

## OFFICIAL NOTICE OF SALE

### COUNTY OF SPOTSYLVANIA, VIRGINIA

\$ \_\_\_\_\_ \*

**WATER AND SEWER SYSTEM  
REVENUE AND REFUNDING BONDS  
SERIES 2019[A][B (TAXABLE)]**

Electronic bids only will be received by the County of Spotsylvania (Virginia) (the “County”), in accordance with this Official Notice of Sale until 10:45 a.m., Eastern Time, on November \_\_, 2019 (the “Date of Sale”). Immediately thereafter, the bids will be publicly announced, and the County Administrator or an authorized senior finance officer of the County (the “Finance Officer”) will select the winning bid and notify the winning bidder via the Electronic Bidding System (as hereinafter defined) by 11:59 a.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 \$ \_\_\_\_\_ \* Water and Sewer Revenue and Refunding Bonds, Series 2019[A][B (Taxable)] (the “Series 2019 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 or 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 call (212) 404-8102.

In the event of a malfunction of the Electronic Bidding System on the on the morning of the Date of Sale, bidding will be rescheduled 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 2019 Bonds on November \_\_, 2019. 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 2019 Bonds 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.

#### **Principal Redemption**

The Series 2019 Bonds will be dated the date of their issuance (the “Dated Date”), and will mature, or be subject to mandatory sinking fund redemption, on December 1 in years and amounts as follows:

**Series 2019[A][B (Taxable)] Bonds**

<u>Year (December 1)</u>	<u>Amount*</u>	<u>Year (December 1)</u>	<u>Amount*</u>
2020	\$	2030	\$
2021		2031	
2022		2032	
2023		2033	
2024		2034	
2025		2035	
2026		2036	
2027		2037	
2028		2038	
2029		2039	

*\*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 2019 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 2019 Bonds will be communicated to the winning bidder no later than 11:59 a.m., Eastern Time, on the Date of Sale. The dollar amount bid for the principal of the Series 2019 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 2019 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 2019 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 in the bid form for all of the Series 2019 Bonds to be issued as serial bonds or may designate consecutive annual principal amounts of the Series 2019 Bonds maturing on or after December 1, 2036 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 December 1 of the first year which has been combined to form such Term Bond and continuing on December 1 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 2019 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 2019 Bonds of the maturity being redeemed.

***[Remainder of Page Intentionally Left Blank – Bid Parameters Table Follows]***

### BID PARAMETERS TABLE FOR THE SERIES 2019 BONDS\*

INTEREST		PROCEDURAL	
Dated Date:	Date of Delivery	Sale Date and Time:	Bids due November __, 2019, at 10:45 A.M. Local Time
Anticipated Delivery/Closing Date:	November __, 2019	Bid Submission:	Electronic bids through BiDCOMP/PARITY Only
Interest Payments Dates:	June 1 and December 1	All or None?	Yes
First Interest Payment Date:	June 1, 2020	Bid Award Method:	Lowest TIC
Coupon Multiples:	1/8 or 1/20 of 1%	Good Faith Deposit:	1% of the Bid Maturity Schedule, as more fully described on page 6, under "Good Faith Deposit"
Zero Coupons:	Not Permitted		
Split Coupons:	Not Permitted		
PRINCIPAL		PRICING	
Optional Redemption:	Due on and after December 1, 2030, callable on December 1, 2029, and thereafter at par	Max. Aggregate Bid Price:	121%
Post-bid Principal Increases in Aggregate:	10%	Min. Aggregate Bid Price:	108%
Post-bid Principal Reductions in Aggregate:	10%	Max. Price per Maturity:	No Limit
Term Bonds:	Any two or more consecutive maturities on or after December 1, 2036**, may be designated as Term Bonds	Min. Price per Maturity:	No Limit
		High Coupon per Maturity:	Not to exceed 5%
		Low Coupon per Maturity:	12/1/2020 – 12/1/2029: No Limit 12/1/2030 – 12/1/2039: 4%

\*Subject to the detailed provisions of this Notice of Sale.

\*\*Preliminary, subject to change.

### Book-Entry-Only System

The Series 2019 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 2019 Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), or its nominee, and immobilized in its custody (or in the custody of a "FAST" agent of DTC). The book-entry system will evidence beneficial ownership of the Series 2019 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 2019 Bonds will be payable from their date semiannually on each June 1 and December 1, beginning [June 1, 2020], and principal of the Series 2019 Bonds will be paid annually as set forth above to DTC or its nominee as registered owner of the Series 2019 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 2019 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 2019 Bonds will be subject to redemption beginning December 1, 2029, in whole or in part (in any multiple of \$5,000) at any time, at the option and at the direction of the County, upon payment of 100% of the principal amount of the Series 2019 Bonds to be redeemed plus interest accrued to the date fixed for redemption.

