

OFFICIAL NOTICE OF SALE
COUNTY OF SPOTSYLVANIA, VIRGINIA

\$38,000,000*
General Obligation
Public Improvement Bonds,
Series 2018

Electronic bids only will be received by the County of Spotsylvania, Virginia (the "County"), in accordance with this Official Notice of Sale until [11:00 a.m.], Eastern Time, on August [7], 2018 (the "Date of Sale"). Immediately thereafter, the bids will be publicly announced, and the County Administrator or the Director of Finance will act upon the bids by [2:30 p.m.], Eastern Time.

Bid Submission

Solely as an accommodation to bidders, electronic bids via BIDCOMP/PARITY (the "Electronic Bidding System") will be accepted in accordance with this Official Notice of Sale. The County is using BIDCOMP/PARITY as a communication mechanism to conduct the electronic bidding for the sale of its \$38,000,000* General Obligation Public Improvement Bonds, Series 2018 (the "Series 2018 Bonds"), as described herein. To the extent any instructions or directions set forth in BIDCOMP/PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. Each bidder submitting an electronic bid agrees (i) that it is solely responsible for all arrangements with BIDCOMP/PARITY, (ii) that BIDCOMP/PARITY is not acting as the agent of the County, and (iii) that the County is not responsible for ensuring or verifying bidder compliance with any of the procedures of BIDCOMP/PARITY. The County assumes no responsibility for, and each bidder expressly assumes the risks of and responsibility for, any incomplete, inaccurate or untimely bid submitted by such bidder through BIDCOMP/PARITY. Each bidder shall be solely responsible for making necessary arrangements to access the Electronic Bidding System for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale. Neither the County nor the Electronic Bidding System shall have any duty or obligation to provide or assure such access to any bidder, and neither the County nor BIDCOMP/PARITY shall be responsible for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, BIDCOMP/PARITY. For further information about BIDCOMP/PARITY, potential bidders may contact i-Deal at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021.

In the event of a malfunction of the Electronic Bidding System on the morning of the Date of Sale, an attempt will be made to reschedule the bidding of the Series 2018 Bonds for [12:00 noon], on the Date of Sale. Should the Electronic Bidding System malfunction a subsequent time, bidding will either be rescheduled or facsimile transmission bids will be accepted at the discretion of the County in coordination with its financial advisor, PFM Financial Advisors, LLC (the "Financial Advisor"). To the extent possible, the rescheduled bid time will be communicated to the bidders. Each bid must be unconditional.

Change of Date and Time for Receipt of Bids

The County expects to take bids on the Series 2018 Bonds on August [7], 2018. However, the County reserves the right to postpone the date and time established for the receipt of bids. Any such postponement will be announced by TM3 newswire, or any other such service. If the receipt of bids is postponed, any alternative date for receipt of bids will be announced via TM3 newswire, or any other such service. Any bidder must submit a sealed bid for the purchase of the Series 2018 Bonds of one or both series on such alternative sale date in conformity with the provisions of this Official Notice of Sale, except for any changes announced via the TM3 newswire, or any other such service, as described therein.

* Preliminary, subject to change.

Principal Redemption

The Series 2018 Bonds will be dated the date of their issuance (the “Dated Date”), and will mature, or be subject to mandatory sinking fund redemption, on July 15 in years and amounts as follows:

Series 2018 Bonds

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$	2029	\$
2020		2030	
2021		2031	
2022		2032	
2023		2033	
2024		2034	
2025		2035	
2026		2036	
2027		2037	
2028		2038	

**Preliminary; subject to change. The County reserves the right, after bids are opened and prior to award, to increase or reduce the principal amount of the Series 2018 Bonds offered for sale. Any such increase or reduction will be made in multiples of \$5,000 in any of the maturities. Any such increase or decrease in the principal amount of particular maturities of the Series 2018 Bonds will be communicated to the winning bidder no later than [2:30 p.m.], Eastern Time, on the Date of Sale. The dollar amount bid for the principal of the Series 2018 Bonds by the winning bidder will be adjusted as necessary to reflect any increase or decrease in the principal amount of the applicable maturities of the Series 2018 Bonds so adjusted, but the interest rates specified by the winning bidder for each maturity will not be altered. Such adjusted dollar amount bid will not change the amount of the good faith deposit described herein or the winning bidder's compensation per \$1,000 of par amount of the Series 2018 Bonds from that which would have resulted from the bid submitted. The winning bidder may not withdraw its bid as a result of any change made within the foregoing limits.*

