified Dealer, acting as principal or agent, provided that (i) such obligations shall be (A) delivered to the State or the Trustee (as the case may be) or supported by a safekeeping receipt issued by a depository satisfactory to the State or the Trustee (as the case may be) if issued in certificated form, or (B) supported by a receipt or other confirmatory documentation satisfactory to the State or the Trustee (as the case may be) if issued in book-entry form, (ii) the State or the Trustee (as the case may be) shall have a perfected security interest in such obligations, (iii) such obligations shall be free and clear of any other liens or encumbrances, and (iv) such repurchase agreements shall provide that the value of the underlying obligations shall be continuously maintained at a current market value, calculated no less frequently than monthly, of not less than 102% of the purchase price plus accrued interest; (e) obligations issued by, or on behalf of, any state of the United States of America or any political subdivision thereof, for the payment of the principal, or redemption price, of and interest on which there shall have been irrevocably deposited Government Obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment; (f) any other obligations issued by, or on behalf of, any state of the United States of America or any political subdivision thereof, provided that such obligations, or other obligations of the issuer thereof of comparable maturities that are secured equally and ratably with such obligations, shall be rated by a Rating Agency in one of its two highest long-term Rating Categories; (g) banker's acceptances issued by any commercial bank, trust company or savings and loan association (including, without limitation, the Trustee and its affiliates), the outstanding unsecured long-term indebtedness of which is rated by a Rating Agency in one of its two highest Rating Categories; (h) commercial paper or finance company paper rated by a Rating Agency in its highest Rating Category;

(i) investment agreements with any Qualified Bank or Qualified Dealer, the outstanding unsecured long-term indebtedness of which (or of the holding company of which) is rated by a Rating Agency in one of its two highest Rating Categories, that are continuously secured by obligations described in clause (a), (b), (e) or (f), provided that (i) the State or the Trustee (as the case may be) shall have a perfected security interest in such obligations, (ii) such obligations shall be free and clear of any other liens or encumbrances, and (iii) such investment agreements shall provide that the value of the underlying obligations shall be maintained at a current market value, calculated no less frequently than monthly, of not less than 102% of the amount deposited thereunder; (j) shares in investment companies that invest only in the obligations described in clauses (a), (b), (d), (e) or (f); (k) obligations issued and unconditionally guaranteed by (i) the World Bank, (ii) the International Finance Corporation, (iii) the Inter-American Development Bank, (iv) the African Development Bank or (v) the Asian Development Bank, denominated in United States dollars and eligible to be sold in the United States; and (l) any trust or proprietary fund maintained by the Trustee or its affiliates that invests only in obligations described in clause (a) or (b).

Subject to the further provisions of the Trust Agreement, interest earned, profits realized or losses suffered by reason of the investment of any fund or account created by the Trust Agreement shall be credited or charged, as the case may be, to the fund or account for which such investment shall have been made.

In determining the value of the assets of the accounts created by the Trust Agreement, investments and accrued interest thereon shall be deemed a part thereof. Investments shall be valued at amortized cost or current market value, whichever is greater, or at the Redemption Price thereof, if then redeemable at the option of the holder (in any case net of the cost of liquidating such investments).

Modifications and Supplements to Trust Agreement (Section 10.01)

Without notice to or the consent of the Certificate Holders, the State and the Trustee may enter into Supplemental Trust Agreements at any time or from time to time supplementing, modifying or amending this Trust Agreement or any Supplemental Trust Agreement for one or more of the following purposes:

(a) to grant to or confer upon the Trustee for the benefit of the Certificate Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Trustee for the benefit of such holders;

(b) to add to the covenants and agreements of the State contained in the Trust Agreement, other covenants and agreements thereafter to be observed relative to the acquisition, construction, equipping, operation, maintenance, development or administration of the Buses, or relative to the application, custody, use or disposition of the proceeds of the Certificates;

(c) to surrender any right, power or privilege reserved to or conferred upon the State by the Trust Agreement;

(d) to confirm, as further assurance, any pledge under, and the subjection to any lien on, or claim or pledge of (whether created or to be created by the Trust Agreement), the trusts created herein;

(e) to cure any ambiguity or to cure or correct any defect or inconsistent provisions contained in the Trust Agreement or to make such provisions in regard to matters or questions arising under the Trust Agreement as may be necessary or desirable and not contrary to or inconsistent with the Trust Agreement;

(f) to authorize the issuance of Additional Certificates, including (without limitation) any modifications or amendments required to grant to or otherwise secure for the holders of such Additional Certificates a parity interest in the security granted to the holders of the Certificates and any other then Outstanding Certificates in accordance with the Trust Agreement;

