NEW ISSUE – BOOK-ENTRY ONLY

Standard & Poor's: AAA
Moody's: Aa1
Fitch: AA+
See "Ratings" herein.

In the opinion of Bond Counsel, assuming the accuracy of certain representations and the continuing compliance with certain covenants, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. In the opinion of Bond Counsel, under the Act, the Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt at all times from every kind and nature of taxation by the State of Maryland or by any of its political subdivisions, municipal corporations, or public agencies of any kind, except that no opinion is expressed as to such exemption from estate or inheritance taxes, or any other taxes not levied directly on the principal of and interest on the Bonds, their transfer and income, including any profit made on sale. See "TAX MATTERS" herein. Deliveries of the opinion of Bond Counsel with respect to the 2022 A Bonds and the 2022 B Bonds are subject to the satisfaction of certain terms and conditions provided in the Forward Delivery Bond Purchase Contracts. See "FORWARD DELIVERY BOND CONSIDERATIONS" herein.

MARYLAND DEPARTMENT OF TRANSPORTATION

$630,195,000
Department of Transportation of Maryland
Consolidated Transportation Bonds

$295,000,000[1]
Consolidated Transportation Bonds
Series 2021 A

$139,210,000[1]
Consolidated Transportation Bonds
Refunding Series 2021 B

$52,400,000[2]
Consolidated Transportation Bonds
Refunding Series 2022 A (Forward Delivery)

$143,585,000[2]
Consolidated Transportation Bonds
Refunding Series 2022 B (Forward Delivery)

Dated: Date of delivery | **Due**: See inside cover

Redemption The Consolidated Transportation Bonds, Series 2021 A (the "2021 A Bonds") maturing on or after October 1, 2030 are subject to redemption prior to their stated maturities on and after October 1, 2029 at the option of the Department of Transportation of Maryland (the "Department"). The Consolidated Transportation Bonds, Refunding Series 2021 B (the "2021 B Bonds"), the Consolidated Transportation Bonds, Refunding Series 2022 A (Forward Delivery) (the "2022 A Bonds") and the Consolidated Transportation Bonds, Refunding Series 2022 B (Forward Delivery) (the "2022 B Bonds") are not subject to optional redemption. See "THE BONDS - Redemption Provisions".

Security The 2021 A Bonds, the 2021 B Bonds, the 2022 A Bonds and the 2022 B Bonds (collectively, the "Bonds") are obligations of the Department only, payable as to both principal and interest solely from the proceeds of certain taxes and, to the extent needed, other revenues credited to the Department.

THE BONDS ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OF MARYLAND. See "SECURITY".

Purpose Proceeds from the 2021 A Bonds will provide a portion of the capital funds needed for the Consolidated Transportation Program. Proceeds from the 2021 B Bonds, the 2022 A Bonds and the 2022 B Bonds will be used to refund certain maturities of outstanding Consolidated Transportation Bonds. See "THE BONDS – Use of Proceeds".

Interest Payment Dates
2021 A Bonds: April 1 and October 1, commencing April 1, 2022
2021 B Bonds: June 1 and December 1, commencing June 1, 2022
2022 A Bonds: June 1 and December 1, commencing December 1, 2022
2022 B Bonds: June 1 and December 1, commencing June 1, 2023

Denomination $5,000, or any integral multiple thereof

Closing/Settlement
2021 A Bonds and 2021 B Bonds: on or about October 7, 2021
2022 A Bonds: on or about March 3, 2022
2022 B Bonds: on or about November 3, 2022

Bond Counsel Kutak Rock LLP

Municipal Advisors PFM Financial Advisors LLC, Davenport & Company LLC and People First Financial Advisors

Paying Agent/Registrar Department of Transportation of Maryland

Book-Entry Only Form The Depository Trust Company, see "Appendix E — Book-Entry Only System"

The Bonds are offered for delivery, when and if issued, subject to the approving opinion of Kutak Rock LLP, Bond Counsel. Certain legal matters will be passed upon for the Department by the Office of the Attorney General of the State of Maryland. Deliveries of the opinion of Bond Counsel and the Office of the Attorney General with respect to the 2022 A Bonds and the 2022 B Bonds are subject to the satisfaction of certain terms and conditions provided in the Forward Delivery Bond Purchase Contracts. Certain legal matters will be passed upon for the Underwriters for the 2022 A Bonds and the 2022 B Bonds by their counsel, Ballard Spahr LLP, Baltimore, Maryland. It is expected that the Bonds in definitive form will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about the respective closing dates described above. See "FORWARD DELIVERY BOND CONSIDERATIONS" herein.

J.P. Morgan **BofA Securities**

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

September 30, 2021

[1] The 2021 A Bonds and 2021 B Bonds were sold on a competitive sale basis as described herein under "SALE AT COMPETITIVE BIDDING FOR 2021 BONDS."
[2] The 2022 A Bonds and the 2022 B Bonds were purchased by the Underwriters listed above as described herein under "UNDERWRITING FOR FORWARD DELIVERY BONDS."

$295,000,000 Consolidated Transportation Bonds
Series 2021 A

Maturing October 1	Principal Amount	Interest Rate[1]	Price[1]	CUSIP[2]
2024	$17,040,000	5.000%	113.948	574204Q89
2025	17,915,000	5.000%	118.073	574204Q97
2026	18,835,000	5.000%	121.734	574204R21
2027	19,800,000	5.000%	124.688	574204R39
2028	20,815,000	5.000%	127.301	574204R47
2029	21,880,000	5.000%	129.906	574204R54
2030	23,005,000	4.000%	121.255[3]	574204R62
2031	23,940,000	3.000%	112.045[3]	574204R70
2032	24,670,000	3.000%	111.245[3]	574204R88
2033	25,420,000	3.000%	110.058[3]	574204R96
2034	26,325,000	2.000%	100.000	574204S20
2035	27,260,000	3.000%	109.275[3]	574204S38
2036	28,095,000	2.125%	100.000	574204S46

$139,210,000 Consolidated Transportation Bonds
Refunding Series 2021 B

Maturing December 1	Principal Amount	Interest Rate[1]	Price[1]	CUSIP[2]
2022	$35,510,000	5.000%	105.594	574204S53
2023	14,995,000	5.000%	110.292	574204S61
2024	15,850,000	5.000%	114.723	574204S79
2025	16,815,000	5.000%	118.731	574204S87
2026	17,735,000	5.000%	122.336	574204S95
2027	18,660,000	5.000%	125.018	574204T29
2028	19,645,000	5.000%	127.930	574204T37

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[1] The interest rates and prices shown above were furnished by the successful bidders for the 2021 A and 2021 B Bonds. All the information concerning the terms of reoffering of the 2021 A and 2021 B Bonds should be obtained from the successful bidders and not from the Department. See "SALE AT COMPETITIVE BIDDING FOR 2021 BONDS".

[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 Financial, 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.

[3] Priced to October 1, 2029 optional redemption date.

$52,400,000 Consolidated Transportation Bonds
Refunding Series 2022 A (Forward Delivery)

Maturing December 1	Principal Amount	Interest Rate[4]	Price[4]	CUSIP[5]
2022	$5,820,000	5.000%	103.453	574204T45
2023	6,695,000	5.000%	107.987	574204T52
2024	6,960,000	5.000%	112.249	574204T60
2025	7,400,000	5.000%	116.145	574204T78
2026	7,950,000	5.000%	119.616	574204T86
2027	8,495,000	5.000%	122.274	574204T94
2028	9,080,000	5.000%	124.914	574204U27

$143,585,000 Consolidated Transportation Bonds
Refunding Series 2022 B (Forward Delivery)

Maturing December 1	Principal Amount	Interest Rate[4]	Price[4]	CUSIP[5]
2023	$17,565,000	5.000%	104.541	574204U35
2024	18,470,000	5.000%	108.528	574204U43
2025	19,415,000	5.000%	112.190	574204U50
2026	20,410,000	5.000%	115.422	574204U68
2027	21,455,000	5.000%	118.015	574204U76
2028	22,555,000	5.000%	120.451	574204U84
2029	23,715,000	5.000%	122.665	574204U92

[4] The interest rates and prices shown above were based on a negotiated sale of the 2022 A Bonds and the 2022 B Bonds to the Underwriters. All the information concerning the terms of reoffering of the 2022 A Bonds and the 2022 B Bonds should be obtained from the Underwriter and not from the Department. See "UNDERWRITING FOR FORWARD DELIVERY BONDS" herein.

[5] 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 Financial, 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.

No dealer, broker, salesman or any other person has been authorized by 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 expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Department since the date hereof.

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 and the purchasers or holders of any of the securities 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, the 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 provisions or sections of this Official Statement. The offering of the Bonds is made only by means of this entire Official Statement.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE DEPARTMENT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NO REGISTRATION STATEMENT RELATING TO THE BONDS HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR WITH ANY STATE SECURITY AGENCY. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY NOR HAS THE SECURITIES AND EXCHANGE COMMISSION 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.

STATE OF MARYLAND

Lawrence J. Hogan, Jr., Governor

Department of Transportation of Maryland

Gregory I. Slater, Secretary

R. Earl Lewis, Jr., Deputy Secretary of
Policy, Planning and Enterprise Services

Sean Powell, Deputy Secretary of Operations

Tim Smith, P.E., State Highway Administrator

Christine E. Nizer, Motor Vehicle Administrator

William P. Doyle, Maryland Port Executive Director

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

Holly T. Arnold, Acting Maryland Transit Administrator

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

Jaclyn D. Hartman, Chief Financial Officer

Approving Legal Opinion

Kutak Rock LLP
Washington, DC

Municipal Advisors

PFM Financial Advisors LLC
Orlando, FL
and
Davenport & Company LLC
Towson, MD
and
People First Financial Advisors
Landover, MD

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IMPACT OF COVID-19
ON THE FINANCIAL CONDITION AND OPERATIONS OF THE DEPARTMENT

The outbreak of COVID-19 was declared a pandemic by the World Health Organization and a national emergency by the President of the United States on March 13, 2020. The virus has impacted travel, commerce and financial markets globally. On March 5, 2020 Maryland Governor Larry Hogan declared a state of emergency within the State and over the course of the COVID-19 outbreak, the Governor issued numerous Executive Orders extending the state of emergency and otherwise addressing the outbreak. On June 15, 2021, Governor Hogan ended the state of emergency in the State and announced the end of emergency mandates on July 1, 2021 followed by a 45-day administrative grace period for certain deadlines. On July 12, 2021 Governor Hogan renewed the state of emergency as required for the 45-day administrative grace period. The renewed state of emergency and the 45-day administrative grace period ended on August 15, 2021.

The State of Maryland has administered over 7.5 million COVID-19 vaccinations as of August 28, 2021. Over 3.7 million Maryland residents have been fully vaccinated, which represents 73.2% of the State's population over 18 years old, and 80.6% of Marylanders over 18 years old have received at least one dose of the vaccine. The State has established a dedicated website providing up-to-date information concerning the State's coronavirus metrics at https://coronavirus.maryland.gov/. This website is incorporated for convenience only and is not incorporated by reference into this Official Statement.

Federal Relief Efforts

On March 13, 2020, the President of the United States declared the ongoing COVID-19 pandemic of sufficient severity to warrant an emergency declaration for purposes of obtaining disaster assistance through the Request for Public Assistance program administered by the Federal Emergency Management Agency ("FEMA"). The Department has taken appropriate measures to ensure the it will be able to apply for FEMA funding at the appropriate time. It is not known at this time how much, if any, FEMA funding will be received.

The United States government took additional legislative and regulatory actions and implementing measures to mitigate the broad disruptive effects of the COVID-19 pandemic. As described below, the Department received funds from the federal government, which among other things, will reimburse the Department for a portion of the costs incurred in response to COVID-19 and offset the Department's revenue losses.

The President of the United States signed into law H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), on March 27, 2020. The CARES Act established a $150 billion Coronavirus Relief Fund to, among other things, provide financial assistance to states; provided $25 billion for public transit through the Federal Transit Administration; and provided $10 billion for public use airports through the Federal Aviation Administration. The Maryland Transit Administration (the "MTA") was awarded funds totaling $392,000,000 and the Maryland Aviation Administration (the "MAA") was awarded funds totaling $87,757,000 under the CARES Act. Funds supporting the MTA were exhausted in fiscal year 2021 and the funds supporting the MAA were fully expended by the close of fiscal year 2020. In addition, the State of Maryland received funds through the CARES Act, of which $28,200,000 was provided to the Department to reimburse certain COVID-related expenses, including premium and response for essential employees.

On December 27, 2020, the Consolidated Appropriations Act (H.R. 133) was signed into law by the President of the United States. The law combines $900 billion in stimulus relief for the COVID-19 pandemic (the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, or the "CRRSAA") with a $1.4 trillion omnibus spending bill for the federal fiscal year 2021. Spending included in the bill includes, but is not limited to, $49 billion for the Federal Highway Administration, $13 billion for the Federal Transit Administration, and nearly $2 billion for economic relief to eligible U.S. airports and eligible concessions. The Department received funding totaling $233,100,000 in total grants, including funding for MTA, MAA, and the State Highway Administration (the "SHA"). Those funds are being utilized in fiscal years 2021 through 2022. In addition, during the 2021 legislative session, legislation was passed by the Maryland General Assembly (the Recovery for the Economy, Livelihood, Industries, Entrepreneurs, and Families or the "RELIEF" Act) that provides additional relief. The RELIEF Act, funded in part through funds received by the State from the Consolidated Appropriations Act, provided the Department an additional $10 million for transit and $10 million for highways for use in fiscal year 2021.

On March 11, 2021, the American Rescue Plan Act of 2021 (the "ARPA") was signed into law by the President of the United States. The ARPA is a $1.9 trillion economic stimulus bill to assist the country's recovery from the COVID-19 pandemic and included $350,000,000,000 in Coronavirus State and Local Fiscal Recovery Funds to help states, local government, U.S. territories and tribal governments cover increased expenditures, replenish lost revenue and mitigate economic harm from the COVID-19 pandemic; $30 billion in grants to public transit and commuter rails agencies to offset lost revenue; and $8 billion for airports in the United States. The Department received funding of $436,400,000 for transit and airports. Those funds are being utilized in fiscal years 2022 through 2024. In addition, the State of Maryland received $3,900,000,000 in Coronavirus State and Local Fiscal Recovery Funds. The Governor of Maryland announced a joint executive and legislative framework for use of the State's allocation that includes $500,000,000 for transportation to offset revenue losses. The Department will utilize this funding in fiscal years 2022 and 2023.

COVID-19 Impact on the Department's Operations and Revenues

The COVID-19 global pandemic had a significant impact on transportation use and consequently on transportation revenues. Employees of the Department stepped up to deliver critical services that helped other front-line workers get to their jobs and maintain connections across the supply chain and continue to support statewide transportation services and needs. Despite the challenges of operating during a pandemic health crisis, the Department's employees and our private sector partners continued to deliver outstanding customer service across the State.

At the height of the pandemic, statewide highway travel fell by as much as 50 percent (50%) and passenger traffic at the Baltimore/Washington International Thurgood Marshall Airport (the "BWI Marshall Airport") dropped more than 90 percent (90%) as Marylanders heeded Governor Larry Hogan's call to limit travel to help stop the spread of COVID-19. Many of those trends are reversing with the lifting of the State of Emergency, the widespread success of COVID-19 vaccinations in Maryland, and the onset of the summer travel season.

Marylanders are returning to roadways and airways in numbers approaching pre-pandemic levels, marking major milestones for State transportation, tourism and economic recovery.

These milestones include:

Roadways/Bridges: Comparing the first week of July 2019 to the same week in 2021 – both leading into the Fourth of July weekend – total vehicular traffic on Maryland roadways this year surpassed 2019 levels for the first time since the start of the pandemic. Statewide figures recorded by the Department show a 0.4 percent (0.4%) increase in traffic levels this year compared to the first week in July 2019.

BWI Marshall Airport: On Friday, July 2, BWI Marshall Airport experienced its busiest day for departing passenger traffic since the start of the pandemic, as the U.S. Transportation Security Administration screened 28,655 departing passengers. Overall, weekly volumes remain about 25 percent (25%) lower than 2019 levels as business travel still lags behind leisure travel, but air traffic continues to grow on a weekly basis**.**

Port of Baltimore: The Port has seen a robust rebound from the pandemic, reflecting consumer demand for goods and Maryland's stature as a key hub for the growing e-commerce industry. In May of this year, general cargo figures eclipsed pre-pandemic numbers – up 2 percent (2%) over May 2019 – and roll on/roll off farm and construction equipment was up 1.2 percent (1.2%) compared to 2019.

Motor Vehicle Services: For the past year, the Motor Vehicle Administration (the "MVA") has operated under an appointment-only model to promote safety and health of customers. During that time, MVA has significantly expanded its online service available through the innovative Customer Connect system. As a result, MVA is now serving more customers online than ever before and serving more people overall than it did before the pandemic.

MVA continues to lead the nation in helping Marylanders meet the federal REAL ID deadline of May 3, 2023. Currently 80 percent (80%) of Maryland drivers are compliant, one of the highest percentages in the nation.

Transit Operations: The MTA continues to ensure bus and rail services remain safe and reliable. Ridership across all MDOT MTA services has consistently been down about 60 percent (60%) during the pandemic compared to 2019. For the first week of July, Core Bus was down 47 percent (47%) , Light Rail was down 57 percent (57%), Metro Subway was down 78 percent (78%), Commuter Bus was down 81 percent (81%), and MARC Rail was down 86 percent (86%). Transit agencies across the country have experienced dramatic declines during COVID-19 and transit ridership is expected to take longer to recover to pre-pandemic levels. To help support a return to transit, MTA is resuming full scheduled service on MARC and Commuter Bus and offering new 3- and 10-day fare passes for certain services.

As the usage of the State's transportation network is recovering, the Department's transportation revenues are recovering as well. Throughout the pandemic, the Department was able to continue to deliver services and maintain funding for projects under construction while other state departments of transportation were laying off workers and halting construction projects. The diversity of revenues and the flexibility of Maryland's consolidated Transportation Trust Fund was critical to that success to maintain operations until federal relief efforts brought additional funding to offset the revenue loss.

In accordance with State law, on September 1, 2021, the Department issued its updated six-year capital program for fiscal years 2022-2027, along with the financial plan that supports it. The Draft FY 2022-2027 CTP totals $16.4 billion, an increase of $1.2 billion from the Final FY 2021-2026 CTP. This six-year investment level matches the highest six-year transportation investment to date and shows Maryland's continued recovery from the COVID-19 pandemic and the impact of federal relief funds.

COVID-19 Uncertainty

As described above, the State and federal governments have taken various actions, including the passage of laws and regulations on a wide array of topics, in an attempt to slow the spread of COVID-19 and to address the health and economic consequences of the outbreak. The outbreak of COVID-19 has adversely affected and is expected to continue to impact the Department's financial results and liquidity. The impact of the pandemic on the revenues and operations of the Department cannot be predicted at this time due to the dynamic and unprecedented nature of the outbreak, including uncertainties relating to duration and severity of the pandemic and what, if any, additional actions may be taken by the federal government. The continued spread of COVID-19, the emergence of variants, and containment and mitigation efforts are likely to have a material adverse effect on the revenues and operations of the Department, the State, as well as on national and global economies.

The Bonds are obligations of the Department, payable as to both principal and interest solely from the proceeds of certain taxes and, to the extent needed, other revenues credited to the Department. While the duration and severity of the impact of COVID-19 is uncertain and difficult to estimate, the Department believes it will have the necessary revenue and liquidity to make timely payments on all its obligations.

SUMMARY STATEMENT

(Subject in all respects to more complete information in this Official Statement
to which the reader is specifically referred)

THE DEPARTMENT OF TRANSPORTATION OF MARYLAND — The Department of Transportation of Maryland (the "Department") has responsibility for transportation facilities and programs owned by the State of Maryland (the "State"). This responsibility includes the planning, financing, construction, operation and maintenance of various transportation facilities, including highway, transit, port, aviation and motor vehicle administration facilities. This responsibility excludes toll facilities operated by the Maryland Transportation Authority (the "Authority").

CONSOLIDATED TRANSPORTATION PROGRAM — The Department maintains a Consolidated Transportation Program (the "CTP") to meet the transportation requirements of the State and continually reviews the CTP considering current and anticipated economic factors. The CTP is developed in accordance with the current projection of six-year financial resources and is within the framework of the Maryland Transportation Plan, the long-range State plan for transportation. The CTP is flexible and is adjusted to reflect revenue fluctuations so that available funds may be concentrated on the most important projects.

THE TRANSPORTATION TRUST FUND — The Transportation Trust Fund is credited with transportation-related receipts, including portions of motor vehicle fuel taxes, the State's corporation income tax, the excise tax on motor vehicle titling, the sales and use tax on short-term vehicle rentals, registration fees for motor vehicles, all bus and rail fares and port fees, and certain airport revenues, together with bond and note proceeds, federal grants, and other receipts. Capital expenditures are financed from net revenues of the Department; federal grants; the proceeds of sales of Consolidated Transportation Bonds, certificates of participation, conduit financings, and special transportation project revenues bonds; and certain other project-specific capital funds.

PURPOSE OF THE BONDS — The $295,000,000 Consolidated Transportation Bonds, Series 2021 A (the "2021 A Bonds") are being issued to provide a portion of the capital funds for certain projects in the CTP including highway projects and certain other transportation activities of the Department and paying certain issuance expenses of the 2021 A Bonds. The $139,210,000 Consolidated Transportation Bonds, Refunding Series 2021 B (the "2021 B Bonds") are being issued to refund certain maturities of outstanding Consolidated Transportation Bonds (collectively, the "2021 B Refunded Bonds") and to pay certain issuance expenses of the 2021 B Bonds. The $52,400,000 Consolidated Transportation Bonds, Refunding Series 2022 A (Forward Delivery) (the "2022 A Bonds") and the $143,585,000 Consolidated Transportation Bonds, Refunding Series 2022 B (Forward Delivery) (the "2022 B Bonds") will be issued to refund certain maturities of outstanding Consolidated Transportation Bonds (the "2022 A Refunded Bonds" and the "2022 B Refunded Bonds") and to pay certain issuance expenses of the 2022 A Bonds and the 2022 B Bonds. The issuance of the 2022 A Bonds and the 2022 B Bonds are subject to the satisfaction of certain terms and conditions provided in the Forward Delivery Bond Purchase Contracts. See "THE BONDS" and "FORWARD DELIVERY BOND CONSIDERATIONS" herein. The 2021 A Bonds, the 2021 B Bonds, the 2022 A Bonds and the 2022 B Bonds are sometimes collectively referred to herein as the "Bonds." The 2021 A Bonds and the 2021 B Bonds are sometimes collectively referred to herein as the "2021 Bonds." The 2022 A Bonds and the 2022 B Bonds are sometimes collectively referred to herein as the "2022 Bonds" or the "Forward Delivery Bonds." The 2021 B Refunded Bonds, the 2022 A Refunded Bonds and the 2022 B Refunded Bonds are sometimes collectively referred to herein as the "Refunded Bonds."

SECURITY — Principal of and interest on the Bonds are payable from the proceeds of certain taxes levied by statute for that exclusive purpose before being available for other uses by the Department. If the tax proceeds pledged to the payment of principal of and interest on the Bonds become insufficient to meet debt service requirements, other receipts of the Department are available for that purpose.

The Department, in its discretion, is authorized to issue bonds without a debt service reserve component and to deposit in the statutory sinking fund only the amount as may be required to pay the principal of and interest on such bonds as and when due. Pursuant to that authority, the Department has determined to issue the Bonds without a debt service reserve component and to deposit in the statutory sinking fund for the Bonds only the amounts required from time to time to pay the principal of and interest on the Bonds as and when due.

The Bonds will be of equal priority with previously issued and outstanding Consolidated Transportation Bonds, except as described herein, and any additional Consolidated Transportation Bonds hereafter issued (the "Additional Bonds") as discussed below.

THE BONDS ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OF MARYLAND.

CONTINUING DISCLOSURE — The Department will provide annual financial and other information, including notice of certain events, in order to assist the successful bidders for the 2021 Bonds and the Underwriters for the Forward Delivery Bonds in complying with United States Securities and Exchange Commission Rule 15c2-12(b)5 ("Rule 15c2-12"). See "FORM OF CONTINUING DISCLOSURE AGREEMENT" in Appendix D.

ESTIMATED DEBT SERVICE COVERAGE — Maximum annual principal and interest requirements on the Consolidated Transportation Bonds after issuance of the 2021 A Bonds and the 2021 B Bonds and the refunding of the 2021 B Refunded Bonds on October 7, 2021 will be $480,373,269. Upon issuance of the 2021 A Bonds and the 2021 B Bonds and the refunding of the 2021 B Refunded Bonds, (i) net receipts (unaudited) under the first test described herein under "ADDITIONAL BONDS" for the fiscal year ended June 30, 2021 would be 4.53 times such maximum annual principal and interest requirements on the Consolidated Transportation Bonds, and (ii) total proceeds from pledged taxes (unaudited) under the second test described herein under "ADDITIONAL BONDS" for the fiscal year ended June 30, 2021, would be 2.98 times such maximum annual principal and interest requirements on the Consolidated Transportation Bonds. Maximum annual principal and interest requirements on the Consolidated Transportation Bonds after issuance of the 2022 A Bonds and the refunding of the 2022 A Refunded Bonds on March 3, 2022 is expected to be $479,509,863. Upon issuance of the 2022 A Bonds and the refunding of the 2022 A Refunded Bonds, (i) net receipts (unaudited) under the first test described herein under "ADDITIONAL BONDS" for the fiscal year ended June 30, 2021 is expected to be 4.54 times such maximum annual principal and interest requirements on the Consolidated Transportation Bonds, and (ii) proceeds from pledged taxes (unaudited) under the second test described herein under "ADDITIONAL BONDS" for the fiscal year ended June 30, 2021, is expected to be 2.98 times such maximum annual principal and interest requirements on the Consolidated Transportation Bonds. Maximum annual principal and interest requirements on the Consolidated Transportation Bonds after issuance of the 2022 B Bonds and the refunding of the 2022 B Refunded Bonds on November 3, 2022 is expected to be $480,461,159. Upon issuance of the 2022 B Bonds and the refunding of the 2022 B Refunded Bonds, (i) net receipts (unaudited) under the first test described herein under "ADDITIONAL BONDS" for the fiscal year ended June 30, 2021 is expected to be 4.53 times such maximum annual principal and interest requirements on the Consolidated Transportation Bonds, and (ii) proceeds from pledged taxes (unaudited) under the second test described herein under "ADDITIONAL BONDS" for the fiscal year ended June 30, 2021, is expected to be 2.98 times such maximum annual principal and interest requirements on the Consolidated Transportation Bonds. The issuance of the 2022 A Bonds and the 2022 B Bonds are subject to the satisfaction of certain terms and conditions provided in the Forward Delivery Bond Purchase Contracts. See "FORWARD DELIVERY BOND CONSIDERATIONS" herein.