Serial Bonds, Term Bonds and Mandatory Sinking Fund Redemptions

Bidders may provide for all of the Series 2018 Bonds of a series to be issued as serial bonds or may designate consecutive annual principal amounts of the Series 2018 Bonds of a series to be combined into not more than two Term Bonds. In the event that a bidder chooses to specify a Term Bond, each such Term Bond shall be subject to mandatory sinking fund redemption commencing on January 15 of the first year which has been combined to form such Term Bond and continuing on January 15 in each year thereafter until the stated maturity of such Term Bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth in the amortization schedule above. Series 2018 Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from among the Series 2018 Bonds of the maturity being redeemed.

Book-Entry-Only System

The Series 2018 Bonds will be issued by means of a book-entry system with no distribution of physical Bond certificates made to the public. One Bond certificate for each maturity of the Series 2018 Bonds will be issued to The Depository Trust Company, New York, New York (“DTC”), or its nominee, and immobilized in its custody. The book-entry system will evidence beneficial ownership of the Series 2018 Bonds in principal amounts of \$5,000 or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Bond certificates registered in the name of Cede & Co. will be deposited with DTC. Interest on the Series 2018 Bonds will be payable from their date semiannually on each July 15 and January 15, beginning January 15, 2018, and principal of the Series 2018 Bonds will be paid annually as set forth above to DTC or its nominee as registered owner of the Series 2018 Bonds. Transfer of principal, premium and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The County will not be responsible or

liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2018 Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be prepared, executed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that case, either a successor depository will be selected by the County or Bond certificates will be prepared, executed and delivered.

Optional Redemption

The Series 2018 Bonds will be subject to redemption beginning January 15, 20__, in whole or in part (in any multiple of \$5,000) at any time, at the option of the County, upon payment of 100% of the principal amount of the Series 2018 Bonds to be redeemed plus interest accrued to the date fixed for redemption.

If less than all of the Series 2018 Bonds are called for redemption, the Series 2018 Bonds to be redeemed shall be selected by the County's chief financial officer in such manner as is determined to be in the best interests of the County. If less than all of the Series 2018 Bonds of a particular maturity are called for redemption, DTC or any successor securities depository will select the Series 2018 Bonds to be redeemed pursuant to its rules and procedures or, if the book-entry system is discontinued, the Series 2018 Bonds to be redeemed will be selected by U.S. Bank National Association, Richmond, Virginia, as paying agent and registrar (the "Registrar") by lot in such manner as the Registrar in its discretion may determine. In either case, each portion of the \$5,000 principal amount is counted as one Bond for such purpose. Notice of redemption will be given by the County by facsimile or electronic transmission, registered or certified mail or overnight express delivery to the registered owner of the Series 2018 Bonds. Such notice will be given not less than 30 nor more than 60 days prior to the date fixed for redemption. The County will not be responsible for giving notice of redemption to anyone other than DTC or its nominee unless no qualified securities depository is the registered owner of the Series 2018 Bonds. If no qualified securities depository is the registered owner of the Series 2018 Bonds, notice of redemption shall be mailed to the registered owners of the Series 2018 Bonds. If a portion of a Bond is called for redemption, a new Bond in principal amount equal to the unredeemed portion shall be issued to the registered owner upon the surrender thereof.

The County may give or cause to be given notice of redemption prior to a deposit of redemption moneys if such notice states that the redemption is to be funded with the proceeds of a refunding bond issue and is conditioned on the deposit of such proceeds. Provided that moneys are deposited on or before the redemption date, such notice shall be effective when given. If such proceeds are not available on the redemption date, the Series 2018 Bonds will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption and principal will continue to be payable as scheduled. On presentation and surrender of the Series 2018 Bonds called for redemption at the place or places of payment, such Series 2018 Bonds shall be paid and redeemed.

The Issue; Authorizing Resolution; Security

The issuance of the Bonds is authorized by a resolution adopted by the Board on July 8, 2014, and was approved by the qualified votes of the County at an election held on November 4, 2014 (the "2014 Referendum"), of which \$141,724,876 was authorized for the financing of school projects, \$36,388,641 was authorized for public safety projects, and \$63,308,950 was authorized for transportation projects.