(g) to permit the qualification of this Trust Agreement or any Supplemental Trust Agreement under any federal statute now or hereafter in effect or under any state blue sky law and, in connection therewith, to add to the Trust Agreement or any Supplemental Trust Agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or state blue sky law;

(h) to obtain or to maintain any ratings on Certificates from any nationally recognized securities rating agency, provided that no provision of any such Supplemental Trust Agreement shall prejudice in any material respect the rights of the Certificate Holders at the date as of which such Supplemental Trust Agreement shall become effective;

(i) to provide for the issuance of any Certificates in coupon form or in book-entry form, to change any Securities Depository or to discontinue any book-entry system, provided that, prior to the effective date of any such amendment that provides for the issuance of any Certificates in coupon form, there shall be delivered to the State and the Trustee an opinion of a law firm having a national reputation in the field of municipal law whose legal opinions are generally accepted by purchasers of municipal bonds to the effect that the issuance of such Certificates in coupon form will not adversely affect the excludability from gross income for federal income tax purposes of the interest paid on any Certificates theretofore issued;

(j) to make any other change in the Trust Agreement which the Trustee determines shall not prejudice in any material respect the rights of the Holders of Certificates Outstanding at the date as of which such change shall become effective; or

(k) to preserve the excludability from gross income for federal income tax purposes of the interest paid on any Certificates theretofore issued, provided that no provision of any such Supplemental Trust Agreement shall prejudice in any material respect the rights of Holders of any Certificates outstanding at the date as of which such Supplemental Trust Agreement shall become effective.

Modifications of Trust Agreement with Consent of Certificate Holders (Section 10.02)

With the prior written consent of the holders of a majority of the Certificates, the State and the Trustee may enter into at any time and from time to time Supplemental Trust Agreements amending or supplementing the Trust Agreement, any Supplemental Trust Agreement or any Certificate to modify any of the provisions thereof or to release the State from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained; provided, however, that nothing contained in the Trust Agreement shall permit (i) a change in any terms of redemption or purchase of any Certificate, the due date for the payment of the principal of or interest on any Certificate or any reduction in the principal, Redemption Price or purchase price of or interest rate on any Certificate without the consent of the Holder of such Certificate or (ii) except as expressly permitted in the Trust Agreement, the creation of a claim or lien upon, or a pledge of, the Revenues ranking prior to or on a parity with the claim, lien and pledge created by this Trust Agreement, a preference or priority of any Certificates over any other Certificates or a reduction in the percentage of Certificates the consent of the holders of which is required for any modification of the Trust Agreement, without the unanimous consent of the holders of the Outstanding Certificates.

Events of Default (Section 11.01)

The occurrence of an Event of Default (as such term is defined in the Purchase Agreement) under the Purchase Agreement constitutes an Event of Default under the Trust Agreement.

Except for Failure to Appropriate, the failure by the Trustee to receive from the State sufficient amounts to pay the principal or Redemption Price of or interest on the Certificates when due or to redeem Certificates on any date fixed for redemption of Certificates, or the failure by the Trustee to pay to the Certificate Holders the interest on or principal of any Certificate when due, are also declared to be and constitute Events of Default under the Trust Agreement.

Trustee to Enforce Rights (Section 11.03)

The Trustee, as the Seller under the Conditional Purchase Agreement, may, in its discretion, enforce each and every right or remedy granted to the Seller pursuant to the Conditional Purchase Agreement.

Enforcement by Trustee (Section 11.04)

Upon the happening and continuance of any Event of Default, the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Certificates then Outstanding shall :

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Certificate Holders and require the State to carry out any agreements with or for the benefit of the Certificate Holders and to perform its duties under the Purchase Agreement and the Trust Agreement;

(b) bring suit against the State upon the Purchase Agreement;

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Certificate Holders;

(d) intervene in proceedings involving the rights of the Seller, the Trustee or the Certificate Holders; or

(e) exercise any other rights or remedies of the Trustee as the Seller under the Purchase Agreement.

Priority of Payments Following Default (Section 11.05)

If at any time there shall have occurred and be continuing an Event of Default, amounts held by the Trustee together with any moneys thereafter becoming available for such purpose, whether through exercise of the remedies provided in the Trust Agreement or otherwise, shall be applied as follows:

(a) unless the principal of all Outstanding Certificates shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: to the payment to the persons entitled thereto of all installments of interest then due on the Certificates Outstanding, in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment of such installment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Certificates;

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any Outstanding Certificates that shall have become due and payable, in the order of their due dates, with interest upon the principal amount of such Certificates from the respective dates upon which such principal shall have become due and payable and, if the amount available shall not be sufficient to pay in full the principal of such Certificates due and payable on any particular date, together with such interest, then first to the payment of such interest, ratably, according to the amount of interest due on such date, and then to the payment of such principal, ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Certificates;

THIRD: to the payment of the interest on and the principal of the Certificates Outstanding as the same become due and payable; and

FOURTH: any balance remaining after the foregoing payments have been made shall be paid first to the Trustee to reimburse itself for its costs and then to the State; and

(b) if the principal of all Outstanding Certificates shall have become due by their terms or the principal of all Certificates outstanding shall have become due and payable by a declaration of acceleration, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon such Certificates, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Certificates over any other Certificates, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Certificates.