ADDITIONAL BONDS — In accordance with certain provisions of the Act (as defined in the "INTRODUCTION") the aggregate principal amount of Consolidated Transportation Bonds that may be outstanding is $4,500,000,000. In addition, the Act provides that the General Assembly shall establish in the budget for any fiscal year the 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 2022, the maximum aggregate amount of Consolidated Transportation Bonds that may be outstanding as of June 30, 2022 is $3,675,580,000.

Consolidated Transportation Bonds in the principal amount of $3,824,290,000 will be outstanding upon issuance of the 2021 A Bonds and the 2021 B Bonds and the refunding of the 2021 B Refunded Bonds on October 7, 2021. Consolidated Transportation Bonds in the principal amount of $3,698,755,000 is expected to be outstanding upon issuance of the 2022 A Bonds and the refunding of the 2022 A Refunded Bonds on March 3, 2022. Consolidated Transportation Bonds in the principal amount of $3,494,220,000 is expected to be outstanding upon issuance of the 2022 B Bonds and the refunding of the 2022 B Refunded Bonds on November 3, 2022. Principal payments will be made on Consolidated Transportation Bonds after the issuance of the 2021 A Bonds and 2021 B Bonds such that the aggregate amount of outstanding Consolidated Transportation Bonds (including the 2022 A Bonds expected to be issued on March 3, 2022) will be less than the maximum amount allowed as of June 30, 2022.

Under the terms of the resolution authorizing the issuance of the Bonds, Additional Bonds which are of equal priority with the Bonds and the other Consolidated Transportation Bonds, with the exception as described herein under "SECURITY", may be issued provided, among other conditions, that (i) total receipts (excluding federal grants for capital projects, bond and note proceeds, and other receipts not available for debt service) less administration, operation and maintenance expenses for the preceding fiscal year shall equal at least two times maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued and that (ii) total proceeds from pledged taxes for the preceding fiscal year shall equal at least two times maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued.

CONTINGENT SUBORDINATE INDEBTEDNESS — As discussed further herein, when the Department or the Maryland Transportation Authority (the "Authority") makes a pledge of or uses existing or anticipated federal funds for the payment of special transportation project revenue bonds or Authority bonds, respectively, and such future federal aid is insufficient to pay the principal of and interest on such bonds, the taxes levied under the Act (defined herein) and irrevocably pledged to the principal of and interest on the Bonds are irrevocably pledged to the payment of the principal of and interest on such special transportation project revenue bonds or such bonds of the Authority; provided, however, that the statutory lien and pledge created for the benefit of such special transportation project revenue bonds or such bonds of the Authority shall at all times be subordinate to the pledge and lien for the Bonds and for other Consolidated Transportation Bonds. There are no such special transportation project revenue bonds or Authority bonds currently outstanding. See "THE TRANSPORTATION TRUST FUND — Special Revenue Bonds" for additional details.

OFFICIAL STATEMENT
OF THE
DEPARTMENT OF TRANSPORTATION OF MARYLAND

$630,195,000
Department of Transportation of Maryland
Consolidated Transportation Bonds

$295,000,000 **Consolidated Transportation Bonds** **Series 2021 A**	**$139,210,000** **Consolidated Transportation Bonds** **Refunding Series 2021 B**
$52,400,000 **Consolidated Transportation Bonds** **Refunding Series 2022 A (Forward Delivery)**	**$143,585,000** **Consolidated Transportation Bonds** **Refunding Series 2022 B (Forward Delivery)**

INTRODUCTION

This Official Statement, including the cover page and Appendices attached hereto, sets forth information concerning the State of Maryland (the "State"), the Department of Transportation of Maryland (the "Department"), the Department's $295,000,000 Consolidated Transportation Bonds, Series 2021 A (the "2021 A Bonds"), the Department's $139,210,000 Consolidated Transportation Bonds, Refunding Series 2021 B (the "2021 B Bonds"), the Department's $52,400,000 Consolidated Transportation Bonds, Refunding Series 2022 A (Forward Delivery) (the "2022 A Bonds") and the Department's $143,585,000 Consolidated Transportation Bonds, Refunding Series 2022 B (Forward Delivery) (the "2022 B Bonds"). The 2021 A Bonds, the 2021 B Bonds, the 2022 A Bonds and the 2022 B Bonds are sometimes collectively referred to herein as the "Bonds." The 2021 B Bonds, the 2022 A Bonds and the 2022 B Bonds are sometimes collectively referred to herein as the "Refunding Bonds." The 2021 A Bonds and the 2021 B Bonds are sometimes collectively referred to herein as the "2021 Bonds." The 2022 A Bonds and the 2022 B Bonds are sometimes collectively referred to herein as the "2022 Bonds" or the "Forward Delivery Bonds."

The Bonds are obligations of the Department authorized to be issued pursuant to Sections 3-101 to 3-217, inclusive, of the Transportation Article of the Annotated Code of Maryland (2020 Replacement Volume as amended and supplemented from time to time) (the "Act"), by Section 8-209 of the State Finance and Procurement Article of the Annotated Code of Maryland (2015 Replacement Volume, as amended and supplemented from time to time) (the "State Finance and Procurement Article"), by resolutions of the Board of Public Works of Maryland (the "Board of Public Works") adopted on August 11, 2021 and by a resolution of the Secretary of Transportation (the "Secretary") dated as of September 15, 2021 (the "Resolution").

THE BONDS

General

The Bonds are dated as of the date of their delivery 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 2021 Bonds are expected to be issued on or about October 7, 2021. The 2022 A Bonds and the 2022 B Bonds are forward delivery bonds and are expected to be issued on March 3, 2022 and November 3, 2022, respectively. The 2022 A Bonds and the 2022 B Bonds are being sold on a negotiated basis to J.P. Morgan Securities LLC as senior manager (the "Representative") and BofA Securities, Inc. (collectively, the "Underwriters"), subject to the satisfaction of certain conditions set forth in a Forward Delivery Purchase Agreement for each of the 2022 A Bonds and the 2022 B Bonds, to be dated September 30, 2021, between the Department and the Underwriters (each, a "Forward Delivery Bond Purchase Agreement"). See "FORWARD DELIVERY BOND CONSIDERATIONS" and "UNDERWRITING – FORWARD DELIVERY BONDS" herein.

The Bonds shall accrue interest from their respective dates of issuance and delivery. Interest on the 2021 A Bonds will be payable commencing on April 1, 2022 and semiannually thereafter on each April 1 and October 1 until maturity unless redeemed prior to maturity as provided herein under "Redemption Provisions". Interest on the 2021 B Bonds will be payable commencing on June 1, 2022 and semiannually thereafter on each June 1 and December 1 until maturity. Interest on the 2022 A Bonds will be payable commencing on December 1, 2022 and semiannually thereafter on each June 1 and December 1 until maturity. Interest on the 2022 B Bonds will be payable commencing on June 1, 2023 and semiannually thereafter on each June 1 and December 1 until maturity.

If an interest payment date is not a Business Day (herein defined), then the interest on the Bonds will be paid on the next succeeding Business Day to the owner in whose name the Bonds 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 Bonds will be payable by electronic funds transfer upon presentation and surrender of the Bonds at the principal office of the Paying Agent or at the principal office of any other Registrar/Paying Agent designated by 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 Bonds are maintained in book-entry form, interest on the Bonds will be paid by electronic funds transfer on the Interest Payment Date.

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

The Bonds 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 Bonds will be made so long as Cede & Co. is the registered owner of the Bonds.

Use of Proceeds

The Department is issuing the 2021 A Bonds to provide a portion of the capital funds needed for the Consolidated Transportation Program (the "CTP") developed by the Department to provide comprehensive planning and coordinated implementation for the highway, transit, port and aviation activities of the State and to pay certain issuance expenses of the 2021 A Bonds. See "CONSOLIDATED TRANSPORTATION PROGRAM" and "TRANSPORTATION FACILITIES AND PROGRAMS" for additional information.

The Department is issuing the 2021 B Bonds to provide funds sufficient, together with other available moneys, and interest earnings thereon, to refund at a redemption price of par certain Consolidated Transportation Bonds in order to realize savings on debt service costs, to pay interest due on such refunded bonds and to pay certain issuance expenses of the 2021 B Bonds. The bonds to be refunded with proceeds of the 2021 B Bonds consist of the following bonds (the "2021 B Refunded Bonds"):

Issue	Maturity	Par Amount	Call Date	CUSIP
Series 2012	6/1/2022	8,930,000	11/15/2021	574204WY5
Series 2012	6/1/2023	9,290,000	11/15/2021	574204WZ2
Series 2013	2/15/2022	12,315,000	11/15/2021	574204XL2
Series 2013	2/15/2023	12,560,000	11/15/2021	574204XM0
Series 2013 2nd	12/1/2022	17,195,000	12/1/2021	574204XZ1
Series 2013 2nd	12/1/2023	18,055,000	12/1/2021	574204YA5
Series 2013 2nd	12/1/2024	18,780,000	12/1/2021	574204YB3
Series 2013 2nd	12/1/2025	19,530,000	12/1/2021	574204YC1
Series 2013 2nd	12/1/2026	20,310,000	12/1/2021	574204YD9
Series 2013 2nd	12/1/2027	21,125,000	12/1/2021	574204YE7
Series 2013 2nd	12/1/2028	21,965,000	12/1/2021	574204YF4

The Department is issuing the 2022 A Bonds to provide funds sufficient, together with other available moneys, and interest earnings thereon, to refund at a redemption price of par certain Consolidated Transportation Bonds in order to realize savings on debt service costs, to pay interest due on such refunded bonds and to pay certain issuance expenses of the 2022 A Bonds. The bonds to be refunded with proceeds of the 2022 A Bonds consist of the following bonds (the "2022 A Refunded Bonds"):

Issue	Maturity	Par Amount	Call Date	CUSIP
Series 2014	6/1/2023	7,475,000	6/1/2022	574204YN7
Series 2014	6/1/2024	7,770,000	6/1/2022	574204YP2
Series 2014	6/1/2025	8,085,000	6/1/2022	574204YQ0
Series 2014	6/1/2026	8,485,000	6/1/2022	574204YR8
Series 2014	6/1/2027	8,910,000	6/1/2022	574204YS6
Series 2014	6/1/2028	9,355,000	6/1/2022	574204YT4
Series 2014	6/1/2029	9,825,000	6/1/2022	574204YU1

The Department is issuing the 2022 B Bonds to provide funds sufficient, together with other available moneys, and interest earnings thereon, to refund at a redemption price of par certain Consolidated Transportation Bonds in order to realize savings on debt service costs, to pay interest due on such refunded bonds and to pay certain issuance expenses of the 2022 B Bonds. The bonds to be refunded with proceeds of the 2022 B Bonds consist of the following bonds (the "2022 B Refunded Bonds"):

Issue	Maturity	Par Amount	Call Date	CUSIP
Series 2015	2/1/2024	20,415,000	2/1/2023	574204ZB2
Series 2015	2/1/2025	21,440,000	2/1/2023	574204ZC0
Series 2015	2/1/2026	22,510,000	2/1/2023	574204ZD8
Series 2015	2/1/2027	23,140,000	2/1/2023	574204ZE6
Series 2015	2/1/2028	23,835,000	2/1/2023	574204ZF3
Series 2015	2/1/2029	24,790,000	2/1/2023	574204ZG1
Series 2015	2/1/2030	25,780,000	2/1/2023	574204ZH9

Estimated Sources and Uses of Funds

	2021 A Bonds	2021 B Bonds
Sources:		
Par Amount	$295,000,000.00	$139,210,000.00
Net Original Issue Premium/ Discount	42,455,011.85	23,129,424.85
Transfer from Sinking Fund	0.00	20,846,000.00
Total Sources	337,455,011.85	183,185,424.85
Uses:		
Deposit to Transportation Trust Fund	335,097,613.85	0.00
Deposit to Escrow Deposit Fund	0.00	182,868,869.58
Costs of Issuance[1]	2,357,398.00	316,555.27
Total Uses	337,455,011.85	183,185,424.85

	2022 A Bonds	2022 B Bonds
Sources:		
Par Amount	$52,400,000.00	$143,585,000.00
Net Original Issue Premium/ Discount	8,496,794.15	21,739,913.00
Transfer from Sinking Fund	269,000.00	0.00
Total Sources	61,165,794.15	165,324,913.00
Uses:		
Deposit to Escrow Deposit Fund	61,066,675.00	165,106,715.00
Costs of Issuance[1]	99,119.15	218,198.00
Total Uses	61,165,794.15	165,324,913.00

[1]Estimated. Includes underwriters' discount, fees for legal, rating agency, municipal advisory services and other miscellaneous expenses.

Deposit to Escrow Deposit Fund

On the day of delivery of the each series of the Refunding Bonds, proceeds of such series of the Refunding Bonds sufficient to pay the redemption price and accrued interest on the applicable redemption date will be deposited into an Escrow Deposit Fund established under the Escrow Deposit Agreement for each series of the Refunding Bonds (each an "Escrow Deposit Agreement") by and between the Department and Zions Bancorporation, National Association (the "Escrow Agent"). Such funds deposited into the Escrow Deposit Fund will be held uninvested or applied to the purchase of debt obligations of, or obligations for which the timely payment of principal and interest is unconditionally guaranteed by, the Unites States of America (the "Federal Securities"), which will mature at stated fixed amounts as to principal and interest at such times as will be sufficient, together with other available moneys, to pay interest when due on the bonds to be refunded and to redeem the principal amount of the bonds to be refunded on the respective call dates pursuant to the Escrow Deposit Agreement. The funds deposited into the Escrow Fund and the Federal Securities if any will be pledged only to the payment of the bonds to be refunded and are not available for the payment of principal of, premium, if any, or interest on the Refunding Bonds.

Redemption Provisions

The 2021 A Bonds maturing on or after October 1, 2030 are subject to redemption on or after October 1, 2029 as a whole or in part at any time at the option of the Secretary, on behalf of the Department, 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 (100%), plus accrued interest thereon, if any, to the date fixed for redemption.

The 2021 B Bonds, the 2022 A Bonds and the 2022 B Bonds are not subject to redemption prior to their stated maturities.

FORWARD DELIVERY BOND CONSIDERATIONS

The Department expects that the 2022 A Bonds and the 2022 B Bonds will be issued and delivered on or about March 3, 2022 and November 3, 2022, respectively. There are numerous conditions which must be satisfied prior to issuance and delivery of the Forward Delivery Bonds and the following is not meant to be an exhaustive list of such conditions. There can be no assurance that all of the conditions to the issuance and delivery of the Forward Delivery Bonds will be satisfied nor that the Forward Delivery Bonds will be issued.

Settlement

On or about March 3, 2022 with respect to the 2022 A Bonds and November 3, 2022 with respect to the 2022 B Bonds, or such other dates as may be mutually agreed upon by the State and the Underwriters, the Department will, subject to the terms and conditions of each Forward Delivery Bond Purchase Agreement, deliver the applicable series of the Forward Delivery Bonds to the Underwriters and deliver or cause to be delivered to the Underwriters the other documents, opinions, certificates and instruments required by the Forward Delivery Bond Purchase Agreement to be delivered as part of the settlement as more fully discussed below. Subject to the terms and conditions of each Forward Delivery Bond Purchase Agreement, the Underwriters will accept such delivery and pay the purchase price for the applicable series of the Forward Delivery Bonds. The dates upon which such transactions are consummated are referred to herein as the "2022 A Bonds Settlement Date" and "2022 B Bonds Settlement Date" as applicable or collectively as the "Settlement Dates." A date on or about October 7, 2021 is referred to herein as the "Initial Closing Date."

Upon the execution by the Underwriters of the respective Forward Delivery Bond Purchase Agreement, in connection with the Underwriters' obligation to purchase the respective series of Forward Delivery Bonds, each purchaser of the Forward Delivery Bonds (each, a "Purchaser" and collectively, the "Purchasers") will be required to execute and deliver a Delayed Delivery Contract (the "Delayed Delivery Contract") in substantially the form attached hereto as Appendix F. The proposed form of the Delayed Delivery Contract is attached hereto at the request and for the convenience of the Underwriters.

The Department will not be a party to the Delayed Delivery Contracts and will not in any way be responsible for the performance thereof or for any representations or warranties contained therein. The rights and obligations under the Forward Delivery Bond Purchase Agreement are not conditioned or dependent upon the performance of any Delayed Delivery Contract. Except as specified in the Delayed Delivery Contract, a Purchaser will not be able to withdraw their orders and will not be excused from performance of their obligations to take up and pay for the related Forward Delivery Bonds on the Settlement Date because of market or credit changes, including but not limited to changes in the financial condition, operations, performance, properties or prospects of the Department from the date of the Forward Delivery Bond Purchase Agreements to the respective Settlement Dates.

Conditions to Settlement

General. The settlement and the issuance of the Forward Delivery Bonds are conditioned upon the satisfaction of the specific conditions of the applicable Forward Delivery Bond Purchase Agreement, including delivery of certain documents described in the Forward Delivery Bond Purchase Agreement (collectively, the "Settlement Documents"). The Settlement Documents include, among other items, the opinions of Bond Counsel with respect to the Forward Delivery Bonds in substantially the forms set forth as Appendix C hereto and certain other opinions or letters of Bond Counsel, the Attorney General of the State of Maryland and counsel to the Underwriters, as well as a certificate of the Department as to the completeness and accuracy of the Updated Official Statement (as defined below) as of the respective Settlement Dates. The settlement and the issuance of the Forward Delivery Bonds are further contingent upon no rating of the Forward Delivery Bonds by a national rating agency then rating the Forward Delivery Bonds having been withdrawn of suspended.

Under the Forward Delivery Bond Purchase Agreements, the obligation of the Underwriters to purchase the respective series of Forward Delivery Bonds is subject to the following conditions pertaining to the relevant series of Forward Delivery Bonds on their respective Settlement Dates: (1) the resolutions of the Board of Public Works with respect to the Bonds adopted on August 11, 2021, the resolution of the Secretary dated as of September 15, 2021, the Forward Delivery Bond Purchase Agreement and the Continuing Disclosure Agreement to be executed by the Department in connection with the Forward Delivery Bonds (collectively, the "Issuer Documents") shall all be in full force and effect and shall not have been amended, modified or supplemented in any material respect prior to the Settlement, and the Updated Official Statement shall not have been supplemented or amended, except as may have been agreed to in writing by the Representative; (2) no rating of the Forward Delivery Bonds by a national rating agency then rating the Forward Delivery Bonds shall have been withdrawn or suspended; (3) the representations and warranties of the Department in the applicable Forward Delivery Bond Purchase Agreement shall be true and accurate in all material respects as if made on the applicable Settlement Dates; (4) the Department shall perform or have performed all obligations required under or specified in the applicable Forward Delivery Bond Purchase Agreement and the other Issuer Documents and the Updated Official Statement to be performed at or prior to the Settlement; and (5) except as described in the Updated Official Statement, no litigation is pending or, to the Department's knowledge, threatened in any court (i) in any manner questioning the power or the authority of the Department to issue, or the issuance, validity or payment of principal of or interest on, the Forward Delivery Bonds, or the use of the proceeds thereof; (ii) questioning the exclusion from gross income for federal income tax purposes of interest on the Bonds; (iii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement; or (iv) which in any material respect adversely affects the transactions described in the respective Forward Delivery Bond Purchase Agreement.

Updated Official Statement. Pursuant to the Forward Delivery Bond Purchase Agreements, the Department agrees to prepare one updated official statement for each of the 2022 A Bonds and 2022 B Bonds (each as "Updated Official Statement" and together "Updated Official Statements"), to be dated a date not more than three weeks and not less than five days prior to their respective Settlement Dates, and which, as of such dates, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Updated Official Statement may consist either of the Official Statement and a supplement thereto or a separate document substantially in the form of the Official Statement updated to its date. **Other than the Updated Official Statements, the Department and the Underwriters have not agreed to, nor is the Department obligated to, provide updates to the information contained in this Official Statement during the period between the date of this Official Statement and the Settlement Dates (the "Forward Delivery Periods").**

Issuance of Legal Opinions. It is a condition to the issuance of the Forward Delivery Bonds on each of the Settlement Dates that the Attorney General deliver an opinion and Bond Counsel deliver its approving opinion with respect to the Forward Delivery Bonds in substantially the form attached hereto as Appendix C. The ability of the Attorney General and Bond Counsel to deliver their opinion on each of the Settlement Dates is subject to their review and analysis at that time of certain matters, including, among others, the application of the proceeds of the Forward Delivery Bonds and pertinent provisions of statutes, regulations, rulings and court decisions, including, but not necessarily limited to, State law and federal income tax and security laws then in effect or proposed to be in effect. Bond Counsel has advised the Department and the Underwriters that, assuming satisfaction by the Department and the Underwriters of their respective obligations to be satisfied in the Forward Delivery Bond Purchase Agreement, and the issuance of the Forward Delivery Bonds, and no change in any applicable law, regulations or rulings, or in interpretations thereof, or in any other facts or circumstances (tax or otherwise) which, in Bond Counsel's view, affect or are material to its opinions (including, without limitation, the existence of any litigation), Bond Counsel expects to be able to issue on the Settlement Dates its approving opinions with respect to the Forward Delivery Bonds. In addition, in order to deliver such opinions, appropriate certifications and representations will be required to establish the reasonable expectations of the Department. No assurances can be made that there will be no change in any applicable law, regulations or rulings, or in the interpretations thereof, prior to the Settlement Dates; the facts and circumstances that are material to such opinions will not differ, as of the Settlement Dates, from those that are currently expected; or such certifications and representations will be delivered and made in connection with the issuance of the applicable series of Forward Delivery Bonds. As a consequence of any of the foregoing, the Attorney General and Bond Counsel may be unable to render their opinions.

Termination of Forward Delivery Bond Purchase Agreement

Under the Forward Delivery Bond Purchase Agreement, the Underwriters may terminate their obligation to purchase the applicable series of Forward Delivery Bonds in the event that between the Initial Closing Date and the applicable Settlement Date, one of the following events shall have occurred:

(a) (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies, (ii) any legislation enacted by the Congress of the United States or introduced therein or recommended for passage by the President of the United States (if such enacted, introduced or recommended legislation has a proposed effective date that is on or before the applicable Settlement Date), (iii) any law, rule or regulation proposed or enacted by any governmental body, department or agency (if such proposed or enacted law, rule or regulation has a proposed effective date that is on or before the Settlement Date) or (iv) any judgment, ruling or order issued by any court or administrative body, which in the case of any of (i), (ii), (iii) or (iv) would (A) as to the Underwriters, prohibit (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) the Underwriters from purchasing the applicable series of Forward Delivery Bonds as provided in the Forward Delivery Bond Purchase Agreement or selling the applicable series of Forward Delivery Bonds or beneficial ownership interests therein to the public, or (B) as to the Department, make the issuance, sale or delivery of the Bonds illegal (or have the retroactive effect of making such issuance, sale or delivery illegal, if enacted, adopted, passed or finalized), or prevent the issuance of any of the opinions required to be delivered on the Settlement Dates under the Forward Delivery Bond Purchase Agreement;

(b) the Updated Official Statement, as the same may be amended or supplemented in accordance with the Forward Delivery Agreement prior to the time of Settlement, contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(c) Bond Counsel does not deliver an opinion on the Settlement Dates substantially in the form and to the effect set forth in Appendix C hereto; or

(d) any rating of the Forward Delivery Bonds by a national rating agency then rating the Forward Delivery Bonds has been withdrawn or suspended.

Additional Risks Related to the Forward Delivery Periods

During the Forward Delivery Periods, certain information contained in this Official Statement could change in a material respect. Except as described herein, the Underwriters may not (i) refuse to purchase the Forward Delivery Bonds by reason of "general market or credit changes," including, but not limited to, (a) changes in the ratings assigned to the Forward Delivery Bonds, or (b) changes in the financial condition, operations, performance, properties or prospects of the Department prior to the Settlement Dates, or (ii) release the Purchasers of their obligation to purchase the Forward Delivery Bonds except as expressly described in the Delayed Delivery Contract.

In addition to the risks set forth above, Purchasers of the Forward Delivery Bonds are subject to certain additional risks, some of which are described below, and which will not constitute grounds for Purchasers to refuse to accept delivery of and pay for the Forward Delivery Bonds.

Prospective Purchasers should consult their investment advisors before making any decision as to the purchase of the Forward Delivery Bonds. The following discussion, while not setting forth all of the factors that should be considered, contains some of the factors which should be considered, in addition to the other information in this Official Statement, prior to purchasing the Forward Delivery Bonds. This section is not meant to be comprehensive or definitive, and there may be other risk factors which will become material in the future.

Purchasers of the forward delivery bonds are subject to certain additional risks described below.