If less than all of the Series 2019 Bonds are called for redemption, the Series 2019 Bonds to be redeemed shall be selected by the County's Finance Officer in such manner as is determined to be in the best interests of the County. If less than all of the Series 2019 Bonds of a particular maturity are called for redemption, DTC or any successor securities depository will select the Series 2019 Bonds to be redeemed pursuant to its rules and procedures or, if the book-entry system is discontinued, the Series 2019 Bonds to be redeemed will be selected by the Trustee (as hereinafter defined) by lot in such manner as the Trustee 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 2019 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 2019 Bonds. If no qualified securities depository is the registered owner of the Series 2019 Bonds, notice of redemption shall be mailed to the registered owners of the Series 2019 Bonds by the Trustee. 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 2019 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 2019 Bonds called for redemption at the place or places of payment, such Series 2019 Bonds shall be paid and redeemed.

### **The Issue; Authorizing Resolution; Security**

The issuance of the Series 2019 Bonds is authorized by a resolution adopted by the Board on September 10, 2019 (the "Bond Resolution").

The Series 2019 Bonds will be limited obligations of the County payable solely from Net Revenues derived from the System, and other funds pledged for their payment under the terms of an Agreement of Trust dated as of July 1, 1997, between the County and U.S. Bank National Association (successor to SunTrust Bank), Richmond, Virginia, as trustee (the "Trustee"), as previously supplemented and amended (the "Master Agreement of Trust"), and as further supplemented by a Ninth Supplemental Agreement of Trust dated as of November 1, 2019 (the "Ninth Supplemental Agreement" and with the Master Agreement of Trust, the "Agreement of Trust"). The pledge of Net Revenues securing the Series 2019 Bonds will be on a parity with the pledge of Net Revenues securing [(i) Water and Sewer System Revenue Bonds, consisting of Series 2010A (Tax-Exempt Revenue and Refunding Bonds) and Series 2010B (Taxable Direct Build America Bonds) (the "Series 2010 Bonds") in the aggregate outstanding principal amount of \$45,970,000, and (ii) Water and Sewer System Revenue Refunding Bonds, Series 2015 (the "Series 2015 Bonds") in the outstanding principal amount of \$45,865,000].

[The Series 2010 Bonds, the Series 2015 Bonds and] the Series 2019 Bonds and any Additional Bonds that may be issued from time to time are herein referred to as the “Bonds.”

**Neither the faith and credit of the Commonwealth of Virginia nor the faith and credit of any county, city, town or other subdivision of the Commonwealth of Virginia, including the County, are pledged to the payment of principal of or premium, if any, or interest on the Bonds.**

In the Agreement of Trust, the County has covenanted to fix, charge, collect and revise its rates, fees and other charges for the use of and for the services furnished by the System in each Fiscal Year so as to produce revenues sufficient to pay the cost of operation and maintenance of the System, the cost of necessary replacements and improvements to the System and debt service on the Bonds and on any other indebtedness of the County secured by such revenues, and to provide certain reserves for such indebtedness. A more complete description of the security for the Bonds, including the Series 2019 Bonds, is provided in the County’s Preliminary Official Statement dated November \_\_, 2019 (the “Preliminary Official Statement”).

#### **Use of Bond Proceeds**

As described in more detail in the Preliminary Official Statement, the Series 2019 Bonds are being issued for the purposes of (a) financing a program of capital improvements to the County’s water and sewer system (b) refunding in advance of its stated maturity date the outstanding principal amount of the County’s Water and Sewer Revenue Refunding Bond, Series 2013\* (the “Refunded Bond”), and (c) paying certain costs associated with the issuance of the Series 2019 Bonds. A more complete description of the Refunded Bond and the use of the proceeds of the Series 2019 Bonds is provided in the Preliminary Official Statement.

#### **Bidding Rules; Award of Bonds**

BIDDERS MAY BID ONLY TO PURCHASE ALL OF THE SERIES 2019 BONDS. Bidders are invited to name the rate or rates of interest per annum that the Series 2019 Bonds are to bear in multiples of one-twentieth (1/20) or one-eighth (1/8) of one percent. All Series 2019 Bonds maturing on the same date must bear interest at the same rate. Revocable bids are not permitted. By submitting a bid for the Bonds, each underwriter certifies it has an established industry reputation for underwriting new issuances of municipal bonds. The County will not accept bids from firms without an established industry reputation for underwriting new issuances of municipal 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 or the bidding process.**

As promptly as reasonably possible after the bids are received, the County will notify each bidder to whom the Series 2019 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 2019 Bonds, as applicable. Bids will remain firm until 5:00 P.M. Eastern Time, on the date of receipt of bids. An award of the Series 2019 Bonds, if made, will be made by the County Administrator or the Finance Officer within such six and one-quarter hour period (10:45 A.M. – 5:00 P.M.) or, with the express consent of the winning bidder, such longer time period as deemed necessary. The County shall not be responsible for any mistake made by a bidder in submitting a bid to purchase the Series 2019 Bonds, including without limitation any mistake in the pricing information included in the bid, or any malfunction or mistake resulting from the use of the facilities of BIDCOMP/PARITY; the submission of such bid and the use of such facilities being the sole risk of the bidder.