Restrictions Upon Action by Individual Holders (Section 11.07)

No Certificate Holder shall have any right to institute any suit, action or proceeding in equity or at law on any Certificates for any remedy under the Trust Agreement unless (i) such Certificate Holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and (ii) a majority in aggregate principal amount of the Certificate Holders shall have made written request to the Trustee after the right to exercise such powers or right of action (as the case may be) shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Trust Agreement or to institute such action, suit or proceeding in its or their name, and (iii) there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses (including counsel fees) and liabilities to be incurred therein or thereby, and (iv) the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are conditions precedent to the execution of the powers and trusts of the Trust Agreement or to any other remedy thereunder; provided, however, that notwithstanding the foregoing and without complying therewith, the holders of a majority of the Certificates may institute any such suit, action or proceeding in their own names for the benefit of all holders of Certificates.

It is understood and intended that, except as otherwise provided above, no one or more Certificate Holders shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Trust Agreement or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner therein provided and for the benefit of all Certificate Holders and that any individual right of action or other right given by law to one or more of such holders is restricted by the Trust Agreement to the rights and remedies therein provided.

Nothing contained in the Trust Agreement, however, shall affect or impair the right of any Certificate Holder to enforce the payment of the principal or the Redemption Price of and the interest on any Certificate at and after the maturity thereof.

Defeasance (Article XII)

(a) If the State shall pay or cause to be paid the principal or Redemption Price of and interest on all of the Certificates and all amounts due and owing to the Seller and the Trustee, then the pledge of the Trust Estate and all other rights granted to the Trustee for the benefit of the Certificate Holders shall be discharged and satisfied. In such event, upon the request of the State, the Trustee shall execute and deliver to the State all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee, without any request required, shall pay or deliver all moneys, securities and funds held by it pursuant to the Trust Agreement that are not required for the payment or redemption of Certificates not theretofore surrendered for such payment or redemption to the State or to such officer, board or body as may then be entitled by law to receive the same.

(b) A Certificate shall be deemed to have been paid within the meaning of and with the effect expressed in the Trust Agreement if (i) sufficient money for the payment of the principal or Redemption Price of and interest on such Certificate shall then be held by the Trustee (through deposit by the State of moneys for such payment or otherwise, regardless of the source of such moneys), whether at or prior to the maturity or the redemption date of such Certificates or (ii) if the maturity or redemption date of such Certificate shall not then have arrived, provision shall have been made for the payment of the principal or Redemption Price of and interest on such Certificate on the due dates for such payments, by deposit with the Trustee (or other method satisfactory to the Trustee) of Government Obligations, the principal of and the interest on which when due, together with any uninvested cash, will provide sufficient moneys for such payment and the Trustee shall have given notice, at the expense of the State, by first class mail, postage prepaid, to all Certificate Holders at their addresses as they appear on the registration books maintained by the Trustee, that such moneys are so available for such payment; provided, however, that if any such Certificate is to be redeemed prior to the maturity thereof, provisions shall have been made for the giving of notice of such redemption.

(c) Anything in the Trust Agreement to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Certificates that remain unclaimed for three (3) years (or such earlier or later date then specified under applicable law) after the date on which such Certificates became due and payable either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such dates or for three (3) years (or such earlier or later date then specified under applicable law) after the date of deposit of such moneys if deposited with the Trustee after such date, shall, at the written request of the State Representative, be repaid by the Trustee to the State or to such officer, board or body as may then be entitled by law to receive such moneys, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged; provided, however, that, before being required to make any such payment, the Trustee may, at the expense of the State, give notice, by first class mail, postage prepaid, to all Certificate Holders at their addresses as they appear on the registration books maintained by the Trustee, that such moneys remain unclaimed and that, after a date named in such notice which date shall be not fewer than forty (40) nor more than ninety (90) days after the date of giving of such notice, the balance of such moneys then unclaimed shall be returned to the State.