Ratings Risk. No assurance can be given that, at the Settlement Dates of the Forward Delivery Bonds, the ratings described under "RATINGS" herein will continue to be in effect. Issuance of the Forward Delivery Bonds are not conditioned upon the assignment of any particular rating for the Forward Delivery Bonds. Purchasers may not refuse to accept delivery of and pay for the Forward Delivery Bonds because of any adverse change in the business or affairs of the Department or a reduction in the assigned ratings on the Forward Delivery Bonds, unless such adverse change results in a withdrawal or suspension of the assigned ratings on the Forward Delivery Bonds by any rating agency then rating the Forward Delivery Bonds. The ratings for the Forward Delivery Bonds in effect as of the Settlement Dates may not be the same ratings that were in effect or expected as of the Initial Closing Date. See “RATINGS” herein.

Secondary Market. The Underwriters are not obligated to establish a secondary market in the Forward Delivery Bonds and no assurances can be given that a secondary market will exist for the Forward Delivery Bonds during the Forward Delivery Period. Prospective Purchasers of the Forward Delivery Bonds should assume that the Forward Delivery Bonds will not be a liquid investment throughout the Forward Delivery Period.

Federal Tax Proposals. The Forward Delivery Bond Purchase Agreement obligates the Underwriters to acquire the respected series of Forward Delivery Bonds if the Department delivers the opinions of Bond Counsel substantially in the forms set forth in Appendix D hereto and certain other conditions are met. It is possible that legislation could be introduced (or that legislation previously introduced could be amended) that, if adopted, would reform or modify the system of federal taxation. Such legislation could (a) eliminate the tax exemption granted to interest payable on “state or local bonds,” such as the Forward Delivery Bonds or (b) diminish the value of the federal tax exemption granted interest on the Forward Delivery Bonds under the current system of federal income taxation. However, if any action only diminished the value of the Forward Delivery Bonds, as opposed to eliminating the exclusion from gross income for federal income tax purposes of interest payable on the Forward Delivery Bonds, the Department might be able to satisfy the requirements for the delivery of the Forward Delivery Bonds. In such event, the Purchasers would be required to accept delivery of the Forward Delivery Bonds. Prospective Purchasers are encouraged to consult their tax advisors regarding the likelihood that such legislation would be introduced, amended or enacted and the consequences of such enactment to the Purchasers.

Market Value Risk. Events occurring prior to the Settlement Dates may have significant consequences to persons who have agreed to purchase the Forward Delivery Bonds on the Settlement Dates. The market values of the Forward Delivery Bonds of each maturity on the Settlement Dates are unlikely to be the same as, and in all likelihood will be greater or less than, the purchase price therefor, and such differences may be substantial. Several factors may adversely affect such values including, but not limited to, a general increase in interest rates for all obligations and other indebtedness, any threatened or adopted change in the federal income tax laws affecting the relative benefits of owning tax-exempt securities versus other types of investments, such as fully taxable obligations, or any adverse development with respect to the Department’s results of operations, financial condition or prospects or with respect to the ratings of the Forward Delivery Bonds. In addition, although the delivery of the opinions of Bond Counsel in substantially the forms attached hereto as Appendix C, which is a condition to the issuance and delivery of the Forward Delivery Bonds, is subject to any number of conditions to be fulfilled at the time of such delivery as described above, changes or proposed changes in federal income tax laws or regulations or interpretations thereof could affect the market value of tax-exempt securities generally, including, without limitation, the Forward Delivery Bonds, without preventing the delivery of the Forward Delivery Bonds at the Settlement. The Underwriters will nevertheless be obligated to take delivery of and pay for the Forward Delivery Bonds if the conditions in the Forward Delivery Bond Purchase Agreement are satisfied on the Settlement Dates. NONE OF THE DEPARTMENT NOR THE UNDERWRITERS MAKE ANY REPRESENTATION AS TO THE EXPECTED MARKET PRICE OF THE FORWARD DELIVERY BONDS AS OF THE SETTLEMENT DATES. Further, no assurance can be given that the introduction or enactment of any future legislation will not affect the market price for the Forward Delivery Bonds as of the Settlement Dates or thereafter or not have a materially adverse impact on any secondary market for the Forward Delivery Bonds.

Delayed Delivery Contract. Each person placing an order for the Forward Delivery Bonds which is accepted by the Representative will be required to execute a Delayed Delivery Contract in substantially the form set forth in Appendix F hereto.

BY PLACING AN ORDER WITH THE UNDERWRITERS FOR THE PURCHASE OF THE FORWARD DELIVERY BONDS, EACH PURCHASER ACKNOWLEDGES AND AGREES THAT THE FORWARD DELIVERY BONDS ARE BEING SOLD ON A “DELAYED DELIVERY” BASIS, THAT THE PURCHASER IS OBLIGATED TO ACCEPT DELIVERY OF AND PAY FOR THE FORWARD DELIVERY BONDS ON THE APPLICABLE SETTLEMENT DATE SUBJECT TO THE CONDITIONS IN THE

DELAYED DELIVERY CONTRACT AS A CONDITION TO ANY FORWARD DELIVERY BONDS BEING ALLOCATED TO SUCH PURCHASER. ADDITIONALLY, EACH PURCHASER ACKNOWLEDGES AND AGREES THAT IT WILL REMAIN OBLIGATED TO PURCHASE SUCH FORWARD DELIVERY BONDS IN ACCORDANCE WITH THE TERMS OF THE DELAYED DELIVERY CONTRACT, EVEN IF THE PURCHASER DECIDES TO SELL SUCH FORWARD DELIVERY BONDS FOLLOWING THE DATE OF PURCHASE, UNLESS THE PURCHASER SELLS SUCH FORWARD DELIVERY BONDS TO ANOTHER INSTITUTION WITH THE PRIOR WRITTEN CONSENT OF THE REPRESENTATIVE OF THE UNDERWRITERS AND SUCH INSTITUTION PROVIDES A WRITTEN ACKNOWLEDGMENT OF CONFIRMATION OF PURCHASE ORDER AND A DELAYED DELIVERY CONTRACT IN THE SAME RESPECTIVE FORM AS THAT EXECUTED BY THE PURCHASER.

RATINGS

S&P Global Ratings, a division of Standard & Poor's Financial Services, LLC, Moody's Investors Service, Inc., and Fitch Ratings have given the Bonds ratings of AAA, Aa1 and AA+ respectively. An explanation of the significance of each rating may be obtained from the rating agency furnishing it. The Department furnished to such rating agencies certain materials and information about the Bonds and the Department. Generally, rating agencies base their ratings on such materials and information, as well as their own investigations, studies and assumptions. It should be noted that the 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 judgment 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 prices for the Bonds.

SALE AT COMPETITIVE BIDDING FOR 2021 BONDS

The 2021 A Bonds and the 2021 B Bonds were awarded to BofA Securities, Inc. and Morgan Stanley & Co. LLC, respectively, the successful bidders pursuant to electronic competitive bidding held via PARITY on September 29, 2021. The initial prices or yields shown on the inside front cover of this Official Statement are based on the information supplied to the Department by the successful bidders for the 2021 A Bonds and the 2021 B Bonds. Other information concerning the terms of the reoffering of the 2021 A Bonds and the 2021 B Bonds, if any, should be obtained from the successful bidders, and not from the Department.

Morgan Stanley & Co. LLC., the underwriter of the 2021 B Bonds, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2021 B Bonds.

UNDERWRITING FOR FORWARD DELIVERY BONDS

Each of the 2022 A Bonds and the 2022 B Bonds are being sold to the Underwriters named in each Forward Delivery Bond Purchase Agreement. The Underwriters have agreed to purchase the 2022 A Bonds for a purchase price of $60,802,464.00 (representing the par amount of the 2022 A Bonds, plus net original issue premium of $8,496,794.15 and less the Underwriters' discount of $94,330.15). The Underwriters have agreed to purchase the 2022 B Bonds for a purchase price of $165,107,905.93 (representing the par amount of the 2022 B Bonds, plus net original issue premium of $21,739,913.00 and less the Underwriters' discount of $217,007.07). The Underwriters' obligation to purchase each of the 2022 A Bonds and the 2022 B Bonds is subject to certain terms and conditions set forth in the Forward Delivery Bond Purchase Agreement, the approval of certain matters by Bond Counsel, and certain other conditions. See "FORWARD DELIVERY BOND CONSIDERATIONS." The yields or prices shown on the inside cover page of this Official Statement for the 2022 A Bonds and the 2022 B Bonds were furnished by the Underwriters. All other information concerning the nature and terms of any reoffering of the 2022 A Bonds and the 2022 B Bonds should be obtained from the Underwriters and not from the Department.

The Underwriters have provided the following representations for inclusion in this Official Statement:

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Department for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the State.

J.P. Morgan and its affiliates together comprise a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Such activities may involve or relate to assets, securities and/or instruments of the Department (whether directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with (or that are otherwise involved with transactions by) the Department. J.P. Morgan and its affiliates may have, from time to time, engaged, and may in the future engage, in transactions with, and performed and may in the future perform, various investment banking services for the Department for which they received or will receive customary fees and expenses. Under certain circumstances, J.P Morgan and its affiliates may have certain creditor and/or other rights against the Department and any affiliates thereof in connection with such transactions and/or services. In addition, J.P. Morgan and its affiliates may currently have and may in the future have investment and commercial banking, trust and other relationships with parties that may relate to assets of, or be involved in the issuance of securities and/or instruments by, the Department and any affiliates thereof. J.P. Morgan and its affiliates also may communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA Securities, Inc. ("BofA Securities"), as an Underwriter of the 2022 A Bonds and the 2022 B Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities may compensate MLPF&S as a dealer for their selling efforts with respect to the 2022 A Bonds and the 2022 B Bonds of the State.

The initial public offering prices of the 2022 A Bonds and the 2022 B Bonds set forth on the inside cover page of this Official Statement may be changed without notice by the Underwriters. The Underwriters may offer and sell the 2022 A Bonds and the 2022 B Bonds to certain dealers (including dealers' depositing bonds into investment trusts, certain of which may be sponsored or managed by the Underwriters) and others at prices lower that the offering prices set forth on the inside cover page.

SECURITY

THE BONDS ARE NOT AND MAY NOT BE CONSIDERED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF MARYLAND, BUT SHALL BE PAYABLE, AS TO BOTH PRINCIPAL AND INTEREST, ONLY FROM THE PROCEEDS OF THE TAXES AND OTHER REVENUES LEVIED, IMPOSED, PLEDGED, OR MADE AVAILABLE FOR THAT PURPOSE.

FROM TIME TO TIME, THERE ARE LEGISLATIVE PROPOSALS IN THE GENERAL ASSEMBLY THAT, IF ENACTED, COULD ALTER THE DEPARTMENT'S SHARE OF THE PLEDGED TAXES.

The principal of and interest on the Bonds are payable from the proceeds of certain taxes that are levied by statute and irrevocably pledged to that exclusive purpose before being available for other uses. As provided in the Act, as amended by legislation enacted by the General Assembly at its 2018 session (Chapter 330, Laws of Maryland, 2018) ("Chapter 330"), the taxes so pledged beginning July 1, 2019 are: (i) the motor fuel tax revenue at the Base Tax Rate (as described under "THE TRANSPORTATION TRUST FUND — Taxes and Fees"), less 2.3% which is distributable to the Chesapeake Bay 2010 Trust Fund, and less 0.5% which is distributable to the Waterway Improvement Fund; (ii) the motor fuel tax revenue derived from increases in the tax rate above the Base Tax Rate based on annual changes in the Consumer Price Index; (iii) the motor fuel tax revenue attributable to the sales and use tax equivalent rate based upon the product of the average annual retail price, less state and federal taxes, and specified percentage rates; (iv) a portion of the revenues from the collection of the corporation income tax, (see below discussion on Chapter 397, defined herein); (v) the excise tax on the fair market value of certain motor vehicles, excluding trade in allowance, for which title certificates are issued, less 50% of the excise tax imposed on off-highway recreational vehicles which is distributed to the Off-Highway Recreational Vehicle Trail Fund and (vi) 45% of the revenue from the collection of the sales and use tax on short-term vehicle rentals.[8] See "THE TRANSPORTATION TRUST FUND – Taxes and Fees" for a more detailed description of pledged taxes.

In addition, other receipts of the Department (excluding federal grants for capital projects, bond and note proceeds, or other receipts not available for debt service) are available to meet debt service if the pledged tax proceeds should become insufficient. See "THE TRANSPORTATION TRUST FUND — Taxes and Fees" for additional detail.

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 and eliminated the percentage distribution of the pledged revenues to the General Fund under prior law. Prior to July 1, 2012, the percentage of such tax pledged was 24%, after required distributions to the State's General Fund (the "General Fund"). Under Chapter 397, the following percentages applied, after required distributions to the State's General Fund: fiscal year 2013 – 9.5%, fiscal years 2014 through 2016 – 19.5%, fiscal years 2017 and beyond – 17.2%.[9]

Chapter 397 also provided that, beginning July 1, 2012, except for distributions to the political subdivisions, funds could not be transferred from the Transportation Trust Fund to the General Fund unless legislation was first enacted to provide for the repayment of the funds within five years of the transfer. Chapter 429, Laws of Maryland 2013 enacted in the 2013 legislative session of the General Assembly ("Chapter 429") broadens this protection to include any transfers to a special fund or the General Fund and establishes a specific five-year repayment schedule for the funds, in lieu of the prior legislation requirement in Chapter 397. Chapter 429 provides additional Transportation Trust Fund protections by requiring in general that transfers from such fund to the General Fund or a special fund be approved by a three-fifth majority of specified full standing committees of both houses of the General Assembly. In the 2013 session, the General Assembly enacted Chapter 422, Laws of Maryland 2013 ("Chapter 422"), to amend the Maryland Constitution to further restrict the use of funds in the Transportation Trust Fund to debt service on bonds and any lawful purpose related to the State's transportation system unless the Governor, by executive order, declares a fiscal emergency exists and the General Assembly concurs, by a three-fifth majority of all elected members, with a different use or a transfer of the funds. Chapter 422 was adopted by a statewide referendum vote on the State ballot in November 2014.

The Gasoline and Motor Vehicle Revenue Account ("GMVRA") was established in statute to receive a portion of certain transportation revenues. Funds in the GMVRA were known as "highway user revenues" and were historically shared between the Department and the political subdivisions of the State. Chapter 330 directed 100% of the revenues in the GMVRA to the Department and required the Department to provide capital transportation grants of an equal amount to the local subdivisions of the State based on the amount of revenue received in the GMVRA. The GMVRA remains the basis for the calculation; however, the capital grants may come from any funds within the

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[8] Under previous law, effective July 1, 2008 through June 30, 2013 (i) 45% of the sales and use tax revenues on short-term vehicle rentals (after certain required distributions) and (ii) 5.3% of the remaining sales and use tax revenues after certain required distribution were pledged to the payment of debt service on Consolidated Transportation Bonds. However, pursuant to Chapter 397, the 5.3% of the remaining sales and use tax revenues (described in (ii) above) are not pledged to the payment of debt service on the Bonds or any other Consolidated Transportation Bonds issued on or after July 1, 2011 but remain pledged to the payment of debt service on Consolidated Transportation Bonds issued prior to July 1, 2011.

[9] Pursuant to Chapter 397, 24% of the corporation income tax, after required distributions, will continue to be pledged to the payment of debt service on Consolidated Transportation Bonds issued prior to July 1, 2011.

TTF. Prior to fiscal year 2020, 9.6% of highway user revenues were provided to the political subdivisions of the State. From fiscal years 2020 through 2024, an amount equivalent to 13.5% of the revenue received in the GMVRA must be provided to the political subdivisions of the State as capital transportation grants. Beginning in fiscal year 2025 and thereafter, the allocation is reduced from 13.5% to 9.6%. The capital transportation grants required by Chapter 330 may only be made after all of the Department's debt service requirements and operating expenses have been funded and if sufficient funds are available to fund its capital program.

The tax proceeds and other revenues credited to the Transportation Trust Fund (except for airport passenger facility charge revenues, rental car customer facility charge revenues, and certain airport revenues) that are pledged to or otherwise available for debt service on Consolidated Transportation Bonds are further described under the heading "THE TRANSPORTATION TRUST FUND".

By the terms of the Act, the taxes that are retained to the credit of the Department and that are pledged to the payment of debt service on the Bonds may not be repealed, diminished or applied to any other purpose until the Bonds and the interest on them have been fully paid or adequate and complete provision for such payment has been made, but there is no obligation or undertaking required to increase the rate of the pledged taxes, or other receipts of the Department available for the payment of debt service, should the proceeds become insufficient for that purpose in the future.

The Department or the Maryland Transportation Authority (the "Authority") may pledge or use existing and anticipated federal funds for the payment of special transportation project revenue bonds or Authority bonds, respectively. The Act requires that bonds backed by federal aid may not exceed an aggregate principal amount issued of $750,000,000 and the date of maturity of the bonds may not be more than 12 years. Bonds totaling $750,000,000 have been issued and have fully matured. As such, there are no such bonds currently outstanding and no additional bonds may be issued. If future federal aid is insufficient to pay the principal of and interest on such special transportation project revenue bonds or such Authority bonds, the taxes levied under the Act will be irrevocably pledged to the payment of the principal and interest on debt secured by federal aid as it becomes due and payable, provided that the statutory lien and pledge created for the benefit of such special transportation project revenue bonds or such Authority bonds shall at all times be subordinate to the pledge and lien for the Bonds and for other Consolidated Transportation Bonds. See "THE TRANSPORTATION TRUST FUND —Special Revenue Bonds" for additional detail.

The Bonds are obligations of the Department only and, according to the provisions of the Act, are not and shall not be deemed to constitute a debt or pledge of the faith and credit of the State of Maryland. In *Secretary v. Mancuso* 278 Md. 81, 359 A.2d 79 (1976), the Court of Appeals of Maryland held that Consolidated Transportation Bonds are subject to the following limitations of Section 34 of Article III of the Maryland Constitution:

> "No debt shall be hereafter contracted by the General Assembly unless such debt shall be authorized by a law providing for the collection of an annual tax or taxes sufficient to pay the interest on such debt as it falls due, and also to discharge the principal thereof within fifteen years from the time of contracting the same; and the taxes laid for this purpose shall not be repealed or applied to any other object until the said debt and interest thereon shall be fully discharged."

The Bonds will be of equal priority with previously issued and outstanding Consolidated Transportation Bonds and any additional Consolidated Transportation Bonds hereafter issued (the "Additional Bonds"), with the exception as described above in footnotes 1 and 2 under "SECURITY" and below in "ADDITIONAL BONDS", as to the pledge of tax proceeds and other revenues of the Department for payment of debt service.

In accordance with the Act, the Department has determined to issue the Bonds without a debt service reserve component and to deposit in the statutory sinking fund for the Bonds only the amounts required to pay the principal of and interest on the Bonds as and when due.

ADDITIONAL BONDS

In the Resolution, the Department has provided that Additional Bonds may be issued from time to time at the direction of the Secretary. Such Additional Bonds shall be equally and ratably secured by the revenues pledged to the repayment of Consolidated Transportation Bonds then outstanding, including the Bonds except that certain series of Consolidated Transportation Bonds issued prior to July 1, 2011 shall be equally and ratably secured by additional revenues pledged to their repayment which are not pledged to the Bonds and other series of bonds issued after July 1, 2011, and provided further that Additional Bonds may be issued only if (1) the total receipts of the Department (excluding federal grants for capital projects, bond and note proceeds, and other receipts not available for debt service), adjusted to reflect the pro forma effect of any tax changes, less administration, operation and maintenance expenses for the past fiscal year ended 90 or more days prior to the date of delivery of the Additional Bonds, are equal to at least two times maximum annual debt service for the current or any future fiscal year on all outstanding Consolidated Transportation Bonds and the Additional Bonds to be issued, and (2) total proceeds from taxes pledged to debt service, adjusted to reflect the pro forma effect of any tax changes, for the past fiscal year ended 90 or more days prior to the date of delivery of the Additional Bonds are equal to at least two times such maximum annual debt service. See "DEBT SERVICE REQUIREMENTS AND ESTIMATED COVERAGES" for ratios using the Department's June 30, 2021 unaudited fiscal year revenue.

THE DEPARTMENT

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, exclusive of toll facilities. 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 Maryland Aviation Administration (the "MAA"), the Maryland Port Administration (the "MPA"), the Maryland Transit Administration (the "MTA"), the Motor Vehicle Administration (the "MVA"), and the State Highway Administration (the "SHA" and together with the MAA, the MPA, the MTA and the MVA, the "Administrations").

The Secretary is empowered, on behalf of the Department, to exercise or perform any power or duty that any of the Administrations may exercise or perform. These powers and duties involve, among others, the operation of the Baltimore/Washington International Thurgood Marshall Airport ("BWI Marshall Airport"), including the power to set 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's highway system; the operation of all mass 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 operation of the MARC (defined herein) commuter rail system by contract with Amtrak and Bombardier railroad companies, including the power to fix and collect the fares for this system; the licensing and registration of all motor vehicles and motor vehicle operations 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 are operated as toll facilities by the Authority. The Authority consists of eight members, who are appointed by the Governor, and the Secretary, who is the *ex officio* Chairman of 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 (see "THE TRANSPORTATION TRUST FUND — Transfers from the Maryland Transportation Authority"). These facilities include the Chesapeake Bay Bridges, the Fort McHenry Tunnel, the Baltimore Harbor Tunnel, the Baltimore Harbor Outer 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 ("ICC").

CONSOLIDATED TRANSPORTATION PROGRAM

The Department annually prepares a State Report on Transportation, which includes the Maryland Transportation Plan (the "MTP") and the CTP. The MTP is a 20-year mission for transportation in the State and identifies the objectives of the Department and its Administrations, discusses accomplishments, current activities and future plans, and highlights issues that require attention. The Department updates the MTP every five years. The MTP was last updated in January 2019 and can be viewed at www.maryland.gov/MTP. The CTP contains projects and programs across the Department and is developed within the framework of and is consistent with the MTP. As revenue estimates are revised during the year, the Department adjusts the capital program as necessary.

The CTP is updated twice per year by the Department. The draft CTP is published on September 1 and the Department visits every county and Baltimore City to present the draft CTP. The final CTP is submitted to the General Assembly on the third Wednesday of January of each year. View the entire CTP at www.mdot.maryland.gov. The CTP contains estimates of expenditures for operating, constructing and improving transportation facilities during the current year, budget request year and the succeeding four-year period. Each year the CTP is developed in accordance with the current projection of six-year financial resources. Appropriations for the first fiscal year of each CTP are made by the General Assembly at its immediately preceding regular session as part of its review and approval of the State budget. See "STATE GOVERNMENT – Budget" for a discussion of the State's and the Department's budgetary practices.

Financial forecasts used in the CTP are based on currently available estimates of the Department's revenues; administrative, operating and maintenance expenditures; capital expenditures by the Department and its major grant recipients; and receipts of related federal funding. Twelve-month forecasts of all cash receipts and expenditures of the Department are updated quarterly, while six-year forecasts are updated semiannually.

The CTP for fiscal years 2022-2027 ("FY 2022-2027 CTP") as presented in the "TRANSPORTATION FACILITIES AND PROGRAMS" section below is in draft form. In accordance with Maryland law, the Department will meet with each county of the State to give local governments, legislative delegations, and the public an opportunity to comment on the proposed CTP. The draft FY 2022-2027 CTP totals $16.4 billion, an increase of $1.2 billion from the final FY 2021-2026 CTP. This $1.2 billion increase reflects Maryland's continued recovery from the COVID-19 pandemic, the use of federal COVID relief funds, and project cash flow changes and completions. See "IMPACT OF COVID-19 ON THE FINANCIAL CONDITION AND OPERATIONS OF THE DEPARTMENT."

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TRANSPORTATION FACILITIES AND PROGRAMS

A capital program summary of the Draft FY 2022–2027 CTP is presented below ($ in millions):

Expenditures	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**TOTAL**
The Secretary's Office	$55.4	$26.6	$18.2	$12.0	$11.6	$11.5	$135.4
Motor Vehicle Administration	44.5	25.0	16.6	8.8	8.8	9.0	112.7
Maryland Aviation Administration	199.5	216.0	224.8	142.0	59.8	43.1	885.1
Maryland Port Administration	157.0	332.3	247.1	213.3	96.2	100.0	1,146.0
Maryland Transit Administration	1,276.5	712.9	632.1	499.9	546.7	422.6	4,090.6
Washington Metro Area Transit	441.2	445.6	450.0	454.6	459.3	461.8	2,712.5
State Highway Administration	1,303.4	1,241.6	1,173.3	1,130.3	1,239.9	1,223.8	7,312.3
Total	3,477.5	3,000.1	2,762.1	2,461.0	2,422.3	2,271.7	16,394.7
Sources							
Special Funds [1]	$1,713.1	$1,201.4	$1,383.2	$1,188.6	$1,206.5	$1,102.2	$7,794.9
Federal Funds	1,269.0	1,314.9	873.3	850.5	899.9	902.6	6,110.3
Other [2]	495.4	483.8	505.7	421.9	315.9	266.9	2,489.5
Total	3,477.5	3,000.1	2,762.1	2,461.0	2,422.3	2,271.7	16,394.7

Note: Totals may not add due to rounding.

[1] Includes projected bond sales.
[2] Other funding not received through the Transportation Trust Fund. Includes some funds from Customer Facility Charges, Passenger Facility Charges, County contributions, special transportation project revenue bonds and federal funds received directly by WMATA (defined herein) that are not included in the Department's budget.

State Highway Administration

The State highway system, totaling 5,151 miles, or over 17,000 lane miles of roadway including ramps, spurs and service roads, and more than 2,564 bridges, consists of the interstate, primary and secondary highway systems excluding Authority and locally owned facilities. The interstate and primary highway systems serve the major interstate and intrastate travel flows. The secondary highway system provides a network of routes for local travel.