\$95,451,960 in principal amount of the bonds authorized under the 2014 Referendum for public school projects remains authorized and unissued on the date hereof.

\$27,238,641 in principal amount of bonds authorized under the 2014 Referendum for public safety projects remains authorized and unissued on the date hereof.

\$62,373,950 in principal amount of the bonds authorized for transportation projects remains authorized and unissued on the date hereof.

The Series 2018 Bonds are being issued pursuant to the 2014 Referendum, the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991 (the "Act"), and a bond resolution adopted by the County Board of Supervisors on June 28, 2018 (the "Bond Resolution").

The proceeds of the Series 2018 Bonds will be used to finance or reimburse the County for costs associated with public safety projects and public school projects in the County, and to pay costs of issuance of the Series 2018 Bonds.

The Series 2018 Bonds will be general obligations of the County, secured by an irrevocable pledge of its full faith and credit. The County Board of Supervisors is authorized and required, unless other funds are lawfully available and appropriated, for timely payment of the Series 2018 Bonds, to levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, upon all locally taxable property in the County sufficient to pay principal of and premium, if any, and interest on the Series 2018 Bonds as the same respectively become due and payable, all as more fully described in the County's Preliminary Official Statement dated July ___, 2018 (the "Preliminary Official Statement").

Bidding Rules; Award of Bonds

BIDDERS MAY BID ONLY TO PURCHASE ALL OF THE SERIES 2018 BONDS. Bidders may bid on the Series 2018 Bonds. Bidders are invited to name the rate or rates of interest per annum that the Series 2018 Bonds of a series are to bear in multiples of one-twentieth (1/20) or one-eighth (1/8) of one percent. All Series 2018 Bonds of a series maturing on the same date must bear interest at the same rate. Any number of rates may be named provided that for the Series 2018 Bonds, (a) the highest rate of interest may not exceed the lowest rate of interest by more than 3 percentage points and (b) the highest rate of interest stated for any maturity may not exceed 5.00% per year. Bids for the Series 2018 Bonds must be for not less than 100% or more than 120% of the aggregate principal amount of the Series 2018 Bonds.

The County reserves the right to reject any or all bids (regardless of the interest rate bid), to reject any bid not complying with this Official Notice of Sale and, so far as permitted by law, to waive any irregularity or informality with respect to any bid for the bidding process.

As promptly as reasonably possible after the bids are received, the County will notify each bidder to whom the Series 2018 Bonds will be awarded, if and when such awards are made. Such bidder or bidders, upon such notice, shall advise the County of the initial reoffering prices or yields to the public of each maturity of the Series 2018 Bonds, as applicable. The winning bid will remain firm for a period of no less than four hours after the time specified for the opening of bids. An award of the Series 2018 Bonds of a series, if made, will be made by the County Administrator or the Director of Finance within such four-hour period or, with the express consent of the winning bidder, such longer time period as deemed necessary.

Unless all bids are rejected, the Series 2018 Bonds will be awarded to the bidder complying with the terms of this Official Notice of Sale and submitting a bid which provides the lowest "true" or "Canadian" interest cost to the County. True interest cost shall be determined for each bid by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments to the Dated Date and to the price bid. If more than one bid offers the same lowest true interest cost, the successful bid will be selected by the County Administrator or the Director of Finance by lot.

Bids for the Series 2018 Bonds shall not be conditioned upon obtaining insurance or any other credit enhancement. If a bidder proposes to obtain a policy of municipal bond insurance or any other credit enhancement, any such purchase of insurance or commitment therefor shall be at the sole option and expense of the bidder and the bidder must pay any increased costs of issuance of the Series 2018 Bonds as a result of such insurance or

commitment. Any failure by the bidder to obtain such a policy of insurance shall not in any way relieve such bidder of its contractual obligations arising from the acceptance of its bid for the purchase of the Series 2018 Bonds.

Good Faith Deposit

The successful bidder or bidders, as indicated on BiDCOMP/PARITY, shall submit a good faith deposit in the amount of \$ _____ for the Series 2018 Bonds (individually or collectively, the “good faith deposit”) to the County as provided below. The good faith deposit will secure the County against any loss resulting from the failure of a successful bidder to comply with the terms of its bid. The successful bidder or bidders shall transfer the good faith deposit by wire transfer directly to the County upon notification of the preliminary award of the Series 2018 Bonds of the applicable series, as indicated on BiDCOMP/PARITY (the “Preliminary Award”), but in any case, not later than [2:00 p.m.], Eastern Time, on the date of the Preliminary Award.