Trustee Entitled to Indemnity (Section 8.01)

The Trustee shall be under no obligation to institute any suit, or to take any proceeding under the Trust Agreement, the Conditional Purchase Agreement or the Certificates, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts created or in the enforcement of any rights and powers under the Trust Agreement, until it shall be indemnified by the Certificate Holders to its satisfaction for any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own willful misconduct or gross negligence. The Trustee, nevertheless, may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as Trustee, without indemnity, and in such case, the Trustee may reimburse itself from the Revenues after making provision for the payment of the principal or Redemption Price of or the interest on Certificates.

Limitation on Duties of Trustee (Section 8.19)

The Trustee shall not have any duty or obligation to manage, control, use, sell or otherwise transfer title to or dispose of or otherwise deal with any part of the assets constituting the Trust Estate, or to otherwise take or refrain from taking any action under or in connection with the Purchase Agreement or the Certificates, except as expressly provided by the terms of the Purchase Agreement and the Trust Agreement or as expressly provided in written instructions from the Holders of not less than a majority in aggregate principal amount of the Certificates Outstanding. Whenever the Seller is required to give any consent, approval, permission or otherwise act affirmatively under the terms of the Purchase Agreement, the Trustee at its discretion may give such consent, approval, permission or otherwise act affirmatively as it may deem appropriate.

Resignation and Removal of Trustee (Sections 8.07 and 8. 08)

The Trustee may resign and thereby become discharged from the trusts created by notice in writing given to the State and the Holders of the Certificates. Such resignation shall take effect immediately upon the appointment of a new Trustee under the Trust Agreement, acceptance by the new Trustee of the trusts created and the duties of the Trustee under the Trust Agreement, and assignment by the Trustee and acceptance and assumption by the new Trustee of all the rights, title and interest, duties and obligations of the Seller under the Purchase Agreement. Upon the occurrence of any such resignation, the Trustee, by appropriate documentation, shall transfer all rights title and interest it may have as Trustee under the Trust Agreement and as the Seller under the Purchase Agreement to the successor Trustee under the Trust Agreement.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing executed by the Holders of not less than 25%of the aggregate principal amount of the Certificates Outstanding. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Trust Agreement with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the State or the Holders of not less than 25% of the aggregate principal amount of the Certificates Outstanding. Upon any such removal of the Trustee, the Trustee, by appropriate documentation, shall transfer all right, title and interest it may have as Trustee under the Trust Agreement and as the Seller under the Purchase Agreement to the successor Trustee under the Trust Agreement. Removal of the Trustee shall take effect immediately upon (i) the appointment of a new Trustee under the Trust Agreement and (ii) upon acceptance of such appointment by the new Trustee.

Appointment of Successor Trustee; Qualifications of Trustee (Section 8.09)

If at any time the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as the Trustee shall be taken over by a governmental official, agency, state or board, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, the State shall appoint a successor Trustee to fill such vacancy and shall mail notice of any such appointment to the Trustee and the Certificate Holders.

At any time within one year after any such vacancy shall have occurred, the Holders of not less than a majority in aggregate principal amount of the Certificates Outstanding, by an instrument or concurrent instruments in writing, executed by such Certificate Holders and filed with the State may appoint a successor Trustee, which appointment shall supersede any appointment theretofore made by the State. Copies of each such instrument shall be delivered promptly by the State to the predecessor Trustee and the Trustee so appointed by the Certificate Holders.

If no appointment of a successor Trustee shall be made, the Holders of not less than a majority in aggregate principal amount of the Certificates outstanding or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any successor Trustee appointed under the provisions of the Trust Agreement shall (i) be a commercial bank or trust company duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, of good standing and having a combined capital and surplus aggregating not less than $100,000,000; and (ii) have, in the opinion of the State, substantial prior experience as a trustee for the benefit of municipal bondholders or certificate holders if such a bank or trust company is available and willing to assume the position of successor Trustee upon reasonable and customary terms. If the Trustee has or shall acquire any conflicting interest, it shall, within ninety (90) days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign and thereby become discharged from the trusts created by giving notice as provided in the Trust Agreement, such resignation to become effective immediately upon the appointment of a successor Trustee and such successor Trustee's acceptance of such appointment.

Limitations on Liability of Trustee and State (Sections 8.17 and 8.18)

Except as expressly provided in the Trust Agreement, the Trustee shall have no obligation or liability to the Certificate Holders with respect to the payment of the Purchase Installments when due, or with respect to the performance by the State of any other covenant made by the State in the Purchase Agreement. The Trustee shall be under no liability to any person for interest earned on any money received by it under the Trust Agreement for deposit in the Certificate Fund. Any money deposited with the Trustee for the payment of the principal, premium (if any) or interest on the Certificates and remaining unclaimed for three (3) years after the Certificate has become due and payable, will be paid by the Trustee to the State, and the Holder of such Certificate shall thereafter look only to the State for payment thereof, and all liability of the Trustee with respect to such moneys shall thereupon cease. The Trustee shall in no event be liable to any Holder or Holders of any Certificate or any other person for any amount due on any Certificate from its own funds.