The SHA is responsible for project development, construction and maintenance of the State highway system. The State is divided into seven engineering districts, with each district responsible for its own routine physical maintenance, traffic services and construction supervision. Specialized activities are assigned to statewide operating divisions and sections.

The majority of federal funding for highway construction is apportioned to the states based upon formulas set by federal law. Within the limits of those apportionments, projects are generally eligible for 80% federal participation, except for interstate maintenance, which is eligible for 90% federal participation. See "THE TRANSPORTATION TRUST FUND - Federal Aid" for further information on federal aid to the Department. The allocation of funds to the SHA's highway capital program (excluding highway maintenance costs, which are accounted for as operating expenditures) is $7,312,316,000 for the FY 2022-2027 Draft CTP. The Draft CTP anticipates that $4,053,184,000 will be provided by federal grants and $3,183,231,000 will be provided from other resources of the Department and $75,901,000 from non-Federal, non-Departmental sources.

In 2017, Governor Larry Hogan announced Maryland's Traffic Relief Plan to reduce traffic congestion, increase economic development, and enhance safety and return quality of life to Maryland commuters. The largest component of the Plan, the I-495 & I-270 Public-Private Partnership Program, is being delivered through multiple phases. Phase 1, known as the American Legion Bridge I-270 to I-70 Relief Plan, begins south of the American Legion Bridge in the vicinity of the George Washington Memorial Parkway and extends north to I-270 and then up I-270 to I-70 in Frederick. Within Phase 1 there will be multiple sections. The section from the vicinity of the George Washington Memorial Parkway across the American Legion Bridge to I-370, including replacement of the American Legion Bridge, will be developed and delivered as the first section ("Phase 1 South"). The northern portion of Phase 1 ("Phase 1 North") includes the remaining improvements to I-270, from I-370 to I-70.

In June 2019, the Board of Public Works designated the project as a public-private partnership and approved the public-private partnership solicitation method. In January 2020, the Board of Public Works provided a supplemental approval for the delivery of the Project through the solicitation of a phase developer under a phased delivery approach.

A two-step solicitation process was completed that included a Request for Qualifications and Request for Proposals. In July 2020, four highly qualified respondents were selected to submit a proposal to enter into a Phase Public-Private Partnership Agreement to complete the predevelopment work. Accelerate Maryland Partners, LLC ("AMP") was announced as the selected proposer. The AMP team includes: Transurban (USA) Operations, Inc.; Macquarie Infrastructure Developments LLC; Dewberry Engineers Inc.; Stantec Consulting Services Inc; and Bechtel Infrastructure Corporation.

On August 11, 2021 the Board of Public Works approved the Phase Public-Private Partnership Agreement to allow predevelopment work to proceed. Predevelopment work includes robust collaboration with stakeholders and identification of the best ways to advance the preliminary design and due diligence activities to further avoid and minimize impacts to environmental resources, communities, properties, utilities, and other features. After completion of the predevelopment work with respect to a section of Phase 1 South, and only if a build alternative is identified under the NEPA approval process, final Board of Public Works approval will be sought for a 50-year Section Public-Private Partnership Agreement for final design, construction, financing, operations, and maintenance of Phase 1 South. The developer will retain the revenue risk for the project and all debt of the project will be backed by toll revenue and be non-recourse to the State and to the Department.

Maryland Transit Administration

The mission of the MTA is to provide safe, efficient, and reliable transit across Maryland with world-class customer service. To achieve this, the MTA operates one of the largest multi-modal transit systems in the United States. MTA operates local buses (CityLink and LocalLink), commuter buses, Light RailLink, Metro SubwayLink, Maryland Area Regional Commuter ("MARC") train service, and a comprehensive Paratransit (MobilityLink) system. MTA also manages the Taxi Access system and directs funding and State-wide assistance to locally operated transit systems in each of Maryland's 23 counties, Baltimore City, Annapolis and Ocean City. The combined ridership for MTA's services in fiscal year 2021 was approximately 42.4 million, which was a decrease from fiscal year 2020 due primarily to the COVID-19 pandemic. During Maryland's stay-at-home order, transportation volumes were down across the network compared to the year prior: all MTA transit – down 46% with MARC – down 86%, Commuter Bus – down 834% and Core Local Bus – down 36%. However, starting in April through June of 2021, ridership began ramping back up by 21% from the same span of time in the year prior: Light Rail – up 275%, MARC – up 213%, Commuter Bus – up 121%, and Core Local Bus – up 11%.

Capital allocations for the MTA in the FY 2022-2027 Draft CTP total $4,090,645,000, of which $1,814,042,000 is expected from federal grants, $2,060,179,000 from other resources of the Department and $216,424,000 from non-federal, non-Departmental sources.

Public Bus and Rail Transit Service in the Baltimore and Washington Areas

Bus Service. At present, MTA provides bus services with approximately 760 MTA-owned fixed route buses for service in the Baltimore region. MTA contracts with private operators to provide commuter bus service from Anne Arundel, Calvert, Charles, Howard, Queen Anne's and St. Mary's Counties to Washington, D.C., and from Frederick and Washington Counties to Montgomery County. Additional contract service is provided from Baltimore, Harford and Howard Counties to Baltimore City. The MTA also contracts service on the ICC corridor, serving Frederick, Montgomery, Prince George's and Anne Arundel Counties. These services collectively comprise the "Commuter Bus Program." The Commuter Bus Program is run with approximately 300 contractor-provided over-the-road style coaches, of which 5 are MTA-owned. The combined ridership for the Baltimore region and commuter bus services in fiscal year 2021 was 35.4 million On April 16, 2021, the MTA proposed service adjustments for Local Bus route realignments to optimize transit service for core bus riders, especially transit-dependent households. MTA held four virtual public hearings for Local Bus between May 22 and May 25 about the proposed changes as part of a 30-day public review and comment period that ended June 25. The service adjustments went into effect on August 29, 2021. Throughout the COVID-19 pandemic, Commuter Bus operated at a reduced schedule, which consisted of 360 daily one-way trips. Commuter Bus returned to full services on August 30, 2021 The FY 2022-2027 Draft CTP provides for core bus system improvements in the Baltimore area totaling $754,709,000 including the annual purchase of replacement buses, information technology upgrades, communication equipment and other bus-related improvements and equipment. The federal government is expected to contribute $386,907,000, $8,582,000 is expected from non-federal, non-Departmental sources and the Department is expected to provide the remaining $359,220,000 for these improvements.

Light RailLink. The MTA operates a 28.3-mile light rail line which provides transit service from Hunt Valley north of Baltimore City, through the City to Cromwell Station south of the City, with spurs to Penn Station in Baltimore and BWI Marshall Airport. Fifty-three (53) light rail cars currently operate on the entire system. The fiscal year 2021 light rail ridership was approximately 2.5 million. The FY 2022-2027 Draft CTP includes $343,155,000 for rolling stock rehabilitation as well as track and other improvements including electrical systems, stations, parking, maintenance facilities, and preservation and enhancement studies. The federal government is expected to contribute $72,931,000 and $270,224,000 is expected to be provided from other resources of the Department.

Metro SubwayLink. The MTA operates a rapid transit system with 98 rapid rail cars on 14.8 miles of subway line in Baltimore City and Baltimore County (the "Baltimore Metro"). Fiscal year 2021 Baltimore Metro ridership was approximately 1.6 million. The Draft CTP includes $598,532,000 for rolling stock rehabilitation as well as rail system construction and preservation of which the federal government is expected to contribute $229,203,000 , $15,043,000 is expected from non-federal, non-Departmental sources and the Department is expected to provide the remaining $354,286,000 .

Mobility/Paratransit Service. The Mobility/Paratransit service is for citizens with disabilities who are unable to use local bus, subway or light rail service. This service is provided by the MTA via contracts with Transdev and First Transit. The Draft CTP includes $62,995,000, primarily for vehicle procurement and rehabilitation. The federal government is expected to contribute $29,302,000, with the remaining $33,692,000 provided from other resources of the Department.

New Starts/Purple Line. The Purple Line Transit Project (Purple Line) is a 16.2 mile east-to-west light rail line that runs across Montgomery and Prince George's Counties just inside the I-495/Capital Beltway in the Washington, D.C. metropolitan area. It will provide a direct connection to Metrorail Red, Green, and Orange lines. It will also connect to MARC, Amtrak and local bus services. In 2016, the Department and MTA entered into a public-private partnership with Purple Line Transit Partners (PLTP) for the design, construction, financing, operations, and maintenance of the Purple Line over a six-year design and construction period and a 30-year operating period. The project financing includes a federal New Starts grants, State contributions, and private debt and equity.

After the Public-Private Partnership Agreement with PLTP was signed, the project's Record of Decision from the Federal Transit Administration was vacated by a federal court action. That decision was later overruled in July 2017 and the Record of Decision was reinstated. This action, along with several others, resulted in claims from PLTP for additional time and more than $755 million for alleged project delays. The Department, MTA, and PLTP were unable to come to agreement on the entitlement and value of such claims.

In June 2020, PLTP provided notice to the State of its unconditional termination of the Public-Private Partnership Agreement for extended delay and court actions were filed by both parties. After PLTP left the job in September, the State assumed key contracts and hundreds of subcontracts necessary to continue the delivery of the Purple Line, safeguard its investment, and make the project site safe for the public. Despite these events, the parties continued to meet and try to resolve these issues.

In December 2020, the Board of Public Works approved a settlement agreement that resolved all outstanding claims, provided a $250 million settlement payment to the design-build contractor, and provided for completion of the project with a new design-build contractor.

Since that time, PLTP, the Department, and MTA have been working closely together on the selection of a new design-build contractor. A new design-build contractor will be selected by the end of 2021. Additional information about the updated project schedule and cost will be available upon selection of a new design-build contractor later this year. While the solicitation is underway, the State has continued to manage the project and is focused on de-risking the project by finalizing designs, obtaining certain remaining permits, and progressing utility relocation work.

Agency-wide. The Draft CTP includes agency-wide preservation and enhancement projects across facilities, joint development projects and community enhancement projects. The Draft CTP includes $703,745,000 for this work. The federal share for this amount is $115,986,000, with $587,758,000provided from other resources of the Department.

Information Technology. The MTA is working on many security and information technology initiatives. The Draft CTP includes $31,029,596,000 for these initiatives, which will be provided by resources of the Department.

Commuter Rail

The MTA operates the MARC rail service on the Penn, Camden and Brunswick lines through contracts with Amtrak and Bombardier (operating on CSX railroad company lines). Amtrak operates commuter rail service from Perryville in Cecil County to Washington, D.C. Bombardier operates commuter rail service from Baltimore City, Frederick, Maryland, and Martinsburg, West Virginia to Washington, D.C. MARC ridership was approximately 936,000 passengers in fiscal year 2021.

Passenger rail capital allocations for the six-year Draft CTP period are $477,255,000, of which $354,917,000 is expected to be provided by federal grants, $1,456,000 from non-federal, non-Departmental sources and $120,882,000 from other resources of the Department.

Freight

The Department supports the operations of certain rail freight lines through direct subsidies to short line rail operations and rehabilitation of components of these lines.

Allocations for the rail freight capital program for the six-year Draft CTP period are $11,935,000, of which $2,500,000 is expected to be provided by federal grants, $315,000 from non-federal, non-Departmental sources and $9,120,000 from other sources of the Department.

Statewide Grants

Department aid is available to qualifying local public and non-profit agencies for the planning, capital and operating costs of public transportation projects. Where federal grants are available for planning and capital costs, the Department will provide up to 80% of the non-federal share of approved costs.

Allocations for statewide public transit grants for the six-year Draft CTP period total $183,002,000, of which $165,820,000 is expected from federal grants and $17,182,000 from other resources of the Department.

Increase in Operating and Capital Funding

Chapter 352, Laws of Maryland 2018 enacted in the 2018 regular session of the General Assembly increased the fiscal year 2020 appropriation from the Transportation Trust Fund for the operating expenses of MTA to be at least 4.4% greater than the appropriation in the fiscal year 2019 budget as introduced. In addition, for fiscal years 2021 and 2022, the appropriation from the Transportation Trust Fund for the MTA's operating expenses is required to be at least 4.4% greater than the preceding fiscal year. Given the significant impacts of COVID-19 on transit ridership, services, and revenues, Chapter 150, Laws of Maryland 2021 enacted in the 2021 regular session of the General Assembly modified the provision for the fiscal year 2022 to require an appropriation of not less than the fiscal year 2021 appropriation.

Washington Metropolitan Area Transit Authority Grants

Washington Suburban Transit District

The Department provides financial aid for the construction and operation of the regional rail and bus system of the Washington Metropolitan Area Transit Authority ("WMATA") serving Montgomery and Prince George's Counties in Maryland, the District of Columbia, and the local jurisdictions in Virginia which participate in the

Northern Virginia Transportation Commission. Prince George's and Montgomery Counties in Maryland comprise the Washington Suburban Transit District ("WSTD"). The Washington Suburban Transit Commission ("WSTC"), created by State law to manage and control the functions and affairs of the WSTD, is empowered to provide funds to meet the WMATA obligations allocated to WSTD. The Department provides funds for the WMATA system through grants-in-aid to the WSTC.

The Department provides (1) grants to meet the WSTD's share of the capital costs of the adopted regional rail system, and (2) grants to the WSTD in an amount equal to 100% of the WSTD's share of the operating deficits of the regional transit system (operating deficits are defined as operating costs less (a) the greater of operating revenues or 50% of operating costs, and (b) all federal operating assistance).

Under Chapter 352, for any fiscal year in which the total Maryland operating assistance provided in WMATA's approved budget increases by more than 3% over the total operating assistance provided in WMATA's approved budget for the prior fiscal year, the Secretary shall withhold 35% of the annual operating grants. Increases for certain budget items are excluded from the 3% calculation. Chapter 352 also increases the annual capital grant by 3% from the previous year and requires an additional capital appropriation of $167,000,000 per year from Maryland.

WMATA Capital Improvement Program and Dedicated Funding. The Capital Improvement Program includes both the former Infrastructure Renewal Program ("IRP") and the System Access Plan ("SAP"), as well as additional dedicated capital funding of $500,000,000 in total from Maryland, the District of Columbia, and the local jurisdictions in Virginia. A six-year capital agreement that was executed in June 2010 and extended annually thereafter funds the IRP and SAP on an ongoing basis. Projects include all system infrastructure, rolling stock, vehicles and equipment. The FY 2022-2027 Draft CTP provides for an estimated expenditure of $2,712,487,000 including $1,559,220,000 in federal funds received by WMATA directly.

Operating Deficit Assistance. The Department estimates that its share of the WSTD's portion of the transit operating deficits for fiscal years 2022-2027 will be $2,753,000,000 of which $328,000,000 is required for fiscal year 2022.

Debt Service Assistance. Over the six-year FY 2022-2027 Draft CTP, the Department will contribute $187,269,000 for debt repayment on long term bonds issued for WMATA's Metro Matters Program, a regionally funded program for capital improvements completed primarily during fiscal years 2005 through 2010 and two recent debt offerings, in 2017 and 2018. This amount is included in the WMATA Capital Improvement Program numbers above.

Maryland Port Administration

The Port of Baltimore is served by highway and major railroad systems and offers two distinct water approach routes to or from the Atlantic Ocean: from the south through the Virginia Capes and from the north through the Chesapeake and Delaware Canal.

The MPA has constructed and currently operates marine terminals in the Port of Baltimore as well as an automobile handling facility. The Draft CTP includes major projects for the improvement and expansion of some of these terminals at a six-year cost of $488,502,000. Of this amount, $128,688,000 will be from federal grants, $257,663,000 is expected to be from other resources of the Department and $102,151,000 from non-Federal non-Departmental sources. Major project expenditures related to dredging, including dredged material containment site-work, are projected to be $408,031,000 for the six-year period. Minor projects (i.e. rehabilitation and system preservation) at the MPA's various marine terminals (Dundalk, Clinton Street, Locust Point, etc.) are also included in the Draft CTP at a cost of $249,475,000. The total FY 2022-2027 Draft CTP for the MPA is $1,146,008,000.

In December 2009, the MPA awarded a public-private partnership long-term lease to Ports America valued at $1,300,000,000. The lease allows Ports America to operate Seagirt Marine Terminal for a 50-year period. Ports America's subsidiary, Ports America Chesapeake, constructed a 50-foot deep berth at the Seagirt Marine Terminal that accommodates larger ships from Asia that call on East Coast ports since the expansion of the Panama Canal was completed in 2016. Ports America added four cranes to the new berth capable of handling container ships which are higher and wider than those calling at the Port of Baltimore prior to the Panama Canal expansion. As part of the agreement, Ports America will invest more than $600,000,000 in port-related infrastructure improvements over the

50-year lease life. The lease required Ports America to make an upfront payment of $140,000,000 to fund other Authority projects which allowed MPA to take ownership of Seagirt Marine Terminal.

In June 2006, the Department entered into a $26,530,000 conditional purchase agreement to construct a 215,000-square-foot warehouse facility at the MPA South Locust Point Terminal. The project included demolition, land preparation, construction of a roll-on/roll-off ramp at the dock and extending railroad tracks to the warehouse. In accordance with provisions of the conditional purchase agreement, forest product revenue at the South and North Locust Point Terminals currently covers the debt service payments. Refunding Series 2016 Certificates of Participation refunded the 2006 MPA conditional purchase agreement for the warehouse in December of 2016.

Maryland Aviation Administration

Baltimore/Washington International Thurgood Marshall Airport

BWI Marshall Airport, operated by the MAA, is located on a 3,596-acre site in Anne Arundel County, 9 miles south of central Baltimore and 32 miles northeast of central Washington, D.C. During fiscal year 2021, over 13.3 million passengers (20 million in fiscal year 2020) traveled through BWI Marshall Airport, flying on 12 scheduled airlines to 86 destinations, averaging 203 daily departures. In fiscal year 2021, cargo airlines contributed to a 12% increase in tonnage. BWI Marshall Airport set a twelve-month traffic record of 27.2 million passengers for the year-ended February 2020. The COVID-19 pandemic affected passenger traffic significantly beginning in March 2020. BWI Marshall Airport hit a low point in April 2020 as passenger service was reduced to 111 daily departures on 11 scheduled airlines to 55 destinations, with passenger traffic down 96% year-over year. Passenger traffic increased gradually from April 2020 to February 2021, ending up down 58% year over year. With the introduction of vaccines, passenger traffic picked up significantly starting in March 2021, with June 2021 ending down 26% from pre-pandemic levels of June 2019.

The FY 2022-2027 Draft CTP allocation of $885,138,000 for MAA includes $672,768,544 in major improvements at BWI Marshall Airport consisting of regional aviation, noise mitigation expansion and bus replacements. Major terminal modernization improvements in the CTP include construction of the Concourse A/B Connector and Baggage Handling System, Terminal A Five-Gate Extension and the Aircraft Maintenance Facility Infrastructure.

Revenue Bonds issued by the Maryland Economic Development Corporation (“MEDCO”) and Parking Bonds issued by the Authority were refunded in February 2021 with Special Transportation Project Refunding Revenue Bonds Series 2021A issued by the Department. The MEDCO, Parking and Passenger Facility Charge (“PFC”) Revenue Bonds issued by the Authority were used to complete the Concourses A and B expansion, the construction of the daily garage, and improvements to the terminal and access roadwork. Additional PFC bonds were issued by the Authority in April 2012 and used along with PFC revenues and federal grants to finance improvements to Concourse C. In December 2012, PFC bonds were issued by the Authority to finance construction of airfield improvements and make improvements to runway and connective airfield pavement; in December 2014, PFC bonds were issued for improvements to Concourses D and E; and in June 2019 PFC bonds were issued to finance improvements to restrooms, add 5 gates on Concourse A, various concourses improvements and Federal Inspection Service hall reconfiguration. The 5-gate extension was also financed through a $20M loan from the Authority. The Department issued Special Transportation Project Revenue Bonds Series 2021B in July 2021 to finance the Concourse A/B Connector and Baggage Handling System project. See “CONDITIONAL PURCHASE AND LEASE FINANCINGS” for summaries of these bond financings.

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. The proceeds of such PFCs are to be used to finance eligible airport-related construction projects, as approved by the Federal Aviation Administration (the “FAA”).

The Aviation Investment and Reform Act for the 21st Century, enacted by Congress in April 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 1992, the MAA received FAA approval to collect PFCs at BWI Marshall Airport. In 2002, the MAA received FAA approval to increase its collection level to $4.50. 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 CTP also anticipates expenditures of $171,369,667 for airport planning and preservation of both BWI Marshall Airport and Martin State Airport, of which $22,696,530 is expected from federal grants, $145,297,137 from other resources of the Department and $3,376,000 from non-Departmental revenue sources.

Other Aviation Facilities and Programs

Martin State Airport is located northeast of Baltimore in Baltimore County, and provides facilities for general aviation and the Maryland Air National Guard. Improvements amounting to an estimated $10,740,180 are allocated during the six-year Draft CTP period to Martin State Airport. It is estimated that $1,149,000 would be provided by federal grants and $9,591,180 from other resources of the Department.

In 2008, the MAA updated the Maryland Aviation System Plan, a 20-year comprehensive review of Maryland's airport system which includes all public-use landing facilities. The Maryland Aviation System Plan 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 the Maryland Aviation System Plan, is expected to require more than $10,900,000 during the six-year CTP period.

Motor Vehicle Administration

The MVA is responsible for providing motor vehicle services to the citizens of the State. These services include licensing all eligible and qualified drivers, issuing photo identification cards for non-driver residents, registering and titling vehicles, issuing tags and permits for persons with a disability, regulating motor vehicle dealerships and salespersons, administering the compulsory insurance compliance program, managing the Vehicle Emissions Inspections Program ("VEIP"), and conducting driver safety programs. The MVA serves its customers through a network of 24 MVA offices, a mobile service center, a suite of electronic services (self-service kiosks, internet, and telephone customer service center), United States Postal Mail, County Treasurer offices, 18 VEIP stations, motorcycle safety training centers, Electronic Registration and Titling System participants and licensed title service agencies. Overall, the MVA manages approximately 27.2 million driver, vehicle and identification card records, including those not currently registered. During fiscal year 2021, 1.0 million new and renewal driver's licenses and identification cards, 4.3 million new and renewal vehicle registrations, and approximately 1.3 million new titles were issued. MVA customers currently complete 70.8% of core service transactions by using United States mail, telephone, internet, kiosk, mobile office or County Treasurer office, with the remaining transactions conducted at MVA customer facilities. Beginning in March 2020, the COVID-19 pandemic affected normal operations of the MVA including temporary branch closures, limited branch capacity, and reduced staffing which resulted in overall in-person transactions decreasing and alternate service delivery transactions increasing.

The FY 2022-2027 Draft CTP has $112,704,000 programmed for MVA capital projects, of which $61,078,0002 is allocated to preserve and develop the MVA's information technology ("IT") infrastructure, and the remaining $51,626,000 will allow for the preservation and improvement of customer service offices. While IT infrastructure is critical to how a growing number of customer transactions are completed at the MVA, customer service facilities continue to be an important part of service distribution. In addition to preserving and improving existing IT systems, such as the driver licensing system, there are two major IT projects planned: Customer Connect, and Workflow System Upgrade. These IT projects resolve to modernize, standardize and integrate an aging MVA IT infrastructure. MVA facilities require ongoing investment to keep them safe, secure and publicly compliant. Some customer service offices and many VEIP stations have reached an age whereby investments need to be made in the building structure, site, and mechanical and electrical systems.

The Secretary's Office

Capital projects funded in the Secretary's Office largely consist of Department-wide projects to improve air quality, promote bicycling as a mode of transportation and facilitate transit-oriented development. The Secretary's Office includes multi-modal planning efforts and grants either given from the Secretary or received by the Department for key projects around the state.

Capital allocations for the TSO in the FY 2022-2027 Draft CTP total $135,382,445, of which $6,950,073 is expected from federal grants, $118,514,104 from other resources of the Department and $9,918,268 from non-federal, non-Departmental sources.

On June 27, 2002, MEDCO issued lease revenue bonds on behalf of the Department in the amount of $36,000,000 (the "2002 Lease Revenue Bonds") for the acquisition, construction and equipping of a new Department headquarters building. The Bonds are secured by the Department's semiannual lease payments to MEDCO. On May 25, 2010, MEDCO partially refunded the 2002 Lease Revenue Bonds. These bonds will be fully repaid in fiscal year 2022.

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THE TRANSPORTATION TRUST FUND

The Transportation Trust Fund (the "TTF") 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 PFC, rental car customer facility charges, and certain airport revenues required for debt service on special transportation project revenue bonds issued by the Department) 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. Unexpended funds remaining in the TTF at the close of each fiscal year do not revert to the General Fund but remain in the TTF.

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

Taxes and Fees

Taxes for fees to fund transportation are deposited into the TTF. Within the TTF is a GMVRA established in statute to receive a portion of certain transportation revenues. Funds in the GMVRA were known as "highway user revenues" and were historically shared between the Department and the political subdivisions of the State. Chapter 330 directed 100% of the revenues in the GMVRA to the Department. Thus, all taxes and fees in the TTF, including in the GMVRA, are now available for debt service after the deduction of certain programmatic expenses provided by law:

1. Motor Vehicle Fuel Tax and Fees

   (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 (the "Base Tax Rate"), 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.

   (c) 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, compounding with each adjustment. The annual increase may not be greater than 8%.

   (d) Effective July 1, 2013, there was an increase in the motor fuel tax attributable to a 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 percentage rates. The percentage rates were 1% beginning on July 1, 2013, 2% on January 1, 2015, 3% on July 1, 2015, 4% on January 1, 2016 and 5% on July 1, 2016.

2. Motor Vehicle Titling Tax — 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, less 50% of the excise tax imposed on off-highway recreational vehicles, which is distributed to the Off Highway Recreational Vehicle Trail Fund.