Wire instructions for the transfer of such good faith deposit will be provided by the Financial Advisor.

The successful bidder or bidders shall provide the County's Financial Advisor, as quickly as it is available, evidence of the completion of such wire transfer by providing to the Financial Advisor the federal funds reference number. The formal award of the Series 2018 Bonds shall not be made until the Financial Advisor has confirmation of receipt of the good faith deposit, and if the successful bidder fails to so deliver the good faith deposit by the time designated above, the County will have the option to withdraw the Preliminary Award and the successful bidder shall be responsible to the County for all consequential damages arising from such withdrawal.

At the time of the delivery of the Series 2018 Bonds, the good faith deposit will be credited toward the purchase price for such Series 2018 Bonds, or will be retained by the County as liquidated damages upon the failure of the successful bidder to accept delivery of and pay for such Series 2018 Bonds in full for any reason whatsoever. No interest will be credited on the good faith deposit to the successful bidder. Notwithstanding the foregoing, should a successful bidder fail to accept delivery of and pay for such Series 2018 Bonds at the price and on the date agreed upon, the County retains the right to seek further compensation for damages sustained as a result of such failure.

Delivery of the Bonds

The Series 2018 Bonds will be delivered at the expense of the County in New York, New York, through the facilities of DTC on or about August [21], 2018.

Concurrently with the delivery of the Series 2018 Bonds, the County will furnish to the successful bidder (1) a certificate dated the date of delivery of such Series 2018 Bonds, signed by the appropriate County officials and stating that no litigation of any kind is then pending or, to the best of their information, knowledge and belief, threatened against the County to restrain or enjoin the issuance or delivery of such Series 2018 Bonds or the levy or collection of ad valorem taxes, over and above all other taxes authorized and without limitation as to rate or amount on all locally taxable property within the County sufficient to pay when due principal of or interest on such Series 2018 Bonds or in any manner questioning the proceedings and authority under which such Series 2018 Bonds are issued, and (2) a certificate dated the date of delivery of such Series 2018 Bonds, stating that the descriptions and statements in the Official Statement (except in the sections entitled “Book-Entry System,” “Litigation” and “Tax Matters” and the information as to yields and CUSIP numbers on the inside cover page) on the date of the Official Statement and on the date of delivery of such Series 2018 Bonds were and are true and correct in all material respects, did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such descriptions and statements, in light of the circumstances under which they were made, not misleading. Such certificate will also state however, that such County officials did not independently verify the information indicated in the Official Statement as having been obtained or derived from sources other than the County and its officers but that they have no reason to believe that such information is not accurate.

The County Attorney will also furnish to the successful bidder concurrently with the delivery of such Series 2018 Bonds a certificate dated the date of delivery of such Series 2018 Bonds, stating that the statements in the

section entitled "Litigation" on the date of the Official Statement and on the date of delivery of the Series 2018 Bonds were and are true and correct in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such statements, in light of the circumstances under which they were made, not misleading.

Certificate of Winning Bidder

The successful bidder of each series must, by facsimile transmission or overnight delivery received by the County within 24 hours after receipt of bids for the applicable series of the Series 2018 Bonds, furnish the following information to complete the Official Statement in final form, as described below:

- A. The offering prices for such Series 2018 Bonds (expressed as the price or yield per maturity).
- B. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all such Series 2018 Bonds are sold at the prices or yields described in Subpart A above).
- C. The identity of the underwriters if the successful bidder is a part of a group or syndicate.
- D. Any other material information necessary to complete the Official Statement in final form but not known to the County.

Prior to delivery of such Series 2018 Bonds, the successful bidder shall furnish to the County a certificate, in form acceptable to the County's bond counsel, to the effect that the successful bidder has made a bona fide public offering of all of such Series 2018 Bonds at the initial public offering prices set forth in such certificate and that the successful bidder has complied with Rule G-37 of the Municipal Securities Rulemaking Board (the "MSRB") with respect to the County. Such certificate shall be consistent and compliant with the final regulations related to the determination of the issue price of tax-advantaged bonds promulgated by the Department of Treasury and the Internal Revenue Service.