The liability of the State is limited solely to its obligations under the Purchase Agreement. No recourse shall be had for the payment of the principal or Redemption Price of and interest on any Certificate or for any claims based thereon, on the Purchase Agreement or on the Trust Agreement against any officer, official, employee or agent of the State, all such liability, if any, being expressly waived and released by every Holder of a Certificate by the acceptance of such Certificate.

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FORM OF BOND COUNSEL OPINION

State of Maryland
Department of Transportation
7201 Corporate Center Drive
P.O. Box 548
Hanover, Maryland 21076

Ladies and Gentlemen:

In connection with the issuance of the $23,490,000 Maryland Department of Transportation Certificates of Participation (Baltimore/Washington International Thurgood Marshall Airport Shuttle Bus Fleet Acquisition), Series 2019 (the "Certificates") we have examined:

(i) the Conditional Purchase Agreement dated as of March 1, 2019, by and between the State of Maryland (the "State"), for the use of the Maryland Department of Transportation (the "Department"), Maryland Aviation Administration (collectively, the "Purchaser") and Zions Bancorporation, National Association, as trustee (the "Trustee") under the Trust Agreement (defined herein), acting as seller (the "Seller") (the "Conditional Purchase Agreement");

(ii) the Certificate of Participation Trust Agreement dated as of March 1, 2019, by and between the Purchaser and the Trustee (the "Trust Agreement");

(iii) the form of Certificate;

(iv) relevant provisions of the Internal Revenue Code of 1986, as amended (the "Code"); and

(v) other proofs submitted to us relative to the issuance of the Certificates.

The Conditional Purchase Agreement provides for the payment by the State of purchase installments (the "Purchase Installments"). Each Purchase Installment has a principal portion and an interest portion, payable in the amounts and on the dates set forth in the Conditional Purchase Agreement.

The Certificates are in registered form in denominations of $5,000 or any integral multiple thereof. The Certificates bear interest, mature and are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth therein and in the Trust Agreement.

In rendering this opinion, we have relied without investigation on the Department's Tax and Section 148 Certificate dated this date with respect to certain material facts within the knowledge of the Department relevant to the tax-exempt status of the Certificates.

We have made no investigation of and are rendering no opinion regarding the title to real or personal property or the priority or perfection of any lien or security interest in real or personal property.

Based upon the foregoing, it is our opinion that, under existing statutes, regulations and decisions:

(a) The Certificates have been duly authorized and issued pursuant to, and are permitted by the terms of, the Trust Agreement, constitute valid and binding obligations evidencing direct and proportionate interests of the owners thereof in principal and interest components of Purchase Installments, and are equally and ratably secured under the Trust Agreement. Additional Certificates secured equally and ratably with the Certificates may be issued from time to time under the conditions, limitations and restrictions set forth in the Trust Agreement.

(b) The Certificates are payable from the Purchase Installments to be made by the State under the Conditional Purchase Agreement and other moneys pledged under the Trust Agreement. The State's obligation to make Purchase Installments is subject to and dependent upon annual appropriations of the Maryland General Assembly for such purpose. Such obligation does not constitute a debt of the State within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the State beyond any fiscal year for which the State has appropriated moneys to make such payments. The State has not pledged its full faith and credit or its taxing powers to the payment of the Purchase Installments.

(c) The Conditional Purchase Agreement and the Trust Agreement have been duly authorized, executed and delivered by the State and, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitute the valid and binding obligation of the State enforceable against the State in accordance with their terms.

(d) The Conditional Purchase Agreement, the Trust Agreement and the Certificates are subject to bankruptcy, insolvency, moratorium, reorganization and other state and federal laws affecting the enforcement of creditors' rights, the exercise of judicial discretion and the application of general principles of equity.

(e) The interest portion of Purchase Installments on the Certificates is exempt from income taxation by the State of Maryland; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Certificates, their transfer or the income therefrom.

(f) Assuming compliance with the covenants referred to herein, the interest portion of the Purchase Installments is excludable from gross income for federal income tax purposes. It is noted that under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Certificates in order for interest on the Certificates to remain excludable from gross income for federal income tax purposes, including restrictions that must be complied with throughout the term of the Certificates. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the Certificates 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 Certificates; and (iii) other requirements applicable to the use of the proceeds of the Certificates and the facilities financed or refinanced with proceeds of the Certificates. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Certificates in gross income for federal income tax purposes, effective from the date of their issuance. The State has covenanted to regulate the investment of the proceeds of the Certificates and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of the interest on the Certificates. It is our opinion that, assuming compliance with such covenants, the interest on the Certificates will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

(g) The interest portion of the Purchase Installments is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment. The interest portion of the Purchase Installments will be includable in the applicable taxable base for the purposes of determining the branch profits tax imposed by the Code on certain foreign corporations engaged in a trade or business in the United States of America.