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

4. Corporation Income Tax — 17.2% distribution of the revenues derived from the State's 8.25% corporation income tax after certain General Fund reductions.

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

6. Operating Revenues — Revenues of the TTF are produced by operations of the MPA, the MAA and the MTA. Revenues of the MAA are pledged to repayment of certain special transportation project revenue bonds. Funds not needed for this purpose are deposited in the TTF. Pursuant to Chapter 429, MTA is required to increase base fare prices and the cost of multi-use passes every two years for all transit services except commuter rail and commuter bus service and every five years for commuter rail and commuter bus service based on certain changes to the Consumer Price Index.

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

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

Federal Aid

Federal aid, representing 43% of the total funding in the Department's TTF, supports the multimodal investments in the FY 2022–2027 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 FY 2022-2027 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 for fiscal years 2016 – 2020 (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 2020 was 90.6%. The CTP assumes an OA level of 90.0 % for fiscal years 2022 – 2027.

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 FAST Act was extended for one year through September 30, 2021. The FY 2022-2027 CTP assumes that a reauthorization will occur at the current levels and applies that assumption through fiscal year 2026. Historically, when federal authorizing legislation has expired prior to enactment of succeeding multi-year authorizing legislation, Congress has utilized continuing resolutions to maintain the flow of federal revenues to states through short term extensions until a new multi-year authorization is agreed upon. No assurance can be given by the Department that federal authorization will not lapse.

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 FAA through the Airport Improvement Program.

The Department has been awarded in the past, and will continue to apply for, various federal grant programs. The Department was awarded federal funds under the Infrastructure for Rebuilding America (INFRA) grant program. INFRA is another discretionary grant program administered by United States Department of Transportation for nationally and regionally significant freight projects. An INFRA grant of $125,000,000 million was awarded to Maryland for the expansion of the Howard Street Tunnel. These funds allow the State to partner with CSX Transportation in the reconstruction of the tunnel that will provide the height requirements needed for double stacked containers to travel to and from the Port of Baltimore.

The Department also 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.

On March 13, 2020, the President of the United States declared the ongoing COVID-19 pandemic of sufficient severity to warrant an emergency declaration for purposes of obtaining disaster assistance through the Request for Public Assistance program administered by the Federal Emergency Management Agency ("FEMA"). The Department has taken appropriate measures to ensure the it will be able to apply for FEMA funding at the appropriate time. It is not known at this time how much, if any, FEMA funding will be received.

The United States government has taken legislative and regulatory actions and implementing measures to mitigate the broad disruptive effects of the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), approved by the United States Congress and signed by the President of the United States on March 27, 2020, is one such legislative measure to address the crisis created by the pandemic and includes direct aid in the form of grants for transit and airports as well as a number of other provisions. The MTA received $392,000,000 from the CARES Act that was fully utilized in fiscal years 2020 and 2021. The MAA received $87,600,000 from the CARES Act for BWI Marshall Airport and $157,000 for Martin State Airport, which was fully expended in fiscal year 2020. In addition, the State of Maryland received funds through the CARES Act, of which $28,200,000 was provided to the Department to reimburse certain COVID-related expenses, including premium and response for essential employees.

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (the "CRRSAA") was signed into law by the President of the United States. The CRRSSA included $233,100,000 in total grants to the Department including funding for MTA, MAA, and SHA. Those funds are being utilized in fiscal years 2021 through 2022.

On March 11, 2021, the American Rescue Plan Act of 2021 (the "ARPA") was signed into law by the President of the United States. The ARPA includes $436,400,000 in total grants to the Department including funding for MTA, MAA, and SHA. Those funds are being utilized in fiscal years 2022 through 2024. The ARPA also provided $350,000,000,000 in Coronavirus State and Local Fiscal Recovery Funds to help states, local government, U.S. territories and tribal governments cover increased expenditures, replenish lost revenue and mitigate economic harm from the COVID-19 pandemic. The State of Maryland received $3,900,000,000. The Governor of Maryland announced a joint executive and legislative plan for use of the State of Maryland's allocation of Coronavirus State and Local Fiscal Recovery Funds that includes $500,000,000 for transportation to offset revenue losses. The Department will utilize this funding in fiscal years 2022 and 2023 and the spending is reflected in the FY 2022-2027 Draft CTP.

The major federal fund receipts for the capital program including federal funds for local governments in fiscal year 2022 are estimated to be $1,269,042,000. Projected receipts for fiscal year 2023 are $1,314,943,000**.**

The federal subsidy for the Department's Consolidated Transportation Bonds, Series 2010 B (Federally Taxable – Issuer Subsidy – Build America Bonds) has been reduced since October 1, 2012 in an amount ranging from 5.7% to 8.7%. The federal subsidy was reduced by 5.7% in the federal fiscal year starting October 1, 2020 and is expected to continue through maturity of such bonds in 2025.

Consolidated Transportation Bonds

In accordance with certain provisions of the Act, 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 2022, the maximum aggregate amount of Consolidated Transportation Bonds that may be outstanding as of June 30, 2022 is 3,675,580,000.

Special Revenue Bonds

The General Assembly enacted legislation in 2002, which was amended in 2004 and 2005, to give the Department authority to issue special transportation project revenue bonds. The Department may pledge or use existing and anticipated federal funds for the payment of special transportation project revenue bonds, provided that the Department complies with the limitations set forth in Title 3, Subtitle 6 of the Transportation Article which states that (1) the aggregate principal amount of debt issued and secured by a pledge of future federal aid may not exceed $750 million;

and (2) the date of maturity may not be later than 12 years after the date of issue. In addition to the Department's authority to issue bonds with a pledge of anticipated federal funds, the Authority was granted the same authority set forth in Title 4, Subtitle 3 of the Transportation Article. The limitations stated above are for the Department and the Authority combined. The Authority utilized Grant and Revenue Anticipation Bonds, paid from SHA federal funds, for a portion of the financing for the ICC.

The State substantially completed construction of the ICC through the combined efforts of the SHA and the Authority. The SHA managed the design and construction of the ICC, and, as federal grant recipient for the project, was responsible for federal aid management. The Authority provided financing for the project, including bond financing, and owns and operates the ICC. As part of the financing, the Authority issued $750,000,000 in Grant and Revenue Anticipation Bonds. As of June 30, 2020, all GARVEE bonds have matured. Under current law no additional GARVEE Bonds may be issued.

Section 4-320 of the Transportation Article establishes priorities in the event of a shortfall in federal aid to pay debt service requirements on the GARVEE Bonds. If such federal aid is insufficient to pay the principal of and interest on the GARVEE Bonds when due, the taxes levied pursuant to Section 3-215 of the Act are irrevocably pledged to the payment of the debt service on the GARVEE Bonds. However, the statutory lien and pledge created for the benefit of the GARVEE Bonds is at all times subordinate to the pledge and lien of taxes for the payment of principal of and interest on the Consolidated Transportation Bonds.

In 2014, the General Assembly enacted legislation allowing the Department to issue transportation project revenue-backed bonds and pledge and use a dedicated revenue source, which may include revenues attributable to the facilities being financed, for the payment of the debt service on these bonds. The taxes pledged to the payment of the Bonds and other Consolidated Transportation Bonds under Section 3-215 of the Act may not be used to support directly or indirectly the payment of the interest and principal of the revenue-backed bonds.

In February 2021, the Department established a trust indenture for MAA revenues, excluding PFCs and rental car customer facility charges, to provide security for Special Transportation Project Revenue Bonds for BWI Marshall Airport. The Department issued $219,880,000 in Special Transportation Project Refunding Revenue Bonds for BWI Marshall Airport to refund debt previously issued to fund certain projects at BWI Marshall Airport. In July 2021, the Department issued $190,485,000 of Special Transportation Project Revenue Bonds for BWI Marshall Airport to fund construction of the Concourse A and B Connector and Baggage Handling System Replacement project.

Transfers from the Maryland Transportation Authority

The tolls and other revenues received from the transportation facilities projects owned and operated by the Authority are pledged as security for revenue bonds of the Authority issued under and secured by a Second Amended and Restated Trust Agreement dated as of September 1, 2007, as further supplemented and/or amended from time to time (the "Trust Agreement"). None of these tolls and other revenues are initially credited to the TTF. However, under the terms of the Trust Agreement and in accordance with legislation enacted by the General Assembly in 1978, moneys not needed for obligations of the Authority may be subsequently transferred to the TTF to be used as appropriated by the General Assembly for any lawful purpose unless prohibited by any applicable resolution or trust agreement of the Authority. Such a transfer may be made only upon the recommendation of the Secretary and after the approval of the Board of Public Works.

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PLEDGED TAXES AND NET REVENUES

As described above under "SECURITY", portions of the corporation income tax, motor fuel tax, motor vehicle titling tax and sales and use tax on short-term rental vehicles are irrevocably pledged to payment of debt service on the Department's bonds. Consolidated Transportation Bonds issued prior to July 1, 2011 have additional security (see note 1 under "SECURITY"). See "SECURITY" for a discussion of changes to TTF revenues enacted by the General Assembly. **From time to time, there are legislative proposals in the General Assembly that, if enacted, could alter the Department's share of the taxes.**

The following table lists the total amount of such taxes credited to the TTF for the past five fiscal years, including estimated numbers for fiscal year 2021 and the current forecast for fiscal year 2022 (in thousands). These taxes would be the amounts upon which the Additional Bonds test relating to total proceeds from pledged taxes would be based. (See "FINANCIAL AND ACCOUNTING SYSTEM" for a general description of the budgetary basis.)

Taxes Pledged to Bonds	2017	2018	2019	2020	2021[1]	2022[2]
Corporation Income Tax	$ 131,160	$ 135,321	$ 170,452	$ 191,739	$ 222,298	$ 227,761
Fuel Tax	981,555	987,506	1,043,835	1,050,605	976,182	1,050,111
Titling Tax	829,305	813,673	857,453	846,764	950,000	984,000
Sales and Use Tax	29,142	29,257	31,823	31,686	27,000	29,786
Total Pledged Taxes	$ 1,971,162	$ 1,965,757	$ 2,103,563	$ 2,120,794	$ 2,175,480	$ 2,291,658

[1] Estimated for fiscal year 2021 (actual amounts will not be finalized until November 2021).
[2] Forecast for fiscal year 2022.
Note: Totals may not add due to rounding.

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To the extent needed, other revenues credited to the Department are available for payment of debt service on the Department's bonds. These will be the amounts upon which the Additional Bonds test relating to net available revenues will be based. The following table lists the total of the two categories of revenues available for debt service on the Department's bonds, the Department's administration, operation and maintenance expenses paid from the TTF and net revenues (in thousands).

	2017	2018	2019	2020	2021[1]	2022[2]
Total Pledged Taxes	$ 1,971,162	$ 1,965,757	$ 2,103,563	$ 2,120,794	$ 2,175,480	$ 2,291,658
Fees…………………………						
Motor Vehicle Registrations	316,742	317,433	326,555	328,496	329,483	372,121
Other	306,488	287,720	297,699	259,156	270,819	291,578
Total Taxes and Fees	2,594,392	2,570,910	2,727,817	2,708,446	2,775,782	2,955,357
Operating Revenues:						
MPA	49,039	51,783	55,283	54,743	45,630	48,577
MTA	149,249	150,911	140,094	108,074	47,000	91,817
MAA	243,132	257,218	257,929	231,521	117,686	243,411[3]
Total Operating Revenue ...	441,420	459,912	453,306	394,338	270,316	383,805
Other Revenue	69,012	60,566	56,543	49,418	104,661	111,394
Investment Income	627	2,322	2,928	1,918	0	1,000
Total Revenues	3,105,451	3,093,710	3,240,594	3,154,120	3,150,759	3,451,556
Administration, Operation and Maintenance Expenditures….	1,853,698	1,949,416	2,127,967	1,743,017	1,720,162	1,702,280
Net Revenues	$ 1,251,753	$ 1,144,294	$ 1,203,397	$1,411,103	$ 1,430,597	$ 1,749,276

[1]Estimated for fiscal year 2021 (actual amounts will not be finalized until November 2021).
[2] Forecast for fiscal year 2022.
[3] Represents net revenues after debt service on airport revenue bonds.

Note: Totals may not add due to rounding.

Certain of the fluctuations in the above tables are caused by institution of new programs and responsibilities of the Department, changes in tax and fee structures (See "THE TRANSPORTATION TRUST FUND"), and the influence of economic trends. The estimate for fiscal year 2021 and forecast for fiscal year 2022 are both based on the Department's financial plan release on September 1, 2021 that reflects Maryland's continued recovery from the revenue declines associated with the COVID-19 pandemic.

In 2019, Maryland total personal income increased at 3.3%, below the national increase of 3.9%. Between 2014 and 2019, total personal income in Maryland grew 3.7% annually, compared to a national growth rate of 4.4%. Maryland's slower income growth during this period likely reflects federal budget uncertainty, austerity or sequestration, and higher income tax rates. As sequestration eased, Maryland's personal income and economic growth become more consistent with that of the nation.

Within the past year, a significant contraction in economic output occurred due to the COVID-19 pandemic and measures to contain it. However, a massive federal economic stimulus response kept aggregate personal income growing as households received income that has been put toward both savings and consumption.

In the spring of 2020 Maryland experienced its worst job losses since the Great Depression. In April employment declined 13.0% year over year. Employment rebounded during the summer and fall, though in December 2020, employment remained down 4.5% year over year. Maryland's employment recovery has been largely bifurcated, with sectors more directly affected by the pandemic (e.g., accommodations, food service) experiencing significant losses and other sectors experiencing more complete recoveries.

Looking forward, Maryland is expected to regain its pandemic-related job losses by the end of next year. Based on an analysis of current economic projections, employment growth is forecasted to grow at an average annual rate of 1.1% through 2027, while personal income is forecasted to grow at an average annual rate of 3.6% over the same period.

COVID-19 will continue to create challenges in forecasting the Department's revenue, expenses and cashflow for budget purposes. The information herein includes data for periods prior to the outbreak of COVID-19 and should not be relied upon as representing revenue amounts or trends that may be available in the future. See "IMPACT OF COVID-19 ON THE FINANCIAL CONDITIONS AND OPERATIONS OF THE DEPARTMENT".

OUTSTANDING INDEBTEDNESS

As shown in the table below, Consolidated Transportation Bonds in the aggregate principal amount of $3,824,290,000 will be outstanding upon issuance of the 2021 A Bonds and the 2021 B Bonds and the refunding of the 2021 B Refunded Bonds on or about October 7, 2021. See also "THE TRANSPORTATION TRUST FUND — Consolidated Transportation Bonds" for a discussion of the limit on the maximum outstanding aggregate principal amount of Consolidated Transportation Bonds established by the budget.

Series 2010B	$64,400,000
Series 2013 (Second Issue)	16,375,000
Series 2014	67,090,000
Series 2015	199,875,000
Series 2015 (Second Issue)	101,265,000
Refunding Series 2015	103,475,000
Series 2015 (Third Issue)	246,230,000
Series 2016	339,760,000
Refunding Series 2016	134,915,000
Series 2017	233,755,000
Series 2017 (Second Issue)	375,360,000
Series 2018	122,650,000
Series 2018 (Second Issue)	594,930,000
Series 2019	490,000,000
Series 2020	300,000,000
Series 2021 A	295,000,000
Series 2021 B	139,210,000
Total	$3,824,290,000

Upon issuance of the 2022 A Bonds and the refunding of the 2022 A Refunded Bonds on March 3, 2022, the aggregate outstanding principal amount of the Consolidated Transportation Bonds is expected to be $3,698,755,000. Upon issuance of the 2022 B Bonds and the refunding of the 2022 B Refunded Bonds on November 3, 2022, the aggregate outstanding principal amount of the Consolidated Transportation Bonds is expected to be $3,494,220,000. The issuance of the 2022 A Bonds and the 2022 B Bonds are subject to the satisfaction of certain terms and conditions provided in the Forward Delivery Bond Purchase Contracts. See "FORWARD DELIVERY BOND CONSIDERATIONS" herein.

DEBT SERVICE REQUIREMENTS AND ESTIMATED COVERAGES

The following table presents debt service requirements and estimated coverage ratios for all Consolidated Transportation Bonds upon the issuance and delivery of the 2021 A Bonds and the 2021 B Bonds and the refunding of the 2021 B Refunded Bonds on or about October 7, 2021. Maximum annual debt service is $480,373,269 in fiscal year June 30, 2023. Net revenues (unaudited) under the first test described above under "ADDITIONAL BONDS" for the fiscal year ending June 30, 2021 would be 4.53 times maximum annual principal and interest requirements on such debt. Pledged taxes (unaudited) under the second test described above under "ADDITIONAL BONDS" for the fiscal year ended June 30, 2021 would be 2.98 times maximum annual principal and interest requirements on such debt. See "PLEDGED TAXES AND NET REVENUES" for detail on the Department's revenue. These coverage ratios are calculated on the basis of no further issuance of Consolidated Transportation Bonds.

Debt Service Requirements- Consolidated Transportation Bonds
($ in thousands)

Debt Service Coverage Ratio Based Upon FY 2021 Revenue[1]

Fiscal Year	Outstanding Bonds Principal & Interest[5]	Series 2021 A Principal	Series 2021 A Interest	Series 2021 B Principal	Series 2021 B Interest	2021B Refunded Bonds Debt Service	Total Debt Service Requirements	Pledged Tax Ratio[2]	Net Revenue Ratio[3]
2022	449,430		5,267		4,524	(6,060)	453,161	4.80	3.16
2023	472,080		10,897	35,510	6,073	(44,186)	480,373	4.53	2.98
2024	421,161	-	10,897	14,995	4,810	(22,043)	429,820	5.06	3.33
2025	407,801	17,040	10,471	15,850	4,039	(22,125)	433,076	5.02	3.30
2026	389,062	17,915	9,597	16,815	3,222	(22,276)	414,335	5.25	3.45
2027	389,337	18,835	8,678	17,735	2,359	(22,332)	414,612	5.25	3.45
2028	378,483	19,800	7,712	18,660	1,449	(22,345)	403,759	5.39	3.54
2029	363,427	20,815	6,697	19,645	491	(22,377)	388,698	5.60	3.68
2030	330,629	21,880	5,629	-	-		358,138	6.07	3.99
2031	290,280	23,005	4,622	-	-		317,907	6.84	4.50
2032	261,423	23,940	3,803	-	-		289,166	7.52	4.95
2033	196,909	24,670	3,074	-	-		224,653	9.68	6.37
2034	141,005	25,420	2,323	-	-		168,748	12.89	8.48
2035	78,257	26,325	1,678	-	-		106,260	20.47	13.46
2036	31,380	27,260	1,006	-	-		59,646	36.47	23.98
2037	-	28,095	299				28,394	76.62	50.38
Total[4]	$ 4,600,664	$ 295,000	$ 92,648	$ 139,210	$ 26,967	$ (183,742)	$ 4,970,747		

(1) The general sales and use tax and corporation income tax affected by General Assembly changes in the 2011 Session are available to pay debt service on the Consolidated Transportation Bonds sold prior to July 1, 2011 (approximately $64.4 million outstanding) if needed.
(2) Pledged taxes (in thousands) were $2,175,480 for fiscal year 2021 – unaudited number.
(3) Net revenues (in thousands) were $1,430,597 for fiscal year 2021 – unaudited number.
(4) Totals may not add due to rounding.
(5) Fiscal year 2022 debt service reduced by the equity contribution paid by the Department on October 7, 2021.

Upon issuance of the 2022 A Bonds and the refunding of the 2022 A Refunded Bonds on March 3, 2022, the maximum annual debt service is expected to be $479,509,863 in fiscal year 2023. Net revenues (unaudited) for the fiscal year ending June 30, 2021 would be 4.54 times maximum annual principal and interest requirements on such debt, and pledged taxes (unaudited) for the fiscal year ended June 30, 2021 would be 2.98 times maximum annual principal and interest requirements on such debt. Upon issuance of the 2022 B Bonds and the refunding of the 2022 B Refunded Bonds on November 3, 2022, the maximum annual debt service is expected to be $480,461,159 in fiscal year 2023. Net revenues (unaudited) for the fiscal year ending June 30, 2021 would be 4.53 times maximum annual principal and interest requirements on such debt, and pledged taxes (unaudited) for the fiscal year ended June 30, 2021 would be 2.98 times maximum annual principal and interest requirements on such debt. The issuance of the 2022 A

Bonds and the 2022 B Bonds are subject to the satisfaction of certain terms and conditions provided in the Forward Delivery Bond Purchase Contracts. See "FORWARD DELIVERY BOND CONSIDERATIONS" herein.

CONDITIONAL PURCHASE AND LEASE FINANCINGS

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 Financings	**Projects**	**Issuance Amount**	**Outstanding as of June 30, 2021**
Project Certificates of Participation (MPA), Refunding Series 2016	MPA South Locust Point Warehouse Construction – Refunded original 2006 issue	$ 15,040,000	$ 6,510,000
Project Certificates of Participation (MAA), Refunding Series 2010	BWI Marshall Airport Facilities	19,610,000	76,160,000
Project Certificates of Participation (MTA), Refunding Series 2010	MTA Rail Station Parking Garage at BWI Marshall Airport	13,070,000	5,230,000
Project Certificates of Participation (MAA), Series 2019	BWI Marshall Airport Shuttle Bus Fleet Acquisition	23,490,000	21,135,000
Total			$ 109,035,000

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 payments.

Capital Leases	**Projects**	**Issuance Amount**	**Outstanding as of June 30, 2021**
MEDCO Refunding Lease Revenue Bonds, Series 2010	Construction of the Headquarters Building for the Department	$ 22,715,000	$ 2,675,000
Total Outstanding Leases with MEDCO			$ 2,675,000

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.

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

Capital Leases	**Projects**	**Issuance Amount**	**Outstanding as of June 30, 2021**
Maryland Transportation Authority Taxable Consolidated Rental Car Facility Series 2002	Acquisition, construction and equipping of a new rental car facility	$ 117,345,000	$ 73,430,000
Maryland Transportation Authority Passenger Facility Charge Revenue Bonds Series 2012A	Finance a portion of the costs to construct a passenger connector hall between the secured Concourses B and C, expansion of Concourse C, and expansion and relocation of security checkpoint	50,905,000	33,005,000
Maryland Transportation Authority Passenger Facility Charge Revenue Bonds Series 2012B	Finance a portion of the cost of runway safety improvements and paving	92,070,000	43,925,000
Maryland Transportation Authority Variable Rate Passenger Facility Charge Revenue Bonds Series 2012C	Finance a portion of the cost of runway safety improvements and paving	43,400,000	43,400,000
Maryland Transportation Authority Passenger Facility Charge Revenue Bond Series 2014	Finance a portion of the cost to construct a passenger connector hall between the secure Concourses D and E	40,000,000	30,045,000
Maryland Transportation Authority Passenger Facility Charge Revenue Bonds Series 2019	Finance a portion of the cost of improvements to restrooms, concourses, and FIS Hall reconfiguration	108,705,000	105,085,000
Total Outstanding MAA Leases with the Authority			$328,890,000

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 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.

Energy Performance Contract (EPC):

The Department of General Services (DGS) 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 State Treasurer's Office secured the financing required to fund the construction of the improvements. 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 June 30, 2021, the total estimated amount due in long-term liability for EPC obligations is $32,469,000.

FINANCIAL AND ACCOUNTING SYSTEM

Accounting records for the Transportation Trust Fund are maintained by the Comptroller of the Treasury of the State of Maryland (the "Comptroller") and all cash and investments of the Transportation Trust Fund are held by the State Treasurer (the "Treasurer"), except for revolving cash accounts. Accounting records for the Transportation Trust Fund for operational and management purposes are maintained by the Department. The Department's financial statements and notes thereto for the fiscal year ended June 30, 2020, the most recent fiscal year for which financial statements and notes are available, contained in the ACFR have been prepared in conformity with generally accepted accounting principles accepted in the United States and have been audited by the firm of CliftonLarsonAllen LLP, independent certified public accountants.

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department for its annual comprehensive financial reports for fiscal years 2000 through 2019. The Department has not yet received notification regarding its 2020 submission. In order to be awarded a Certificate of Achievement, a governmental unit must publish an annual comprehensive financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

In accordance with generally accepted accounting principles, the Department's basic financial statements include Management's Discussion and Analysis, which provides a narrative overview and analysis of the Department's financial activities. Furthermore, they include government-wide financial statements (i.e., the statement of net position and the statement of activities), which provide both short-term and long-term information about the Department's financial position. The statement of activities demonstrates the degree to which the direct expenses of a given function of the Department's activities are offset by its program revenues. Included with these statements are reconciliations between the government-wide statements, prepared on the full accrual basis, and the fund level statements prepared on the modified accrual basis. In addition, there are reconciliations between the fund level and budgetary statements. Detailed information on these accounting policies is provided in the Management's Discussion and Analysis section and in Note 1 of the "Notes to the Financial Statements."

Although the accounts maintained by the Department on a budgetary basis conform in many respects to accounting principles generally accepted in the United States, there are certain departures from these principles which are dictated by statutory requirements and historical practices. The principal departures are the classification of principal funds and the timing of recognition of certain revenues, expenditures, and expenses.

State law requires an audit of every unit of State government by the Legislative Auditor at an interval ranging from three to four years unless the Legislative Auditor determines, on a case by case basis, that more frequent audits are required. The Legislative Auditor is required to be a certified public accountant. These audits generally are of a compliance nature and are not for purposes of reporting upon financial statements as a whole. The primary purpose of the reports is to present the Legislative Auditor's findings relative to the fiscal management of those agencies and departments. Each of the Department's Administrations are audited, as well as the Department's Financial Management Information System and the Office of Transportation Technology Services.

LITIGATION

There is no litigation pending that in any manner will affect the validity of the Act or the Bonds.