CUSIP Numbers

It shall be the obligation of the successful bidder to furnish to DTC an underwriter questionnaire and to the County the CUSIP numbers for the applicable series of the Series 2018 Bonds within two business days following the date of award. It is anticipated that CUSIP identification numbers will be printed on such Series 2018 Bonds, but neither the failure to print such numbers on any such Series 2018 Bond nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder thereof to accept delivery of and pay for such Series 2018 Bonds in accordance with the terms of its bid. All expenses in connection with the assignment of CUSIP numbers shall be paid by the successful bidder.

Official Statement

The County will furnish to each successful bidder, at the expense of the County, up to 200 copies of the final Official Statement within seven business days from the date of the award of the Series 2018 Bonds of each series, as specified in Rule 15c2-12, as amended (the "Rule"), of the Securities and Exchange Commission (the "SEC") and the rules of the MSRB; provided that minor delays in furnishing such final Official Statements will not be a basis for failure to pay for and accept delivery of the Series 2018 Bonds of each series. Additional copies will be made available at the successful bidder's request and expense. The County assumes no responsibility or obligation for the distribution or delivery of the Official Statement to anyone other than the successful bidder.

The successful bidder, by executing a bid, agrees to file a copy of the Official Statement with the MSRB's Electronic Municipal Market Access System upon receipt of the Official Statement from the County and to otherwise comply with MSRB rules relative to disclosure documents for primary offerings, including, without limitation, MSRB Rule G-32. The successful bidder shall notify the County as soon as practicable of (1) the date

which is the end of the underwriting period (such “underwriting period” is described in the Rule) and (2) the date of filing of the Official Statement with the MSRB or its designee.

If the Series 2018 Bonds are awarded to a syndicate, the County will designate the senior managing underwriter of the syndicate as its agent for purposes of distributing copies of the Official Statement to each participating underwriter. Any underwriter executing and delivering a bid with respect to such Series 2018 Bonds agrees thereby that if its bid is accepted it shall accept such designation and shall enter into a contractual relationship with all participating underwriters for the purposes of assuring the receipt and distribution by each such participating underwriter of the Official Statement, unless another firm is so designated by the syndicate in writing and approved by the County.

Legal Opinion

The approving opinion of Haneberg Hurlbert PLC (“Bond Counsel”), will be furnished to each successful bidder at the expense of the County. The opinion will state that the Series 2018 Bonds of each series constitute valid and binding obligations of the County for the payment of which the County's full faith and credit are irrevocably pledged and that the County is authorized and required by law, unless funds are lawfully available and appropriated for timely payment of the Series 2018 Bonds, to levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the County sufficient to pay when due the principal of and interest on the Series 2018 Bonds.

Tax Matters

The opinion of Bond Counsel with respect to the Series 2018 Bonds will state, subject to certain conditions and assumptions, that interest on the Series 2018 Bonds (1) is not included in gross income for Federal income tax purposes, and (2) is not an item of tax preference for purposes of the Federal alternative minimum income tax imposed on individuals and corporations; however, with respect to corporations subject to the alternative minimum tax, such interest is taken into account in determining adjusted current earnings for purposes of computing such tax.

The opinion of Bond Counsel will also state that interest on the Series 2018 Bonds is exempt from income taxation by the Commonwealth of Virginia.

Federal and State Securities Laws

No action has been taken to qualify the Series 2018 Bonds under the federal securities laws.

Continuing Disclosure

The County will agree, pursuant to a Continuing Disclosure Agreement, to provide certain annual financial information and operating data and notices of the occurrence of certain events, if material. A description of these undertakings is set forth in the Preliminary Official Statement for the Series 2018 Bonds and will also be set forth in the final Official Statement for the Series 2018 Bonds (see Appendix D in the Preliminary Official Statement).

Additional Information

For further information relating to the Series 2018 Bonds and the County, reference is made to the County's Preliminary Official Statement. The County has deemed the Preliminary Official Statement to be final as of its date within the meaning of the Rule, except for the omission of certain pricing and other information permitted to be omitted pursuant to the Rule. The Preliminary Official Statement may be obtained from the County's Financial Advisor, PFM Financial Advisors, LLC (telephone: 703-741-0175).

**BOARD OF SUPERVISORS,
COUNTY OF SPOTSYLVANIA, VIRGINIA**

/s/ Mark B. Taylor
By: Mark B. Taylor, County Administrator

Dated: July __, 2018