No opinion is expressed as to the treatment for federal or State of Maryland income tax purposes of any payment made to the Seller or its assigns from sources other than the Purchase Installments paid by the Purchaser.

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. The opinions expressed herein are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated.

Very truly yours,

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APPENDIX D

**INFORMATION WITH RESPECT TO
THE MARYLAND DEPARTMENT OF TRANSPORTATION
INCLUDED BY REFERENCE**

Certain financial information with respect to the Maryland Department of Transportation, including its comprehensive financial statements for the Fiscal Year ended June 30, 2018 are on file with the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") and is included in this Official Statement by reference.

Any statement contained in a document included or deemed to be included by reference herein shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement made herein or in any other subsequently filed document which also is or is deemed to be included by reference herein modified or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

Any person may view the information described above by logging on the EMMA system. Such information is available under CUSIP number 574204 (Maryland Department of Transportation). The Department and the underwriter for the Certificates make no representation as to the scope of services provided by the MSRB or as to the cost for the provision of such services by the MSRB.

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APPENDIX E

INFORMATION WITH RESPECT TO THE STATE OF MARYLAND INCLUDED BY REFERENCE

Certain financial information with respect to the State of Maryland, including its comprehensive financial statements for the Fiscal Year ended June 30, 2018 are on file with the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") and is included in this Official Statement by reference.

Any statement contained in a document included or deemed to be included by reference herein shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement made herein or in any other subsequently filed document which also is or is deemed to be included by reference herein modified or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

Any person may view the information described above by logging on the EMMA system. Such information is available under CUSIP number 574192 (State of Maryland). The State, the Department, and the underwriter for the Certificates make no representation as to the scope of services provided by the MSRB or as to the cost for the provision of such services by the MSRB.

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM-GENERAL

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Certificates (as hereinafter defined). The Certificates 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 certificate of the $23,490,000 Maryland Department of Transportation Certificates of Participation (Baltimore/Washington International Thurgood Marshall Airport Shuttle Bus Fleet Acquisition), Series 2019 (the "Certificates"), will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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, and trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). 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 the Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("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 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates 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 the Certificates with DTC and their registration in the name of Cede & Co. do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates 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 Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and interest payments on the Certificates will be made to Cede & Co. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Department of Transportation of Maryland (the "Department"), subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividends to Cede & Co. (or other such nominee as may be requested by an authorized representative of DTC) is the responsibility of the Department, and disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the Department. Under such circumstances, in the event that a successor securities depository is not obtained, Certificates are required to be printed and delivered.

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

BOOK-ENTRY ONLY SYSTEM — MISCELLANEOUS

The information in the section "Book-Entry Only System - General" has been obtained by the Department from sources that the Department believes to be reliable. The Department takes no responsibility for the accuracy or completeness thereof. The Department will have no responsibility or obligation to DTC Participants or the persons for whom they act as nominees with respect to the payments to or the providing of notice to the DTC Participants, or the Indirect Participants, or Beneficial Owners. The Department cannot and does not give any assurance that DTC Participants or others will distribute principal and interest payments paid to DTC or its nominees, as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

TERMINATION OF BOOK-ENTRY ONLY SYSTEM

In the event that the Book-Entry Only System is discontinued, the Certificates will be delivered by DTC to the Certificate Registrar and such Certificates will be exchanged for Certificates registered in the names of the DTC Participants or the Beneficial Owners identified to the Certificate Registrar. In such event, certain provisions of the Certificates pertaining to ownership of the Certificates will be applicable to the registered owners of the Certificates as described below.

Interest on the Certificates will be payable by check mailed by the Paying Agent and Certificate Registrar to the persons in whose names the Certificates are registered as of the close of business on the Regular Record Date (being the first day of the month in which the applicable interest payment is due) at the addresses shown on the registration books of the Department maintained by the Certificate Registrar; provided, however, that any such interest not punctually paid or duly provided for shall cease to be payable to the registered owner on such Regular Record Date, and may be paid to the persons in whose names such Certificates are registered as of the close of business on a date to be fixed by the Paying Agent for the payment of such defaulted interest (the "Special Record Date"), notice of which will be given by letter mailed first class, postage prepaid, to such persons, not less than 30 days prior to such Special Record Date, at the addresses of such persons appearing on the registration books of the Department maintained by the Certificate 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 Certificates may be listed and upon such notice as may be required by such exchange. The principal of and premium, if any, on the Certificates will be payable at the principal office of the Paying Agent.