The Department and its Administrations, officials and employees are parties to various legal proceedings before the courts, many of which occur in the normal course of the Department's operations. These legal proceedings are not, in the opinion of the Office of the Attorney General of the State, likely to have a material adverse impact on the Department's financial position. In addition, certain of the Administrations are party to legal proceedings before the Maryland State Board of Contract Appeals, which hears and decides bid protests and contract disputes. At any one time, one or more of these claims may exceed $1 million. Cases such as these generally involve disputes over alleged differing site conditions, changes, delays and disruptions. These legal proceedings are not, in the opinion of the Office of the Attorney General of the State, likely to have a material adverse impact on the Department's financial position.

INSURANCE

The operations of the MAA, the MPA and the MTA are covered by liability insurance policies and many suits are handled by the Department's insurance carriers.

The MAA's two facilities, BWI Marshall Airport and Martin State Airport, are covered by primary liability insurance policies totaling $250,000,000 and an additional layer of excess liability totaling $500,000,000. These policies cover liability for both bodily injury and property damage.

The MPA's liability insurance policies, including excess liability policies, provide insurance up to $150,000,000 per occurrence for its port operations. These policies cover liability for both bodily injury and property damage.

The MTA's operations are covered by a $500,000,000 excess liability insurance policy over and above the MTA's $10,000,000 self-insured retention for local bus service ($5,000,000 retention for Metro and Light Rail). Bombardier and Amtrak are contractors hired to provide MTA's commuter rail service known as MARC. In addition, MTA pays a track access fee to CSX for the use of CSX's railroad tracks (MARC Brunswick Line and Camden Line) and to Amtrak for use of Amtrak's railroad tracks (MARC Penn Line).

The MTA has insurance to cover its contractual obligations for the MARC rail service as well as insurance for MTA's other modes of service (Local Bus, Light RailLink, Metro SubwayLink and MobilityLink). The MARC operations insurance coverage provides excess liability up to $500,000,000. Metro and Light Rail operations insurance coverage provides excess liability limits up to $200,000,000 while Local Bus service has excess liability limits up to $190,000,000. This includes a shared self-insured retention of $5,000,000 for Metro SubwayLink and Light RailLink and $10,000,000 for Local Bus service. Claims under $10,000,000 for Local Bus ($5,000,000 for Metro SubwayLink and Light RailLink) are self-insured by MTA. The excess liability policies also extend punitive damages liability coverage to Bombardier, Amtrak and CSX arising from commuter rail operations for claims. All third-party liability claims exceeding $25,000 for Bombardier and $25,000 for Amtrak must have prior approval of the MTA for payment/settlement. Workers Compensation claims by Bombardier, Amtrak or CSX are exempt from the MTA's coverage because those are the responsibility of the vendors.

The Department takes the position that the purchase of liability insurance does not act as a waiver of the tort immunity defense in all cases. Under the Maryland Tort Claims Act (the "Tort Claims Act"), the immunity of the State and its units is waived as to any tort action, in a court of the State, up to an amount not to exceed $200,000 per single claimant before September 30, 2015, and $400,000 per single claimant on or after October 1, 2015 for injuries arising from a single incident or occurrence. Immunity is not waived under the Tort Claims Act for punitive damages, interest before judgment, claims related to the State militia, any tortious act or omission by State personnel that is not within the scope of their public duties or is made with malice or gross negligence, or claims otherwise prohibited by law. The waiver of tort immunity by the MTA is not governed by the Tort Claims Act, but by a separate statutory provision.

EMPLOYEE RELATIONS

As of July 1, 2021, the Department had 9,057.5 authorized employee positions, not including the Authority.

Labor-Management Relations. As of March 31, 2021, the State had approximately 103,751 employees. States are exempt from the provisions of the National Labor Relations Act; thus, certain State employees may engage in collective bargaining only if specifically authorized. Since 1999, collective bargaining has been available to eligible State employees in executive branch agencies. Currently there are approximately 30,000 eligible State employees assigned to one of eleven bargaining units. These bargaining units are represented by seven certified exclusive bargaining representatives that are entitled to negotiate with the Governor or his designee(s) regarding wages, hours, and working conditions on behalf of bargaining unit employees. The negotiating parties execute a memorandum of understanding of not less than 1 year or more than 3 years' duration that incorporates all matters of agreement reached. Matters of agreement that require legislative approval or the appropriation of funds are subject to the approval of the General Assembly. Additionally, State employees may join employee associations, and the State permits the deduction of dues from employees' salaries for these associations.

As of July 1, 2021, of the 3,377 authorized employees of the MTA, 2,666 were represented by three separate unions. At the option of either party, any labor dispute involving the MTA and its unionized employees may be submitted to binding arbitration.

The contract with the union (OPEIU Local 2) representing 168 office employees was ratified as of November 20, 2019 and expires on June 30, 2022. The contract with the union (AFSCME Local 1859) representing 176 security personnel was ratified as of October 22, 2017 and expired on December 31, 2019, but terms remain in effect. A four-year contract with union (ATU Local 1300) representing 2,322 operations and maintenance employees was ratified on August 18, 2019 and will expire on June 30, 2022.

Although the State permits non-management employees of the MTA to engage in collective bargaining, these employees are not authorized to engage in any type of strike, slow-down or work action. Since the creation of the Department in 1971, there have been no work stoppages.

RETIREMENT PLANS

As of June 30, 2021, 5,400 employees of the Department were members of the Maryland State Retirement and Pension System (the "System"). See "STATE GOVERNMENT — Maryland State Retirement and Pension System" for detailed information. An additional 2,531 active Department employees were members of the MTA pension plans, discussed herein.

The Department's contribution to the System for its employees is appropriated annually from the Transportation Trust Fund. The Department's contribution to the System was $73,195,458 in fiscal year 2021 not including contributions to the Law Enforcement Officers' Pension System ("LEOPS"). The Department's budget for fiscal year 2022 is $77,273,376. The contribution is calculated using a percentage rate applied to the projected earnings of employees. The State's Department of Budget and Management informs the Department of the percentage rate to be used in each budget year. (For additional information about the System, see the ACFR, Note 14.)

The Governmental Accounting Standards Board ("GASB") issued Statement No. 68, Accounting and Financing Reporting for Pensions, ("GASB 68") effective for fiscal years beginning after June 30, 2014. As part of GASB 68, the Department is required to record its share of the State's net unfunded pension liability (the "NPL"). The Department's share of the NPL is calculated by dividing the Department's contribution to the System by the total contributions to the System multiplied by the System's NPL. The Department's fiscal year 2021 allocation of the NPL was $676,059,000.

The MTA provides pension benefits to its employees for three union it recognizes and for former union members promoted to management positions (the "MTA Plan"). All other management employees hired after April 30, 1970 are members of the State Employees' Retirement or Pension Systems. All three active union contracts include a provision requiring union employees to contribute a percentage of their gross pay to the MTA Plan. (see "***Labor-***

Management Relations"). Effective July 1, 2021, the ATU Local 1300 employee contribution rate is 4%, OPEIU Local 2 contributions is 4% and AFSCME Local 1859 is 2%.

The MTA Plan provides retirement, death and disability benefits and is funded in compliance with collective bargaining agreements. Employees hired after July 1, 2016 are vested after 10 years of service. For all employees hired before July 1, 2016, vesting varies based on the applicable bargaining agreement. Employee retirement benefits are based on years of service times an annual benefit multiplier of 1.7% of final average compensation. Generally, full service retirement benefits are based on 30 years of service and age 52 or attainment of age 65 with 5 years of service.

The annual contribution to the MTA Plan is based upon a report of the consulting actuary. The Department's contribution provided approximately $66,600,000 (which includes employee contributions of approximately $7,300,000) to the MTA Plan in fiscal year 2021. The Department's MTA fiscal year 2022 budget provides approximately $61,900,000 (which includes employee contributions of approximately $6,400,000) for the MTA Plan. The State has estimated the MTA's fiscal year 2020 allocation of the NPL to be $1,057,277,787.

As of May 31, 2021, membership in the MTA Plan included 2,511 active members, 518 vested former members, and 2,006 retirees (including qualified domestic relations order participants) and beneficiaries. The total pension liability is based upon the July 1, 2020 valuation data and assumptions determined by the consulting actuary and rolled forward to June 30, 2021. In December 2018, the Department implemented a long-term funding plan for the MTA Plan that relies on additional employer and employee contributions to reach 70% funding by fiscal year 2028.

Funded Status of the MTA Plan
As of July 1, 2020
($ in thousands)

Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Funded Ratio (Assets/Liab.)	Unfunded AAL (UAAL)	Covered Payroll (Active Members)	UAAL As a Percent of Payroll
$836,614	$362,293	43.3%	$474,321	$157,761	300.7%

For more detail on the MTA Plan, see http://www.mdot.maryland.gov/Office_of_Finance/index.html

Beginning July 1, 2005, MTA police officers were covered under LEOPS". The Department's budget for fiscal year 2022 provides $5,890,641 for MTA LEOPS. Additionally, the Department's fiscal year 2022 budget provides $2,681,333 and $166,516 for MAA and MVA LEOPS respectively.

Certain law enforcement officers of the Department are members of LEOPS. The Department's contribution to LEOPS in fiscal year 2021 was $6,702,322. In addition, some airport firefighters are members of Baltimore City's Fire and Police Retirement System. The Department's contribution to this plan in fiscal year 2021 was $952,757.

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OTHER POST-EMPLOYMENT BENEFITS

Eligible retired Department employees and their eligible dependents may participate, on a subsidized basis, in the State Employee Retiree Health and Welfare Benefits Program of Maryland (the "Program") which funds retirees' health care costs on a pay as you go basis. See "STATE GOVERNMENT — Other Post-Employment Benefits" for a detailed discussion.

The MTA provides a retiree health care benefits plan (the "MTA OPEB") to all employees who are members of the MTA Plan, except for transfers from union to management positions who are required to enroll in the Program. See "STATE GOVERNMENT — Other Post-Employment Benefits". The annual funding of the MTA OPEB is based upon a report of the consulting actuary. The MTA OPEB is an unfunded pay-as-you-go plan. The MTA does not currently have a separate fund set aside to pay healthcare costs.

Maryland Transit Administration Pension Plan OPEB
Annual OPEB Cost and Net OPEB Obligation
Fiscal Year 2020
($ in millions)

Balance as of June 30, 2018 for FY 2019	$728.8
Changes for the Year:	
Service Cost	31.9
Interest	26.1
Changes of Benefit Terms	0.0
Experience Losses/(Gains)	(1.1)
Trust Contribution - Employer	(17.2)
Net Investment Income	0.0
Changes in Assumptions	64.2
Benefits Payments (net of retiree contributions)	0.0
Administrative Expense	0.0
Net Changes	103.9
Balance as of June 30, 2019 for FY 2020	$832.7

Note: Numbers may not add due to rounding

For a more detailed discussion of MTA's OPEB, see the Department's ACRF, Note 15.

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 Governor may call special sessions; however, no extended or special session may last 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 elected by 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 to him 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.

Board of Public Works

The Governor, the Comptroller and the Treasurer are the members of the Board of Public Works (the "Board"). The Constitution of Maryland, Article XII, §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 public schools, 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, 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.

The Board approves the issuance of all Consolidated Transportation Bonds and on August 11, 2021 approved the issuance of the Bonds.

Budget

Under the Maryland Constitution, Article III, §52, the Governor is responsible for the preparation and introduction of the State's annual budget, including a plan of proposed expenditures and estimated revenues for the Department. The Governor is required by the Maryland 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. Certain transportation revenue is estimated by the Department. The budget must include funds necessary to pay debt service on the Bonds (but with respect to the Bonds, only from the proceeds of pledged taxes and other revenues available for debt service on the Bonds).

The General Assembly may not amend the budget to affect payment of State debt or otherwise to change its provisions, except to increase or decrease the appropriations relating to the General Assembly or the judiciary, or to strike out or reduce other appropriations submitted by the Governor. It must, however, enact a balanced budget. The General Assembly may authorize an appropriation apart from the budget, but it may only do so by a separate supplementary appropriation bill limited to a single object or purpose and providing for or levying a specific tax or taxes in that bill sufficient to fund the appropriation. Chapter 645, Laws of Maryland 2020 enacted in the 2020 regular session of the General Assembly and approved by voters in a Statewide referendum as a Constitutional amendment to modify the State budget process to allow the General Assembly to increase appropriations made by the Governor and add items to appropriations for Executive Branch agencies beginning with the fiscal year 2024 budget.

The Department's expenditures are made pursuant to appropriations in the annual budget as amended from time to time by budget amendment. By budget amendment, the Department may increase or decrease the amount of the appropriation for any project or transfer funds from one project or administration to another. A budget amendment may not, however, increase the salary or salaries of any office or position, except in certain acute emergencies, or change any language or substantive provision in the budget. All amendments approved by the Governor are required to be reported by him to the next session of the General Assembly.

State Demographic and Economic Data

See Appendix B.

Maryland State Retirement and Pension System

Introduction. This section is intended to provide a summary of relevant information related to the Maryland State and Retirement and Pension System (the "System"). The following documents related to the System are available at https://sra.maryland.gov/investments-financials and are incorporated herein by reference:

- Maryland State Retirement and Pension System Actuarial Valuation Report, as of June 30, 2020
- Maryland State Retirement and Pension System Actuarial Valuation Report for Maryland Municipal Corporations, as of June 30, 2020
- Maryland State Retirement and Pension System Comprehensive Annual Financial Report for the years ended June 30, 2020 and 2019

Please note the actuarial information provided in this section has been provided to the System by the System's Actuary, Gabriel Roeder Smith & Company ("GRS"), which was retained by the Board of Trustees of the System pursuant to statute. As with all actuarial valuations and future projections, the actuarial valuations are based on actuarial assumptions that have been presented by the actuary and adopted by the Board of Trustees. One or more of these assumptions may prove to be inaccurate and may be changed in the future based on the future experience of the System.

Plan Description. The System was established in accordance with Division II of the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits in a defined benefit plan to State employees, teachers, police, judges, legislators and employees of participating governmental units. The System is administered by a 15-member Board of Trustees that has the authority to invest and reinvest the System's assets. The Board of Trustees is obligated to hold the assets of the System for the exclusive purposes of providing benefits to participants and for reasonable expenses of administration.

The Board of Trustees pays all benefits and expenses of the various plans in the System from the accumulation fund,[3] annuity savings fund,[4] and expense fund established for each plan. As additional security, if needed, the State is obligated to annually pay into the System at least an amount that, when combined with the System's accumulation funds, is sufficient to provide the allowances and other benefits payable under each plan during that fiscal year.

The System is made up of two cost-sharing employer pools: the "State Pool" and the "Municipal Pool." The "State Pool" consists of State agencies, boards of education, community colleges and libraries (the "State Pool"). The "Municipal Pool" consists of the participating governmental units that elect to join the System (the "Municipal Pool"). For actuarial valuation and funding purposes, neither pool shares in each other's actuarial liabilities. Municipal Pool participants cost-share in the liabilities of only the Municipal Pool, which receives a separate annual actuarial valuation in order to determine the funding levels and actuarial liabilities of the Municipal Pool. The Municipal Pool covers employees of over 163 political subdivisions and other entities within the State.

For actuarial valuation and funding purposes, the State Pool comprises five distinct systems: Teachers' Retirement and Pension Systems (the "Teachers' Combined Systems"), Employees' Retirement and Pension Systems (the "Employees' Combined Systems"), State Police Retirement System, Judges' Retirement System, and LEOPS. As of June 30, 2020, the State's membership in the System included 169,687 active members, 42,565 vested former members, and 148,098 retirees and beneficiaries. Together, the Teachers' Combined Systems and the Employees' Combined Systems account for 98% of membership in the State Pool.

Plan Benefits Pre- and Post-Reform. During the 2011 legislative session, pension reform legislation was proposed by the Governor and enacted by the General Assembly to ensure the long-term sustainability of the System's defined benefit structure and the affordability of the State's contribution in future years (the "2011 Pension Reforms").

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[3] The accumulation funds consist of employer contributions, interest on System assets, and retired members' previous contributions.

[4] The annuity savings funds consist of member contributions and statutory regular interest on members' accumulated contributions.

Following the 2011 Pension Reforms the normal service retirement benefits within the State Pool offered by the System are as follows:

PLAN TYPE	ANNUAL ALLOWANCE EQUALS	NORMAL SERVICE RETIREMENT ELIGIBILITY
Employees and Teachers Pension Systems		
Reformed	AFC[1] × .015 × Years of Service	• Rule of 90[2]; or • Age 65 with at least 10 years of eligibility service.
Alternate Contributory	(AFC × .012 × Years of Service to 6/30/98) + (AFC × .018 × Years of Service after 6/30/98)	• At least 30 years of eligibility service; or • Age 62 with at least 5 years of eligibility service, age 63 with 4 years, age 64 with 3 years, age 65 or older with 2 years.
Contributory	(AFC × .012 × Years of Service to 6/30/98) + (AFC × .014 × Years of Service after 6/30/98)	• At least 30 years of eligibility service; or • Age 62 with at least 5 years of eligibility service, age 63 with 4 years, age 64 with 3 years, age 65 or older with 2 years.
Non-Contributory	(AFC up to SSIL[3] × .008 × Years of Service) + (AFC over the SSIL × .015 × Years of Service after 6/30/98)	• At least 30 years of eligibility service; or • Age 62 with at least 5 years of eligibility service, age 63 with 4 years, age 64 with 3 years, age 65 or older with 2 years.
Non-Contributory Reformed	(AFC up to SSIL × .008 × Years of Service) + (AFC over the SSIL × .015 × Years of Service)	• Rule of 90; or • Age 65 with at least 10 years of eligibility service.
Employees and Teachers Retirement Systems		
Non-Bifurcated	$\frac{\text{AFC}}{55} \times$ Years of Service	• At least 30 years of eligibility service; or • At least age 60.
Plan C (Bifurcated Plan)	See Plan C (Bifurcated Plan) Worksheet	• At least age 60, regardless of creditable service or at least 30 years of service regardless of age
Law Enforcement Officers' Pension System		
Non-Reformed	.02 × AFC × Years of Service up to 32.5 years	• At least age 50; or • At least 25 years of eligibility service.
Reformed	.02 × AFC × Years of Service up to 30 years	• At least age 50; or • At least 25 years of eligibility service.
Transfers from ERS	(.023 × AFC × Years of Service up to 30 years) + (.01 × AFC × Years of Service beyond 30 years)	• At least age 50; or • At least 25 years of eligibility service.
State Police Retirement System		
Non-Reformed	AFC × .0255 × Years of Service up to 28 years	• At least 22 years of eligibility service; or • At least age 50.

PLAN TYPE	ANNUAL ALLOWANCE EQUALS	NORMAL SERVICE RETIREMENT ELIGIBILITY
Reformed	AFC × .0255 × Years of Service up to 28 years	• At least 25 years of eligibility service; or • At least age 50.
CORS	1.818% × years of service × AFC	• Members joining on or before June 30, 2011: 3 highest years of salary and 5 years. • All others: 5 highest years of salary and 10 years. • Eligible after accruing 20 years of service regardless of age.
Judges' Retirement System		
All	.6666667 × Salary of Active Judge holding same level position held at termination (Prorated if years of service less than 16)	• Members joining on or before June 30, 2012: at least age 60 or retired by order of Court of Appeals. • All others: at least age 60 and have accrued at least 5 years of eligibility service or l retired by order of Court of Appeals.
Legislative Pension Plan		
All	3.0% × current salary × years of service	• Members joining on or before June 30, 2012: age 60 and 8 years. • All others: age 62 and 8 years.

[1]AFC for purposes of the Employee and Teachers Pension Systems (Reformed benefit and Non-Contributory Reformed benefit only), the Law Enforcement Officers' Pension System (Reformed benefit only), the State Police Retirement System (Reformed benefit only) and Correctional Officers' Retirement System (Reformed benefit only) means the five highest consecutive years of earnings divided by five. For all others, AFC means the three highest consecutive years of earnings divided by three.
[2]Eligible for normal service retirement if years of service plus age equal 90.
[3]The Social Security Integration Level (SSIL)for the year of retirement or separation from employment. The SSIL for 2020 is $133,770.

In fiscal year 2020, State retirees and beneficiaries within the State Pool received benefit payments totaling $3.8 billion, with an average benefit of $25,872.

Assumptions. By law, employer contribution rates are established by annual actuarial valuations using the individual entry age normal cost method and actuarial assumptions adopted by the Board of Trustees. Assets are valued for funding purposes by recognizing investment gains and losses over a five-year period. Each year's investment gain or loss is amortized on a straight-line basis over five years. The final actuarial value of assets is limited to not more than 120% or less than 80% of the market value of assets.

At its July 2020 meeting, the System's Board of Trustees adopted voted to maintain the assumed rate of return at 7.40% and to lower the general inflation assumption from 2.65% to 2.60%.

Based on the Actuary's actuarial experience study for fiscal years 2015 to 2018, the System's Board of Trustees adopted the following demographic assumptions:

- Retirement Age – Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to June 30, 2018.
- Mortality – Public Sector 2010 Mortality Tables calibrated to MSPRS experience with the generational projections using MP-2018 (2-dimensional) mortality improvement scale.

Investments Allocations and Returns. The target asset allocation is set by the Board of Trustees, with no legal limits imposed by the General Assembly. The actual allocation takes into account that private market investments are made gradually in order to prudently reach the target level over multiple years. Amounts not yet invested in private markets are currently allocated to public equity and fixed income.

Asset Allocation

	Actual Allocation as of March 31, 2021	Long-Term Target Allocation
Public Equity	35.2%	37.0%
Private Equity	16.0	13.0
Rate Sensitive	16.1	19.0
Real Assets	11.1	14.0
Credit/Debt Strategies	10.4	9.0
Absolute Return	8.8	8.0
Multi Asset	1.0	0.0
Cash	1.4	0.0
Total*	100.0%	100.0%

*Totals may not add due to rounding.

The historical rates of return on the System's investments are (as of March 31, 2021, unaudited):

	1 year	3 year	5 year	10 year	20 year	25 year
Annualized Returns (gross of fees)	27.46%	9.72%	9.84%	7.81%	6.57%	6.92%

The System's rate of return, net of fees, on its investment portfolio was 18.50% (unaudited) for the fiscal year-to-date as of March 31, 2021.

Funding Policies. Effective on July 1, 2015, the State eliminated the corridor funding method for the Teachers' Combined Systems and Employees' Combined Systems beginning with fiscal year 2017. All future contributions will be based upon the Actuarially Determined Employer Contribution ("ADEC").

Employer Contribution. In fiscal year 2020, the State paid the full ADEC and contributed a total of $1.9 billion. Beginning in fiscal year 2017, the local school boards are now paid 100% of the local teachers' normal cost of local teacher's retirement as determined by the most recent valuation of the System. County governments are required to increase education funding by the additional pension costs during the phase in period.

The Department of Budget and Management estimates that the General Fund portion of the employer contribution represents 6.6% of the fiscal year 2022 General Fund budget. This percentage is anticipated to remain at 6.6% in fiscal year 2023, and is then projected to increased incrementally to 7.0% by fiscal year 2026. The following table presents estimates of the employer contribution relative to the General Fund budget in the next five fiscal years.

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These projections reflect the current legislative requirements and all supplemental payments made to date (see below for a discussion of supplemental payments). As with all future projections, the data in the following table are based on certain assumptions. One or more of these assumptions may prove to be inaccurate and may be changed in the future based on future experience.

Projected Employer Contributions as a Percent of the General Fund Budget

	Employer Contributions		
Fiscal Year	State Employees	Local Teachers	Total*
2022	2.6%	4.0%	6.6%
2023	2.6	4.0	6.6
2024	2.6	4.1	6.7
2025	2.5	4.2	6.7
2026	2.6	4.4	7.0

* Totals may not add due to rounding.

Supplemental Payments. In 2011, the General Assembly passed legislation requiring supplemental contributions to each system. The supplemental payments were to reflect the difference between the State's required contribution under the corridor funding method for that fiscal year and the amount that would have been required had the 2011 Pension Reforms not been enacted (each a "supplemental payment"). In addition to the supplemental payments, during the fiscal year 2017 the General Assembly authorized additional contributions to the System of $50 million.

The General Assembly has also authorized a "pension sweeper" amendment that, unless waived by future legislation, requires an additional State contribution to the System that will continue until the later of either the fund reaching 85% funded status, or when the legislature determines it to be no longer needed. In accordance with this pension sweeper, beginning with the fiscal year 2021, the System and the Postretirement Health Benefits Trust Fund would each receive one-quarter of any unappropriated General Fund balance in excess of $10 million, in each case up to a maximum of $25 million. Any remaining unappropriated general funds above these distributions are appropriated to the Revenue Stabilization Account.

The following table reflects all supplemental payments that have been received through fiscal year 2021, and are expected to be received in fiscal year 2022:

Supplemental Payments, Additional Contributions and Pension Sweeper Amounts Received from the State ($ in millions)

Fiscal Year	Voluntary Contributions
FY 2014	$100.0
FY 2015	100.0
FY 2016	75.0
FY 2017	150.0
FY 2018	75.0
FY 2019	75.0
FY 2020	75.0
FY 2021	75.0
FY 2022 (estimated)	75.0

Funded Status and Asset Value. As reported in the System's annual Actuarial Valuation Report, the funded status of each plan in the "State Pool" as of June 30, 2020, was as follows:

Funded Status of the Plans within the State Pool Portion of the Maryland State Retirement and Pension System
As of June 30, 2020
($ in thousands)

Plan	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Funded Ratio (Assets/Liab.)	Unfunded AAL (UAAL)	Covered Payroll (Active Members) (a)	UAAL as a Percent of Payroll % (a)
Teachers' Retirement and Pension System	$44,456,529	$34,228,754	76.99%	$10,227,775	$7,492,465	136.5%
Employees' Retirement and Pension System	21,813,288	14,202,473	65.16	7,600,815	3,399,919	223.6
State Police Retirement System	2,362,744	1,582,378	66.97	780,365	116,274	671.1
Judges' Retirement System	598,299	512,036	86.89	77,263	51,882	148.9
Law Enforcement Officers' Pension System	1,186,813	768,901	64.79	417,912	122,266	341.8
Total of All Plans*	$70,408,672	$51,304,543	72.87%	$19,104,129	$11,182,807	170.8%

*Totals may not add due to rounding.
(a) The Covered Payroll and UAAL as a Percentage of Payroll results reported in the System's Actuarial Valuation Report were calculated using actual payroll data and differ slightly from the calculations shown in the State's Financial Statements which were calculated using projected payroll rather than actual payroll data.

The following table presents information regarding the unfunded actuarial accrued liability of the System, including both the State Pool and the Municipal Pool for the years 2011 to 2020 as of June 30 valuation dates, derived from a report by the System's Actuary.

Historical Funding Progress
Maryland State Retirement and Pension System (a)
Actuarial Value of Assets
($ in thousands)

Valuation Date June 30	Actuarial Accrued Liability (AAL)	Actuarial Value Of Assets	Funded Ratio (Assets/Liab.)	Unfunded AAL (UAAL)	Covered Payroll (Active Members)	UAAL as a Percent of Payroll %
2011........	$55,917,543	$36,177,656	64.7%	$19,739,887	$10,478,800	188.4%
2012	57,869,145	37,248,401	64.4	20,620,745	10,336,537	199.5
2013........	60,060,091	39,350,970	65.5	20,709,122	10,477,544	197.6
2014	62,610,193	42,996,957	68.7	19,613,237	10,803,632	181.5
2015	66,281,781	46,170,624	69.7	20,111,157	11,063,961	181.7
2016	67,781,924	47,803,679	70.5	19,978,245	11,155,924	179.1
2017	69,986,576	50,250,465	71.8	19,736,110	11,418,973	172.8
2018	72,574,689	52,586,528	72.5	19,988,161	11,566,220	172.8
2019........	74,526,000	54,361,969	72.9	20,164,031	11,905,403	169.4
2020........	76,471,035	56,246,776	73.6	20,224,249	12,501,422	161.8

(a) Includes both the State Pool and the Municipal Pool accrued liabilities.

The following table shows the projected funded ratios of the State Pool through projected full funding and reflects all legislative action and supplemental payments to date:

Projected Funded Ratios of State Pool
(as of December 31)

Valuation Year	Based on 6/30/2020 Valuation
2021	73.4%
2023	73.8
2025	76.2
2027	78.9
2030	83.4
2031	84.9
2037	95.8
2039	100.1

The following table presents information regarding the Asset Market Values of the System, including both the State Pool and the Municipal Pool for the years 2011 to 2020 as of June 30 valuation dates, derived from a report by the System's Actuary:

Historical Market Value of Assets
Maryland State Retirement and Pension System (a)
($ in thousands)

Valuation Date, June 30	Market Value of Assets	Valuation Date, June 30	Market Value of Assets
2011	$37,592,752	2016	$45,365,926
2012	37,178,726	2017	48,987,183
2013	40,363,217	2018	51,827,233
2014	45,363,217	2019	53,943,420
2015	45,789,840	2020	54,586,037

(a) Includes both the State Pool and the Municipal Pool.

As of March 31, 2021, the System's market value of assets was $63.6 billion.

Accounting and Reporting. Beginning in fiscal year 2015, GASB 68 required changes to the State's pension accounting and reporting. The net pension liability ("NPL") defined by the pronouncement, similar to the unfunded actuarial accrued liability, is reported as a liability on the government-wide statement of net position. It is a present value measure of benefits to be provided based on the employees' past service, and accordingly, recognizes the entire net pension expense, regardless of when this expense will be funded. It replaced the Net Pension Obligation ("NPO") previously reported as a liability. The NPO was the cumulative difference between required contributions to the pension plans to meet obligations as they came due and actual contributions, and therefore, measured the funding obligation only.

For the State Retirement and Pension System, a cost-sharing multiple-employer system, all cost-sharing employers are required to recognize a liability for their proportionate share of the NPL. In Maryland, the State funds the unfunded actuarial accrued liability applicable to local teachers' service, and therefore, the State records the NPL for the teachers' plan as a non-employer contributing entity.

For fiscal year 2019, the State's contribution to the System was $2.0 billion, and the total contribution to the System was $2.1 billion. The NPL for the System was calculated as $22.6 billion as of June 30, 2020 of which the State's share has been estimated to be $19.4 billion.

For a more detailed discussion of the System, see APPENDIX A, Note 14 to the Financial Statements and

Required Supplementary Information. A copy of the System's Actuarial Valuation Report as of June 30, 2020 may be obtained online at https://sra.maryland.gov/actuarial-valuation-reports.

Other Post-Employment Benefits

State Employee and Retiree Health and Welfare Benefits Program. Retired State employees and their eligible dependents meeting certain qualifications may participate, on a subsidized basis, in the State Employee and Retiree Health and Welfare Benefits Program (the "Program"). As of June 30, 2020, the Program membership included 81,922 active employees, 2,510 vested former employees and 52,758 retirees and beneficiaries. The Program assesses a charge to retirees for post-employment health care benefits that is based on health care insurance charges for active employees. For the fiscal year ending June 30, 2020, retiree program members contributed $138.4 million and the State contributed $601.5 million for retiree health care benefits.

The State has adopted the GASB Statement No. 75 ("GASB 75") which supersedes GASB Statement No. 45 ("GASB 45") and addresses how state and local governments should account for and report costs and obligations related to post-employment health care and other post-employment non-pension benefits ("OPEB") effective for fiscal year ending June 30, 2018. GASB 75 generally requires that the annual cost of OPEB and the related obligations and commitments be accounted for and reported in essentially the same manner as pensions under GASB 68. Annual OPEB costs typically will be based on actuarially determined amounts that, if paid on an ongoing basis, would provide sufficient resources to pay benefits as they come due.

The provisions of GASB 75 do not prescribe methods for funding OPEB plans, nor do they require governments to fund their OPEB plans. GASB 75 does, however, establish additional disclosure requirements for employers contributing to OPEB plans. For defined benefit OPEB, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Disclosure and required supplementary information requirements about defined benefit OPEB also are required regardless of whether or not the plan is administered through a qualifying trust.

Under GASB 75, the Net OPEB Liability is reported as a liability on the State's financial statements. The Net OPEB Liability is the difference between the Total OPEB Liability (the actuarial present value of all future projected benefit payments attributable to service prior to the measurement date) and the Fiduciary Net Position (market value of assets).

The State's annual OPEB expense is calculated as change in Net OPEB Liability over the measurement period, with deferred recognition of certain aspects of the change in liability, including investment gains/losses, demographic gains/losses, and changes in actuarial assumptions. Unrecognized amounts are reported as deferred inflows and/or deferred outflows of resources related to OPEB until they are recognized in the annual OPEB expense.

2011 Employee and Retiree Health Benefits Reforms. The 2012 Budget implemented changes to employee and retiree prescription drug and health benefits (the "2011 Health Benefit Reforms") that decreased the State's projection of OPEB liability from $15.9 billion prior to the 2011 Health Benefit Reforms to $9.2 billion after the 2011 Health Benefit Reforms, and decreased the corresponding State projection of ADEC under GASB 45 from $1.22 billion to $704.4 million. The 2011 Health Benefit Reforms increased employee and retiree prescription drug copayments and increased retiree premium payments and out of pocket maximums. For new employees hired after June 30, 2011, 10 years of service rather than 5 years is required for eligibility for retiree health benefits, and 25 years of service rather than 16 years is required in order to receive a full State subsidy. Under current law, effective January 1, 2019, State prescription drug benefits would have been discontinued for certain retirees and those retirees would have been required to enroll in Medicare Part D after the Part D coverage gap is phased out. However, following litigation brought by State retirees, an injunction has been issued forbidding the discontinuation of the prescription drug benefits for those retirees until the litigation is resolved. In addition, the General Assembly passed legislation that would create three state-funded programs to limit costs related to the prescription drug benefit for certain eligible retirees. The Department of Budget and Management projects this legislation will increase the State's net OPEB liability by at least $2.36 billion over 30 years.

OPEB Projections. As of June 30, 2020, the actuary's Total OPEB Liability was $16.8 billion, and the Fiduciary Net Position was $355.1 million, resulting in a Net OPEB Liability ("NOL") of $16.4 billion. The discount rate used was an unblended pay-go rate of 2.21%. The ratio of the Fiduciary Net Position to the Total OPEB Liability was 2.12%. The covered payroll (annual payroll of active employees covered under the Program) was $5.7 billion, and the ratio of the NOL to the covered payroll was 289.69%.

The following table from the Actuarial Valuation Reports as of June 30, 2020, prepared by the State's actuary, shows the components of the State's annual OPEB expense, the contribution to the Program and the State's Net OPEB Liability for fiscal year 2021.

State Employee and Retiree Health and Welfare Benefits Program
Annual OPEB Expense and Net OPEB Liability
Fiscal Years 2020 - 2021
Projections as of June 30, 2020
($ in millions)

Reporting Date under GASB 75	**June 30, 2020**	**June 30, 2021**
Measurement Date under GASB 75	**June 30, 2019**	**June 30, 2020**
Net OPEB Liability	$14,290.0	$16,424.5
Deferred inflows of resources related to OPEB	1,645.8	1,253.9
Deferred outflows of resources related to OPEB	1,023.4	2,303.4
Net Liabilities Relating to OPEB	**$14,912.4**	**$15,375.0**
Net OPEB Expense	3,075.2	1,064.1
Less: Contributions made	(499.5)	(601.5)
Net Change in Liabilities Relating to OPEB	**$2,575.7**	**$462.6**

The State's General Fund has historically contributed approximately 60% of the annual pay-as-you-go costs of other post-employment benefits, with special and federal funds contributing the balance. Chapter 355 of the 2007 Laws of Maryland created the Postretirement Health Benefits Trust Fund (the "Trust Fund") as an irrevocable trust. Funds of the Trust Fund will be used to assist in financing the State's post-retirement health insurance subsidy. The net assets held in trust for post-retirement health benefits as of June 30, 2020 were $355.1 million. This balance also reflects the activity for investment earnings and administrative expenses during the period.

MUNICIPAL ADVISORS

PFM Financial Advisors LLC of Orlando, Florida ("PFM") is serving as municipal advisor to the Department for the sale and delivery of the Bonds and other matters pertinent thereto. PFM is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiable instrument. PFM has contracted with People First Financial Advisors as an additional Municipal Advisor to assist in the sale and delivery of the Bonds.

Davenport & Company LLC of Towson, Maryland ("Davenport") is a registered municipal advisor with the Municipal Securities Rulemaking Board and serves as finance advisor in connection with the issuance of the Bonds and other matters related to the Department's finances.

PFM and Davenport have not been engaged, nor have they undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement, or any other related information available to the Department, with respect to accuracy and completeness of disclosure of such information. PFM and Davenport make no guaranty, warranty or other representation respecting the accuracy or completeness of this Official Statement or any other matter related to the Official Statement.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The ACFR for the year ended June 30, 2020, referenced in Appendix A of this Official Statement, has been audited by CliftonLarsonAllen LLP, independent certified public accountants, whose report is included therein.

TAX MATTERS

Federal Tax Matters

General Matters. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including original issue discount treated as interest, if any) is excludable from gross income for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described in the preceding sentences assume the accuracy of certain representations and compliance by the Department with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Department has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Original Issue Premium. Certain maturities of the Bonds may be issued at an initial public offering price which is in excess of the stated redemption price of such Bonds at maturity (collectively, the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax exempt obligations, such as the Bonds, is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The new reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Tax Law. From time to time, there are legislative proposals in the Congress and in state legislatures that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond

Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

Maryland Tax Matters

In the opinion of Bond Counsel, under existing law of the State of Maryland, the Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt at all times from every kind and nature of taxation by the State of Maryland or by any of its political subdivisions, municipal corporations, or public agencies of any kind, except that no opinion is expressed as to such exemption from estate or inheritance taxes, or any other taxes not levied directly on the principal of and interest on the Bonds, their transfer and income, including any profit made on sale.

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

See Appendix C hereto for the proposed Form of Bond Counsel's Opinion.

CONTINUING DISCLOSURE

In order to enable the successful bidders for the 2021 Bonds and the Underwriters for the Forward Delivery Bonds to comply with the requirements of paragraph (b)(5) of Rule 15c2-12, the Department will execute and deliver, on the Initial Closing Date, a Continuing Disclosure Agreement, the form of which is attached as Appendix D. 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 Bonds, specifically those events relating to credit enhancements and liquidity providers and property or other collateral.

The Department will provide to the Electronic Municipal Market Access ("EMMA") annual audited financial statements of the Department presented in conformity with accounting principles generally accepted in the United States 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.

LEGAL MATTERS

The validity of the issuance of the Bonds will be passed upon and is subject to the unqualified approving opinion of Kutak Rock LLP, Bond Counsel. The text of the approving opinion in its proposed form is attached hereto as Appendix C. Certain legal matters will be passed upon for the Department by the Office of the Attorney General of the State. Deliveries of the opinions of the Attorney General and of Bond Counsel with respect to the Forward Delivery Bonds are subject to the satisfaction of certain terms and conditions provided in the Forward Delivery Bond Purchase Contracts. See "FORWARD DELIVERY BOND CONSIDERATIONS."

DEPARTMENT OF TRANSPORTATION OF MARYLAND

By order of

Gregory Slater
Secretary of Transportation

APPENDIX A

FINANCIAL INFORMATION

The Annual Comprehensive Financial Report (the "ACFR")of the Department, including the audited Basic Financial Statements, for the fiscal year ended June 30, 2020, has been filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system and is obtainable from them in accordance with their procedures. The 2020 ACFR is also posted on the Department's website and can be accessed at https://www.mdot.maryland.gov/tso/pages/Index.aspx?PageId=53

The following reports, each of which are included in the 2020 ACFR and as such have been posted online at the web address above, are incorporated herein by reference:

Report of Independent Public Accountants

Management's Discussion and Analysis

BASIC FINANCIAL STATEMENTS
- Statement of Net Position
- Statement of Activities
- Balance Sheet
- Reconciliation of the Governmental Funds' Fund Balance to the Statement of Net Position
- Statement of Revenues, Expenditure and Changes in Fund Balances
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
- Statement of Fiduciary Net Position
- Statement of Change in Fiduciary Net Position
- Notes to the Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION
- Schedule of Changes in the Total Liability and Related Ratios Maryland Transit Administration OPEB Plan
- Changes in the Net Pension Liability and Related Ratios Maryland Transit Administration Pension Plan
- Schedule of Employer Contributions Maryland Transit Administration Pension Plan
- Proportionate Share of the Net Pension Liability and Related Ratios Maryland State Retirement Pension Plan
- Schedule of Employer Contributions Maryland State Retirement Pension Plan
- Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
- Notes to the Required Supplementary Information

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APPENDIX B

STATE DEMOGRAPHIC AND ECONOMIC DATA

Introduction

The following selected socioeconomic 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 12,407 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 2020 Census, Maryland's population on April 1 of that year was 6,177,224, an increase of 7.0% from 2010. Maryland's population is concentrated in urban areas. In 2020, the eleven counties and Baltimore City located in the Baltimore-Washington region contained 87.3% of its population. The 2020 population for the Baltimore Metropolitan Statistical Areas was estimated at 2,800,189and for the Maryland portion of the Washington Metropolitan Statistical Areas, 2,484,097. Overall, Maryland's population per square mile was 615 in 2020. The following table presents estimated population of Maryland and the United States from 2011 - 2020.

Population

	Maryland		United States	
Year	**Population**	**Change**	**Population**	**Change**
2011	5,840,241	0.9%	311,583,481	0.7%
2012	5,888,375	0.8	313,877,662	0.7
2013	5,925,197	0.6	316,059,947	0.7
2014	5,960,064	0.6	318,386,329	0.7
2015	5,988,528	0.5	320,738,994	0.7
2016	6,007,014	0.3	323,071,755	0.7
2017	6,028,186	0.4	325,122,128	0.6
2018	6,042,153	0.2	326,838,199	0.5
2019	6,054,954	0.2	328,329,953	0.5
2020	6,055,802	0.0	329,484,123	0.4

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

Note: Figures are estimates for July 1 of each year.

In addition to population growth, the age distribution of the population has a significant impact on the economy and State revenues. 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, and middle age workers are the most productive and have the highest earning on average. 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://treasurer.state.md.us/media/1111/BRE_Report_On_Age_Demographics.pdf. For 2019, the most recent year for which data is available, the populations of Maryland and the United States were distributed by age as follows:

Age Distribution 2019

Age	Maryland	United States
Under 5 years	6.0%	6.0%
5 through 19 years	18.7	18.9
20 to 44 years	32.8	33.3
45 to 64 years	26.7	25.4
65 years and over	15.9	16.5
	100.0%*	100.0%*

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

Educational Levels

Maryland's workforce is more highly educated than the United States as a whole. As of 2019, the most recent year for which data are available, the percentage of the population (25 years and over) with a bachelor's degree or higher is 40.9% compared to 33.1% 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 90.4% in Maryland compared to 88.6% for the nation as a whole. Maryland's high levels of educational attainment partially explain higher median and average wages in Maryland compared to the nation as a whole. The State's educated labor force facilitates the growth of the professional services and information services sectors.

Educational Attainment of Population 25 Years and Over in 2019

	Maryland	United States
Less than High School	9.6%	11.4%
High School Diploma	24.6	26.9
Some College	18.0	20.0
Associate's Degree	6.9	8.6
Bachelor's Degree	21.8	20.3
Graduate or Professional Degree	19.1	12.8

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

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Personal Income

Maryland residents received approximately $413.4 billion in personal income in 2020. Maryland's total personal income increased at a rate of 5.8%, compared to the national average of 6.1%. Per capita income remained significantly above the national average in 2019: $68,258 in Maryland compared to the national average of $59,729. In 2020, Maryland's per capita personal income ranked seventh 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
2011	52,426	4.8%	42,735	5.4%	4
2012	53,534	2.1	44,598	4.4	7
2013	53,039	-0.9	44,851	0.6	6
2014	54,670	3.1	47,058	4.9	8
2015	57,007	4.3	49,003	4.1	6
2016	58,974	3.5	49,995	2.0	5
2017	60,714	3.0	52,096	4.2	5
2018	62,642	3.2	54,581	4.8	6
2019	64,541	3.0	56,474	3.5	7
2020	68,258	5.8	59,729	5.8	7

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

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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 2020, 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
2020
($ in millions)

		Percentage of Personal Income Before Residence Adjustment	
	Maryland	**Maryland**	**United States**
Mining, forestry, fishing	$266	0.1%	1.0%
Construction	18,388	4.7	4.2
Manufacturing	11,776	3.0	5.9
Trade, transportation & utilities	32,401	8.4	10.2
Information services	7,769	2.0	2.6
Finance, insurance & real estate	25,112	6.5	6.6
Professional & business services	53,292	13.8	11.9
Educational & health services	34,762	9.0	8.6
Leisure & hospitality services	8,861	2.3	2.6
Other services	9,298	2.4	2.3
Government	29,024	7.5	1.9
Federal, civilian	4,508	1.2	0.8
Military	30,300	7.8	7.8
State & local	447	0.1	0.5
Farm income	266	0.1	1.0
Earnings by place of work	266,205	68.7	66.7
Less:			
Personal contributions for social insurance	(29,450)	(7.6)	(7.3)
Plus:			
Dividends, Interest and Rent	75,879	19.6	18.9
Transfer Payments	74,588	19.3	21.7
Personal income before residence adjustment	387,222	100.0%*	100.0%*
Residence adjustment	26,138	6.3	0.0
Total Personal Income	$413,359 *		

* Totals may not add due to rounding.
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.

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Between 2015 and 2020, total personal income in Maryland has grown 3.9% annually, compared to a national growth rate of 4.6%. During this period, wage and salary income, roughly half of total personal income, has grown at a lower rate in Maryland than nationally. 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 6.3% of Maryland personal income, but less than one tenth a percent of national personal income.

Average Annual Growth of Personal Income Components
(2015 through 2020)

	Maryland	United States
Wages and Salaries	3.0%	3.5%
Supplements to Wages and Salaries	2.4	2.8
Proprietors' Income	2.8	3.6
Contributions for Social Insurance	3.0	3.6
Residence Adjustment	3.1	(1.8)
Dividends, Interest, and Rent	2.7	3.5
Transfer Payments	9.9	9.7
Total Personal Income	3.9	4.6

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.

Within the past year, a significant contraction in economic output occurred due to the COVID-19 pandemic and efforts to contain it. However, a massive federal economic stimulus response (both monetary and fiscal) has kept aggregate income growing, boosting both savings and consumption. As a result, the state's revenues have so far been insulated from experiencing the shortfall that typically accompanies recessions.

Annual Personal Income and Wages and Salaries Growth

	Personal Income		Wages and Salaries	
	Maryland	United States	Maryland	United States
2011	5.8%	6.2%	3.6%	4.0%
2012	3.0	5.1	3.1	4.6
2013	(0.3)	1.3	0.9	2.7
2014	3.7	5.7	3.4	5.1
2015	4.8	4.9	4.7	5.1
2016	3.8	2.8	3.0	2.9
2017	3.3	4.9	3.6	4.7
2018	3.4	5.3	3.6	5.0
2019	3.3	3.9	3.6	4.7
2020	5.8	6.1	1.1	0.2

Source: U.S. Bureau of Economic Analysis.

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Employment

Maryland's labor force totaled 3.2 million in 2020. 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, considerably more Marylanders are employed by the federal government and service sectors and fewer in manufacturing, as shown in the following table:

Distribution of Employment
2020

	Maryland	United States
Construction & mining	6.3%	5.5%
Manufacturing	4.2	8.6
Trade, transportation & utilities	17.3	18.7
Information services	1.3	1.9
Financial activities	5.3	6.1
Professional & business services	17.1	14.2
Educational & health services	17.2	16.3
Leisure & hospitality services	8.2	9.4
Other services	3.9	3.8
Government		
Federal	5.8	2.1
State & local	13.5	13.3
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
(2015 through 2020)

	Maryland	United States
Construction & mining	0.7%	1.7%
Manufacturing	0.4	(0.2)
Trade, transportation & utilities	(0.7)	(0.2)
Information services	(3.1)	(0.4)
Financial activities	(1.2)	1.4
Professional & business services	0.3	0.6
Educational & health services	0.1	1.1
Leisure & hospitality services	(4.6)	(2.5)
Other services	(2.0)	(0.8)
Government		
Federal	0.7	1.2
State & local	(0.6)	(0.3)
Total Non-agricultural Employment	(0.6)	0.1

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

Historical annual employment growth in Maryland's five largest sectors is shown in the table below. Maryland's five largest sectors represented 79.0% of total employment in 2020. Typically, federal government employment acts as a stabilizing factor in Maryland, falling less than private employment during recession, and rising less than private employment during expansions. In mid 2019 federal employment returned to growth after about a year of gradual decline. As of the fourth quarter of 2020, federal government purchases of inputs from the private sector continued to increase year over year by 1.1%. In the spring of 2020 the nation experienced its worst job losses since the Great Depression. In April 2020, Maryland employment declined 13.0% year over year. Employment then sharply rebounded over the summer and fall. As of April 2021, employment remains 4.9% below its April 2019 level.

The employment recovery in Maryland has been largely bifurcated, with sectors directly affected by the pandemic, such as accommodations and food service, experiencing significant losses to date and other sectors experiencing more complete recoveries. In general, sectors worst impacted by the pandemic are lower paying than those that are not. As a result, aggregate wages (and therefore income tax withholding) have fallen less than would typically be expected given the extent of job losses.

Annual Employment Growth
Maryland's Five Largest Employment Sectors

	Total Government	Trade, Transportation, & Utilities	Educational & Health Services	Professional & Business Services	Leisure & Hospitality Services	Total MD Employment	Total US Employment
2011	0.5%	1.4%	1.9%	3.1%	1.6%	1.0%	1.2%
2012	(0.3)	1.3	2.4	2.8	4.7	1.2	1.7
2013	0.0	0.2	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	2.7	1.5	2.1
2016	0.0	1.1	2.0	1.8	2.1	1.2	1.8
2017	0.3	0.3	2.4	0.7	2.5	1.1	1.6
2018	0.4	0.5	2.1	1.9	0.7	0.9	1.6
2019	0.2	(0.3)	1.2	1.9	0.3	0.6	1.3
2020	(1.8)	(4.7)	(6.6)	(4.5)	(25.4)	(6.8)	0.3

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

Recent employment trends in Maryland are shown in the following table.

Employment Trends

Year	Unemployment Rate in Maryland	Unemployment Rate in the United States	Growth in Maryland Labor Force	Growth in United States Labor Force
2011	7.3%	8.9%	0.6%	(0.2)%
2012	6.9	8.1	0.8	0.9
2013	6.5	7.4	0.3	0.3
2014	5.7	6.2	(0.1)	0.3
2015	5.0	5.3	0.5	0.8
2016	4.3	4.9	0.5	1.3
2017	4.1	4.4	1.5	0.7
2018	3.8	3.9	0.4	1.1
2019	3.5	3.7	1.7	0.9
2020	6.8	8.1	(3.0)	(1.7)

Source: Maryland Department of Labor, Licensing and Regulation.
Note: In December 2020, the unemployment rate was 6.3% in Maryland and 6.7% in the United States.