The Certificates in fully certificated form will be fully registered Certificates without coupons in the denomination of $5,000 each or any integral multiple thereof. Certificates will be transferable only upon the registration books kept at the principal office of the Certificate Registrar, by the registered owner thereof in person, or by an attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer in the form attached thereto and satisfactory to the Certificate Registrar, and duly executed by the registered owner or a duly authorized attorney. The Department may deem and treat the person in whose name a Certificate is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal or Redemption Price thereof and interest due thereon and for all other purposes.

The Certificates may be transferred or exchanged at the principal office of the Certificate Registrar. Upon any such transfer or exchange, the Department shall execute and the Certificate Registrar shall authenticate and deliver a new registered Certificate or Certificates without coupons of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Certificate exchanged or transferred, and maturing on the same date and bearing interest at the same rate. In each case, the Certificate Registrar may require payment by any holder of Certificates requesting exchange or transfer of Certificate of any tax, fee, or other governmental charge, shipping charges, and insurance they may be required to be paid with respect to such exchange or transfer, but otherwise no charge shall be made to the holder of Certificates for such exchange or transfer. The Certificate Registrar shall not be required to transfer or exchange any certificate after the mailing of notice calling such Certificate or portion thereof for redemption as herein above described; provided, however, that the foregoing limitation shall not apply to that portion of a Certificate in excess of $5,000 which is not being called for redemption.

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APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (this "Disclosure Agreement") is executed and delivered by the Maryland Department of Transportation (the "Department") in connection with the issuance of its $23,490,000 Maryland Department of Transportation Certificates of Participation (Baltimore/Washington International Thurgood Marshall Airport Shuttle Bus Fleet Acquisition), Series 2019 (the "Certificates"). The Certificates are being issued pursuant to a Certificate of Participation Trust Agreement dated as of March 1, 2019, (the "Trust Agreement"), by and between the State of Maryland for the use of the Department, Maryland Aviation Administration and Zions Bancorporation, National Association, as trustee. The Department, intending to be legally bound hereby and for good and valuable consideration, the receipt and sufficiency of which are 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 Department for the benefit of the owners and beneficial owners of the Certificates and in order to assist the Participating Underwriters (as defined herein) in complying with the Rule (as defined herein).

Section 2. Definitions.

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

"**CONTINUING DISCLOSURE SERVICE**" shall mean the continuing disclosure service established by the MSRB known as the Electronic Municipal Market Access ("EMMA") system or such other format as prescribed by the MSRB.

"**DISSEMINATION AGENT**" shall mean the Department, acting as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Department.

"**LISTED EVENT**" shall mean any of the events listed in Section 4 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 Certificates required to comply with the Rule in connection with offering of the Certificates.

"**RULE**" shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"**SEC**" shall mean the United States Securities and Exchange Commission.

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

(a) The Department, on behalf of the State of Maryland (the "State") and itself, shall provide to the Continuing Disclosure Service in electronic format as prescribed by the MSRB, annual financial information as set forth in Schedule A to this Disclosure Agreement, such information and data to be updated as of the end of the preceding fiscal year and made available within 275 days after the end of the fiscal year of the Department, commencing with the fiscal year ending June 30, 2019.

(b) The Department, on behalf of the State and itself, shall provide to the Continuing Disclosure Service annual audited financial statements for the State and the Department, such information to be made available within 275 days after the end of the fiscal year for the State and the Department, commencing with the fiscal year ending June 30, 2019, 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 fiscal year of the State and the Department, the Department will provide unaudited financial statements within said time period.

(c) Except as otherwise set forth in this paragraph (c), the presentation of the annual financial information referred to in paragraphs (a) and (b) above 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 Official Statement. The Department may modify the accounting principles utilized in the presentation of the financial information required herein, provided that this Disclosure Agreement is amended in accordance with Section 6 hereof. Changes in accounting principles generally accepted (GAAP) in the United States of America, where applicable to the information provided by the Department, on behalf of the State and itself, shall not require the Department to amend this Disclosure Agreement.

(d) If the Department is unable to provide the annual financial information within the applicable time period specified in (a) and (b) above, the Department shall send in a timely manner a notice of such failure to the Continuing Disclosure Service.

Section 4. Reporting of Significant Events.