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. Through 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 2022 the tax rate has been 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	650,759,385	780,572	651,539,957	1.3
2016	669,345,818	786,889	670,132,707	2.9
2017	694,547,847	838,059	695,385,906	3.8
2018	719,269,719	889,156	720,158,875	3.6
2019	746,080,873	837,642	746,918,515	3.7
2020	770,161,164	864,974	771,026,138	3.2
2021	793,419,280	909,519	794,328,799	3.0
2022	815,525,963	914,065	816,440,028	2.8

Source: State Department of Assessments and Taxation, March 2020.
Note: See also, "STATE FINANCES – State Revenues, Property Taxes and State Property Tax Revenue Estimates."

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.

In 2019, the value of all Maryland residential unit permits issued increased by 1.4%, while the total number of residential building permits decreased by 1.0%. In 2019, the average monthly active inventory of units for sale decreased 14.5%, following a rebound in active inventory in 2018. Unit sales for 2019 decreased 3.0%, the first decline since 2011, while the median unit price rose 4.6%. 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, any impact is expected to be minor.

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. But economic theory holds that market participants are forward looking 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 a November 2019 paper in the Journal of Financial Economic, 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 should 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
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)
2018	3,701.8	13.6	18,647	14.9
2019	3,754.0	1.4	18,469	(1.0)

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

Home Sales and Median Home Price

Year	Unit Home Sales	Change	Median Home Price	Change
2010	54,416	9.9%	$246,532	(4.6)%
2011	51,253	(5.8)	229,530	(7.0)
2012	54,148	5.6	246,467	6.9
2013	61,191	13.0	261,369	5.6
2014	62,804	2.6	262,837	1.0
2015	73,014	16.3	261,172	(0.7)
2016	80,045	9.6	270,902	3.8
2017	82,851	3.5	282,433	4.5
2018	83,598	0.9	288,282	2.1
2019	81,129	(3.0)	301,810	4.6

Source: Maryland Association of Realtors.

Taxable Retail Sales

In general, taxable retail sales in Maryland are sales of tangible goods and a few specific services, with notable exemptions for unprepared food and medicines, among others. The structure of the sales tax is increasingly out of step with consumption patterns. Consumption spending is shifting away from goods towards services, the vast majority of which are not taxable. Furthermore, consumers continue to transition to digital goods, which are not tangible and therefore not taxable, a process which has been accelerated by COVID-19. This means the sales tax base is becoming a smaller share of overall consumption spending. As a result, we collect less sales tax per dollar of consumption spending than in the past. The shrinking tax base also increases the volatility of sales tax revenue to the business cycle. In times of economic stress, consumers are typically better able to delay or forego consuming goods than services. The current recession, brought on by COVID-19, is different from previous recessions. In particular, historic trends have been reversed as consumers have shifted a greater share of total consumption away from services, generally not taxed, and towards goods, which generally are taxed.

Recent regulatory and legislative changes have broadened the sales tax base however. Prior to such changes, in fiscal year 2015 Amazon established nexus with the State and began to collect sales tax on its direct sales. The

Supreme Court decision, South Dakota v. Wayfair Inc., allowed states to require that remote sellers collect and remit sales tax to the locality in which the customer resides. The Comptroller promulgated regulations to require remote sellers to remit sales tax beginning in November 2018. Legislation from the 2019 session was passed that requires marketplace facilitators to collect and remit sales tax on behalf of sellers who use the online marketplace. Marketplace facilitators began to remit sales tax in November 2019. The Bureau expects combined revenue from remote sellers and marketplace facilitators to total around $331 million in fiscal year 2020 and grow at a faster pace than overall sales tax thereafter. While these actions have broadened the scope of the sales tax, they will not contribute to ongoing growth in general fund revenue. Only the first $100 million of revenue from remote sellers and marketplace facilitators is distributed to the State's general fund, the remainder is distributed to the Blueprint for Maryland's Future Fund.

The following table illustrates the change in taxable sales for fiscal years 2011 through 2020.

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

Fiscal Year	Taxable Retail Sales	Change
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
2019	94,489,166	3.9
2020	94,452,170	0.0

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

The Port of Baltimore

The Port of Baltimore handled a record 43.6 million tons of foreign commerce cargo, valued at $58.4 billion in 2019, essentially unchanged from 2018. Coal exports make up nearly half of the tonnage that passes through the port. Baltimore is one of only a few East Coast ports to have the berth depths and cranes to handle post-Panamax ships. The port is in close proximity to I-95 and other major highways, as well as rail lines and BWI Marshall Airport. In 2014, Tradepoint Atlantic bought Sparrows Point, the former site of a steel mill, and is redeveloping the site into a warehousing and logistics center due to the site's port, rail, and road access. In December 2019, a funding deal was announced between the State and CSX to expand the Howard Street Tunnel in Baltimore to allow the passage of double stacked containers, which would relieve a shipping bottleneck.

The port appears to have been largely unaffected by trade barriers, as has the US trade balance more generally. One reason may be that East Coast ports do proportionately more trade with Europe and less with China than West Coast ports. Furthermore, the overall trade balance is determined by net domestic savings rather than the level of trade barriers. COVID-19 caused a significant contraction of trade tonnage in The Port of Baltimore with a trough in May through June. More recently the port has rebounded and as of October 2020 the port was experiencing year-over-year growth. That said, global trade could experience another contraction depending on the severity of the pandemic in the winter months.

APPENDIX C

FORM OF BOND COUNSEL OPINION FOR 2021 BONDS

October 7, 2021

Secretary of Transportation of Maryland
7201 Corporate Center Drive
P.O. Box 548
Hanover, MD 21076

$295,000,000 **Department of Transportation of Maryland** **Consolidated Transportation Bonds** **Series 2021 A**	**$139,210,000** **Department of Transportation of Maryland** **Consolidated Transportation Bonds** **Refunding Series 2021 B**

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Department of Transportation of Maryland (the "Department"), an agency of the State of Maryland (the "State"), of $295,000,000 Consolidated Transportation Bonds, Series 2021 A and $139,210,000 Consolidated Transportation Bonds, Refunding Series 2021 B (the "Bonds"). The Bonds are being issued pursuant to the provisions of Sections 3-101 to 3-217, inclusive, of the Transportation Article of the Annotated Code of Maryland (2020 Replacement Volume, as amended and supplemented) (the "Act"), and Section 8-209 of the State Finance and Procurement Article of the Annotated Code of Maryland (2015 Replacement Volume, as amended and supplemented) ("Section 8-209"), a resolution of the Board of Public Works of Maryland adopted on August 11, 2021, and a resolution of the Secretary of Transportation of Maryland, dated as of September 15, 2021 (the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

We have examined such law and the originals or certified copies of such resolutions, documents, records and other proofs as we deemed pertinent. As to questions of fact material to the opinions expressed herein, without undertaking to verify the same by independent investigation, we have relied upon the certified proceedings of the Board of Public Works of Maryland and the Department and other certifications by public officials. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on the foregoing, we are of the opinion under existing law that:

1. The Act and Section 8-209 are valid enactments, and the Department is a validly created and existing agency of the State possessing authority under the Act and Section 8-209 to issue the Bonds.

2. The Resolution has been duly adopted by the Department and is in full force and effect.

3. The Bonds have been duly authorized and validly issued for a valid public purpose in accordance with the Constitution of the State, the Act, Section 8-209 and the Resolution.

4. The Bonds are valid and legally binding obligations of the Department only, payable as to both principal and interest solely from the tax proceeds and other available revenues of the Department specified in the Act. The Bonds are not general obligations of the State, and the faith and credit of the State is not pledged to the payment of the principal of or interest on the Bonds.

5. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes, and interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. The opinion expressed in this paragraph 5 are subject to continuing compliance with certain covenants and the accuracy of certain representations of the Department pertaining to federal tax law in the Resolution and the Tax and Section 148 Certificate of the Department of even date herewith. The noncompliance with such covenants or the inaccuracy of such representations could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

6. Under existing law of the State, the Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt at all times from every kind and nature of taxation by the State or by any of its political subdivisions, municipal corporations, or public agencies of any kind, except that no opinion is expressed as to such exemption from Maryland franchise taxes or estate or inheritance taxes.

The opinions expressed herein as to the treatment of the interest borne by the Bonds for federal or State tax purposes is based upon statutes, regulations, rulings and court decisions in effect on the date hereof. Except as stated herein, we express no other opinion as to any federal tax consequences of the ownership of, receipt of, interest on, or disposition of the Bonds. We undertake no obligation to update the contents of this opinion on any future date. Each purchaser of the Bonds should consult his or her tax advisor regarding any changes in the status of any pending or proposed legislation.

In rendering our opinion, we advise you that:

(a) The rights of the holders of the Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

(b) We express no opinion herein as to the accuracy, adequacy or completeness of any offering material relating to the Bonds.

(c) Except as set forth above, we express no opinion regarding any other tax consequences relating to the ownership or disposition of the Bonds.

(d) In rendering the opinions herein (excluding the opinion set forth in paragraph 5 for which the Attorney General expresses no opinion), we have relied, with permission, on the legal opinions of the Attorney General.

This opinion is addressed to, and is solely for the benefit of, the Board and may not be relied upon by any other person without our express written consent.

Very truly yours,

FORM OF BOND COUNSEL OPINION FOR FORWARD DELIVERY BONDS

[Applicable Settlement Date]

Secretary of Transportation of Maryland
7201 Corporate Center Drive
P.O. Box 548
Hanover, MD 21076

[$52,400,000 Department of Transportation of Maryland Consolidated Transportation Bonds Refunding Series 2022 A (Forward Delivery)]	**[$143,585,000 Department of Transportation of Maryland Consolidated Transportation Bonds Refunding Series 2022 B (Forward Delivery)]**

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Department of Transportation of Maryland (the "Department"), an agency of the State of Maryland (the "State"), of [$52,400,000 Consolidated Transportation Bonds Refunding Series 2022 A (Forward Delivery)] [$143,585,000 Consolidated Transportation Bonds Refunding Series 2022 B (Forward Delivery)] (the "Bonds"). The Bonds are being issued pursuant to the provisions of Sections 3-101 to 3-217, inclusive, of the Transportation Article of the Annotated Code of Maryland (2020 Replacement Volume, as amended and supplemented) (the "Act"), and Section 8-209 of the State Finance and Procurement Article of the Annotated Code of Maryland (2015 Replacement Volume, as amended and supplemented) ("Section 8-209"), a resolution of the Board of Public Works of Maryland adopted on August 11, 2021, and a resolution of the Secretary of Transportation of Maryland, dated as of September 15, 2021 (the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

We have examined such law and the originals or certified copies of such resolutions, documents, records and other proofs as we deemed pertinent. As to questions of fact material to the opinions expressed herein, without undertaking to verify the same by independent investigation, we have relied upon the certified proceedings of the Board of Public Works of Maryland and the Department and other certifications by public officials. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on the foregoing, we are of the opinion under existing law that:

1. The Act and Section 8-209 are valid enactments, and the Department is a validly created and existing agency of the State possessing authority under the Act and Section 8-209 to issue the Bonds.

2. The Resolution has been duly adopted by the Department and is in full force and effect.

3. The Bonds have been duly authorized and validly issued for a valid public purpose in accordance with the Constitution of the State, the Act, Section 8-209 and the Resolution.

4. The Bonds are valid and legally binding obligations of the Department only, payable as to both principal and interest solely from the tax proceeds and other available revenues of the Department specified in the Act. The Bonds are not general obligations of the State, and the faith and credit of the State is not pledged to the payment of the principal of or interest on the Bonds.

5. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes, and interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. The opinion expressed in this paragraph 5 are subject to continuing compliance with certain covenants and the accuracy of certain representations of the Department pertaining to federal tax law in

the Resolution and the Tax and Section 148 Certificate of the Department of even date herewith. The noncompliance with such covenants or the inaccuracy of such representations could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

6. Under existing law of the State, the Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt at all times from every kind and nature of taxation by the State or by any of its political subdivisions, municipal corporations, or public agencies of any kind, except that no opinion is expressed as to such exemption from Maryland franchise taxes or estate or inheritance taxes.

The opinions expressed herein as to the treatment of the interest borne by the Bonds for federal or State tax purposes is based upon statutes, regulations, rulings and court decisions in effect on the date hereof. Except as stated herein, we express no other opinion as to any federal tax consequences of the ownership of, receipt of, interest on, or disposition of the Bonds. We undertake no obligation to update the contents of this opinion on any future date. Each purchaser of the Bonds should consult his or her tax advisor regarding any changes in the status of any pending or proposed legislation.

In rendering our opinion, we advise you that:

(a) The rights of the holders of the Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

(b) We express no opinion herein as to the accuracy, adequacy or completeness of any offering material relating to the Bonds.

(c) Except as set forth above, we express no opinion regarding any other tax consequences relating to the ownership or disposition of the Bonds.

(d) In rendering the opinions herein (excluding the opinion set forth in paragraph 5 for which the Attorney General expresses no opinion), we have relied, with permission, on the legal opinions of the Attorney General.

This opinion is addressed to, and is solely for the benefit of, the Board and may not be relied upon by any other person without our express written consent.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (this "Disclosure Agreement") is executed and delivered by the Department of Transportation of Maryland (the "Department") in connection with the issuance of its $295,000,000 Consolidated Transportation Bonds, Series 2021 A, $139,210,000 Consolidated Transportation Bonds, Refunding Series 2021 B, $52,400,000 Consolidated Transportation Bonds, Refunding Series 2022 A (Forward Delivery) and $143,585,000 Consolidated Transportation Bonds, Refunding Series 2022 B (Forward Delivery) (the "Bonds"). The Bonds are being issued pursuant to the provisions of Sections 3-101 to 3-217, inclusive, of the Transportation Article of the Annotated Code of Maryland (2020 Replacement Volume as amended and supplemented from time to time) (the "Act"), resolutions issued by the Board of Public Works of Maryland (the "Board") on August 11, 2021, and a resolution of the Secretary of Transportation dated as of September 15, 2021. The Department, intending to be legally bound hereby and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement.

This Disclosure Agreement is being executed and delivered by the Department for the benefit of the owners and beneficial owners of the Bonds and in order to assist the Participating Underwriters (as defined herein) in complying with the Rule. The Department's obligations hereunder shall be limited to those required by written undertaking pursuant to the Rule.

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 (defined herein) 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.

"**FINANCIAL OBLIGATION**" shall mean a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"**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 Bonds required to comply with the Rule in connection with offering of the Bonds.

"**RULE**" shall mean Rule 15c2-12(b)(5) adopted by the 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 shall provide to the Continuing Disclosure Service annual audited financial statements for the Department, such information to be made available within 275 days after the end of the fiscal year for the Department, commencing with the fiscal year ending June 30, 2021, 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 Department (commencing with the fiscal year ending June 30, 2021), the Department will provide unaudited financial statements within said time period.

(b) The Department's financial statements referred to in paragraph (a) shall be prepared in accordance with generally accepted accounting principles except as otherwise disclosed in the notes thereto or in the Official Statement for the Bonds. The Department's financial statements referred to in paragraph (a) will contain operating data of the type included in schedules (1) Statement of Revenues, Expenditure and Changes in Fund Balances, (2) Taxes Pledged to Bonds and Net Revenues as Defined for Purposes of the Bond Coverage Test and (3) Gasoline and Motor Vehicle Revenue Account contained in the Department's audited financial statements for the fiscal year ending June 30, 2019. If the Department's future financial statements do not include such operating data, the Department shall separately provide such operating data to the Continuing Disclosure Service, to the extent such information is prepared by, or available to the Department within the applicable time period specified in paragraph (a) above.

(c) If the Department is unable to provide the annual financial statements within the applicable time period specified in paragraph (a) 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 Bonds:

(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 Bonds,

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

(viii) bond calls, if material, and tenders offers,

(ix) defeasances,

(x) release, substitution or sale of property securing repayment of any of the Bonds, 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,

(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 Bond 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 (l0) business days after the occurrence of a Listed Event, notice of such occurrence with the Continuing Disclosure Service.

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 Bonds 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 Bonds 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 Bonds, or in the type of business conducted; (ii) the Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of holders of the Bonds, as determined 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 the 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

[**] 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.

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 solely 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 Director, Office of Finance, Maryland Department of Transportation, 7201 Corporate Center Drive, Hanover, MD 21076, or at such alternate address as may be specified by the Department with disclosures made pursuant to Section 4 hereof or a notice of occurrence of a Listed Event.

Section 12. Duty to Update EMMA/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 and operating data and disclosures of material events listed in 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 of such disclosures.

Section 14. Relationship to Bonds.

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

Section 15. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the owners and beneficial owners from time to time of the Bonds 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 October ___, 2021.

DEPARTMENT OF TRANSPORTATION OF MARYLAND

By:____
Gregory Slater
Secretary of Transportation

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

Book-Entry Only System — General. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Bonds in principal amount equal to the aggregate principal amount of the Bonds of such maturity, and will be deposited with DTC.

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

Book-Entry Only System — Miscellaneous. The information in the Section "Book-Entry Only System — General" has been obtained from DTC. The State takes no responsibility for the accuracy or completeness thereof. The State will have no responsibility or obligations 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 State 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.

Discontinuation of Book-Entry Only System. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered. The State may also decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

In the event that the Book-Entry Only System is discontinued, the Bonds in fully certificated form will be issued as fully registered bonds without coupons in the denomination of $5,000 each or any integral multiple thereof. Such Bonds will be transferable only upon the registration books kept at the principal office of the Bond Registrar, by the registered owner thereof in person, or by an attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer in the form attached thereto and satisfactory to the Bond Registrar, and duly executed by the registered owner or a duly authorized attorney. Within a reasonable time of such surrender, the State shall cause to be issued in the name of the transferee a new registered bond or bonds of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Bond surrendered and maturing on the same date and bearing interest at the same rate. The new bond or bonds shall be delivered to the transferee only after due authentication by an authorized officer of the Bond Registrar. The State may deem and treat the person in whose name a bond is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal or redemption price thereof and interest due thereon and for all other purposes.

In the event that the Book-Entry Only System is discontinued, the Bonds may be transferred or exchanged at the principal office of the Bond Registrar. Upon any such transfer or exchange, the State shall execute and the Bond Registrar shall authenticate and deliver a new registered bond or bonds without coupons of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the bond exchanged or transferred, and maturing on the same date and bearing interest at the same rate. In each case, the Bond Registrar may require payment by any holder of Bonds requesting exchange or transfer of Bonds of any tax, fee or other governmental charge, shipping charges and insurance that may be required to be paid with respect to such exchange or transfer, but otherwise no charge shall be made to the holder of Bonds for such exchange or transfer.

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

APPENDIX F

FORM OF DELAYED DELIVERY CONTRACT

J.P. Morgan Securities LLC, as Representative
September 30, 2021

Re: [$52,400,000 Consolidated Transportation Bonds Refunding Series 2022 A (Forward Delivery)] [$143,585,000 Consolidated Transportation Bonds Refunding Series 2022 B (Forward Delivery)] (the "Bonds")

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby agrees to purchase from the above referenced underwriter (the "Representative"), as representative of itself and the underwriters set forth in the Forward Delivery Bond Purchase Agreement (defined below) (the "Underwriters") when, as, and if issued and delivered to the Underwriters by the Department of Transportation of Maryland (the "Department"), and the Representative agrees to sell to the Purchaser:

Par Amount	Maturity Date	Interest Rate	CUSIP Number	Yield	Price

of the above-referenced Bonds (the "Purchased Bonds") offered by the Department under the Preliminary Official Statement dated September 16, 2021 and the Official Statement relating to the Purchased Bonds dated September 30, 2021 (the "Official Statement"). The Purchased Bonds will be purchased at the purchase price and with the interest rates, principal amounts, and maturity dates shown above, and on the further terms and conditions set forth in this Delayed Delivery Contract. The Purchaser will review the Official Statement when delivered to it by the Representative. The Bonds are being purchased by the Underwriters pursuant to a Forward Delivery Bond Purchase Agreement among the Department and the Underwriters (the "Forward Delivery Bond Purchase Agreement"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Preliminary Official Statement.

The Purchaser hereby confirms that it has reviewed the Preliminary Official Statement (including without limitation the section entitled "FORWARD DELIVERY BOND CONSIDERATIONS" therein) and will review the Official Statement, has considered the risks associated with purchasing the Purchased Bonds and is duly authorized to purchase the Purchased Bonds. The Purchaser further acknowledges and agrees that the Purchased Bonds are being sold on a "forward" basis, and the Purchaser hereby purchases and agrees to accept delivery of such Bonds from the Underwriters on or about [ ], 2022 (the "Settlement Date") as they may be issued and delivered as described in the Preliminary Official Statement.

Payment for the Purchased Bonds shall be made to the Representative or upon its order on the Settlement Date upon delivery to the Purchaser of the Purchased Bonds through the book-entry system of The Depository Trust Company. The Purchaser agrees that in no event shall the Underwriters be responsible or liable for any claim or loss, whether direct or consequential, which the Purchaser may suffer in the event the Department does not for any reason issue and deliver the Purchased Bonds.

Upon the Settlement Date, the obligation of the Purchaser to take delivery of the Purchased Bonds hereunder shall be unconditional. The Purchaser may terminate its obligation to purchase the Purchased Bonds in the event that between the date hereof and the Settlement Date, one of the following events shall have occurred after the later of the Initial Closing Date or the date hereof and the Purchaser has notified the Underwriters in writing as provided herein:

(1) any Change in Law shall have occurred (defined below);

(2) the Updated Official Statement, as the same may be amended or supplemented in accordance with the Forward Delivery Bond Purchase Agreement prior to the Settlement Date, contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(3) Bond Counsel does not deliver an opinion on the Settlement Date substantially in the form and to the effect set forth in Appendix C to the Official Statement and the Updated Official Statement, or

(4) any rating of the Purchased Bonds by a national rating agency then rating the Purchased Bonds has been withdrawn or suspended;

A "Change in Law" means (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies, (ii) any legislation enacted by the Congress of the United States or introduced therein or recommended for passage by the President of the United States (if such enacted, introduced or recommended legislation has a proposed effective date that is on or before the Settlement Date), (iii) any law, rule or regulation proposed or enacted by any governmental body, department or agency (if such proposed or enacted law, rule or regulation has a proposed effective date that is on or before the Settlement Date) or (iv) any judgment, ruling or order issued by any court or administrative body, which in the case of any of (i), (ii), (iii) or (iv) would (A) as to the Underwriters, prohibit (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) the Underwriters from purchasing the Purchased Bonds as provided in the Forward Delivery Bond Purchase Agreement or selling the Purchased Bonds or beneficial ownership interests therein to the public, or (B) as to the Department, make the issuance, sale or delivery of the Purchased Bonds illegal (or have the retroactive effect of making such issuance, sale or delivery illegal, if enacted, adopted, passed or finalized), or prevent the issuance of any of the opinions referenced in the Forward Delivery Bond Purchase Agreement at the Settlement Date; provided, however, that such change in or addition to law, legislation, law, rule or regulation or judgment, ruling or order shall have become effective, been enacted, introduced or recommended, been proposed or enacted or been issued as the case may be, after the date of the Forward Delivery Bond Purchase Agreement.

If the Change of Law involves the enactment of legislation which only diminishes the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes of interest payable on "state or local bonds," the Department may, nonetheless, be able to satisfy the requirements for the delivery of the Purchased Bonds. In such event, the Underwriters would be obligated to purchase the Purchased Bonds from the Department and the Purchaser would be required to accept delivery of the Purchased Bonds from the Underwriters.

The Purchaser acknowledges and agrees that the Purchased Bonds are being sold on a "forward" or "delayed delivery" basis for delivery on the Settlement Date and that the Purchaser is obligated to take up and pay for the Purchased Bonds on the Settlement Date unless the Underwriters terminate the Forward Delivery Bond Purchase Agreement or the Purchaser terminates its obligation to purchase the Purchased Bonds as described herein. To effect a termination by the Purchaser, the Purchaser acknowledges and agrees that it must give written notice of termination of this Delayed Delivery Contract to the Representative before Settlement. The Purchaser understands and agrees that no termination of the obligation of the

Purchaser may occur after Settlement. The Purchaser is not a third party beneficiary under the Forward Delivery Bond Purchase Agreement and has no rights to enforce, or cause the Underwriters to enforce, any of the terms thereof. The Purchaser acknowledges that it will not be able to withdraw its order except as described herein, and will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Bonds on the Settlement Date because of market or credit changes, including specifically, but not limited to (a) changes in the ratings assigned to the Purchased Bonds between Closing and Settlement or changes in the credit associated with the Purchased Bonds generally, and (b) changes in the financial condition, operations, performance, properties or prospects of the Department from Closing to Settlement. The Purchaser acknowledges and agrees that it will remain obligated to purchase the Purchased Bonds in accordance with the terms hereof, even if the Purchaser decides to sell Purchased Bonds following the date hereof, unless the Purchaser sells Purchased Bonds to another institution with the prior written consent of the Representative and such institution provides a written acknowledgment of confirmation of purchase order and a delayed delivery contract in the same respective forms as that executed by the Purchaser.

The Purchaser represents and warrants that, as of the date of this Delayed Delivery Contract, the Purchaser is not prohibited from purchasing the Purchased Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the Purchaser is subject.

This Delayed Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party without the prior written consent of the other.

The Purchaser acknowledges that the Representative is entering into the Forward Delivery Bond Purchase Agreement with the Department to purchase the Purchased Bonds in reliance in part on the performance by the Purchaser of its obligations hereunder.

This Delayed Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument under the laws of the State of New York.

It is understood that the acceptance by the Representative of any Delayed Delivery Contract (including this one) is in the Representative's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Delayed Delivery Contract is acceptable to the Representative, it is requested that the Representative sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Representative and the Purchaser when such counterpart is so mailed or delivered by the Representative. This Delayed Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

This Delayed Delivery Contract shall be construed and administered under the laws of the State of New York.

____
Purchaser

____

Address

____
Telephone

By: ___________________________
Name: ___________________________
Title: ____________________________

Accepted: J.P. Morgan Securities LLC
on behalf of itself and as Representative of the Underwriters

Name: ___________________________
Title: ____________________________