(a) Pursuant to provisions of this Section 4, the Department shall give or cause to be given notice of the occurrence of any of the following events with respect to the Certificates:

(i) principal and interest payment delinquencies,

(ii) non-payment related defaults, if material,

(iii) unscheduled draws on debt service reserves reflecting financial difficulties,

(iv) unscheduled draws on credit enhancements, if any, reflecting financial difficulties,

(v) substitution of credit or liquidity providers, if any, or their failure to perform,

(vi) 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 security, or other material events affecting the tax status of the Certificates,

(vii) modifications to rights of Certificate Holders, if material,

(viii) certificate calls, if material, and tender offers,

(ix) defeasances,

(x) release, substitution or sale of property securing repayment of any of the Certificates, if material,

(xi) rating changes,

(xii) bankruptcy, insolvency, receivership or similar event of the Department,[**]

(xiii) the consummation of a merger, consolidation or acquisition involving the Department or the sale of all or substantially all of the assets of the Department, 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,

[**] For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Department in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Department, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Department.

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material,

(xv) incurrence of a financial obligation of the Department, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Department, any of which affect Certificate holders, if material, and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Department, any of which reflect financial difficulties.

(b) The Department agrees to provide, in a timely manner, not in excess of ten (10) business days after the occurrence of a Listed Event, notice of such occurrence with the Continuing Disclosure Service in electronic format as prescribed by the MSRB.

Section 5. Termination of Reporting Obligation.

The Department's obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Certificates either at their maturity or by early redemption. In addition, the Department may terminate its obligations under this Disclosure Agreement if and when it no longer remains an obligated person with respect to the Certificates within the meaning of the Rule.

Section 6. Amendment.

The Department may provide further or additional assurances that will become part of the Department's obligations under this Disclosure Agreement. In addition, this Disclosure Agreement may be amended by the Department 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 Department as the obligated person with respect to the Certificates, or in the type of business conducted; (ii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Certificates, 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 Certificates, as determined by counsel selected by the Department that is expert in federal securities law matters. The reasons for the Department 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 additional or amended operating data or financial information.

Section 7. Additional Information.

Nothing in this Disclosure Agreement shall be deemed to prevent the Department 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 hereof or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Agreement. If the Department chooses to include any information in any disclosure made pursuant to Section 4 hereof or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Department shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure made pursuant to Section 4 hereof or notice of occurrence of a Listed Event.

Section 8. Law of Maryland.

This Disclosure Agreement, and any claim made with respect to the performance by the Department of its obligations hereunder, shall be governed by, be subject to and be construed according to the laws of the State of Maryland (without regard to provisions on conflicts of laws) or federal law.

Section 9. Limitation of Forum.

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

Section 10. Dissemination Agent.

The Department may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Department pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Department shall be the Dissemination Agent.

Section 11. Limitation On Remedies.

The Department shall be given written notice at the address set forth below of any claimed failure by the Department to perform its obligations under this Disclosure Agreement, and the Department shall be given 45 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the Department shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the Department shall be given to the Secretary of Transportation, 7201 Corporate Center Drive, Hanover, MD 21076, with a copy to the Chief Financial Officer, Office of Finance, Maryland Department of Transportation, 7201 Corporate Center Drive, Hanover, MD 21076, or at such alternate address as shall be specified by the Department with disclosures made pursuant to Section 3 hereof or a notice of occurrence of a Listed Event.

Section 12. Duty To Update EMMA/MSRB.

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. The Department agrees that it shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 13. Recordkeeping.

The Department agrees that it shall maintain records of all disclosures of annual financial information pursuant to Section 3 above and disclosures of the occurrence of Listed Events pursuant to Section 4 above, including the content of such disclosures, the names of the entities with whom such disclosures were filed and the dates of filings such disclosures.

Section 14. Relationship to Certificates.

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

Section 15. Beneficiaries.

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

IN WITNESS WHEREOF this Disclosure Agreement is being executed by the Secretary of Transportation on behalf of the Department as of this 27th day of March, 2019.

MARYLAND DEPARTMENT OF TRANSPORTATION

By: ___________________________________

Pete K. Rahn
Secretary of Transportation

SCHEDULE A

STATE OF MARYLAND
FINANCIAL STATEMENTS

(1) Summary of Outstanding Tax Supported Debt

(2) Summary of State Revenues and Expenditures

(3) Summary of General Fund Balances

(4) Summary of State Reserve Fund

(5) Budget for Current Fiscal Year

(6) Description of material litigation, if any, based on the accountant's report contained in the Comprehensive Annual Financial Report

MARYLAND DEPARTMENT OF TRANSPORTATION
FINANCIAL STATEMENTS

(1) Summary of General Governmental Revenues by Source,
(2) Summary of Expenditures by Function and Other Sources and Uses of Financial Resources and
(3) Summary of Changes in Fund Balances.