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\*Preliminary, subject to change.

Unless all bids are rejected, the Series 2019 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 Finance Officer by lot.

### **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 2019 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 the 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 2019 Bonds, as indicated on BiDCOMP/PARITY (the “Preliminary Award”), but in any case, not later than 1:30 p.m., prevailing 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 2019 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 2019 Bonds, the good faith deposit will be credited toward the purchase price for such Series 2019 Bonds, or will be retained by the County as liquidated damages, or at the County’s further option, as partial payment of actual damages or as security for any other remedy available to the County upon the failure of the successful bidder to accept delivery of and pay for such Series 2019 Bonds in full for any reason whatsoever. No interest will be credited on the good faith deposit to the successful bidder. Should a successful bidder fail to accept delivery of and pay for such Series 2019 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 2019 Bonds will be delivered at the expense of the County in New York, New York, through the facilities of DTC on or about November \_\_, 2019.

Concurrently with the delivery of the Series 2019 Bonds, the County will furnish to the successful bidder (1) a certificate dated the date of delivery of such Series 2019 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 2019 Bonds or in any manner questioning the proceedings and authority under which the Series 2019 Bonds are issued, and (2) a certificate dated the date of delivery of such Series 2019 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 2019 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.

### **Certificate of Winning Bidder**

The successful bidder must, by electronic transmission or overnight delivery received by the County within 24 hours after receipt of bids for the Series 2019 Bonds, furnish the following information to complete the Official Statement in final form, as described below:

- A. The offering prices for such Series 2019 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 2019 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.

### **Establishment of Issue Price and Certificate of Successful Bidder; Hold-the-Offering-Price Rule to Apply if Competitive Sale Requirements are Not Satisfied**

The successful bidder will be required to provide to the County within one-half ( $\frac{1}{2}$ ) hour after the verbal award of the Series 2019 Bonds the initial offering price/yields of the Series 2019 Bonds to the public (as defined hereinbelow)(the “Initial Offering Prices”).

The successful bidder shall assist the County in establishing the issue price of the Series 2019 Bonds and shall execute and deliver to the County at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Series 2019 Bonds, together with the supporting pricing wires or equivalent communications, and otherwise in form and substance 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, in the reasonable judgment of the successful bidder, the County and bond counsel to the County.

The County intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Series 2019 Bonds) will apply to the initial sale of the Series 2019 Bonds (the “competitive sale requirements”) because: (1) the County shall disseminate this Official Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters; (2) all bidders shall have an equal opportunity to bid; (3) the County may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and (4) the County anticipates awarding the sale of the Series 2019 Bonds to the bidder who submits a firm offer to purchase the Series 2019 Bonds at the highest price (or lowest interest cost), as set forth in this Official Notice of Sale.

Bids will not be subject to cancellation in the event that the competitive sale requirements described above are not satisfied. In the event that the competitive sale requirements described above are not satisfied, the County shall so advise the successful bidder. In such event, the County intends to treat the Initial Public Offering Price of each maturity of the Series 2019 Bonds as the issue price of that maturity (the “hold-the-offering-price rule”). Consequently, each bidder should assume for purposes of making its bid that for each maturity of the Series 2019 Bonds, the County will treat the Initial Public Offering Prices as of the sale date of the Series 2019 Bonds as the issue price of such Series 2019 Bonds. The County will advise the apparent winning bidder within one hour of receipt of bids if the hold-the-offering-price rule will apply. Attached hereto as Exhibit A is a form of the issue price certificate to be provided by the successful bidder to the County prior to the date on which the Series 2019 Bonds are issued (the “Closing Date”) if the competitive sale requirements are not satisfied and the hold-the-offering-price rule is applied. Exhibit A is provided in form only and may be modified as may be appropriate or necessary in the reasonable judgment of the successful bidder, the County or Bond Counsel.

By submitting a bid, the successful bidder shall, on behalf of the underwriters participating in the purchase of the Series 2019 Bonds, (i) confirm that the underwriters have offered or will offer each maturity of the Series 2019 Bonds to the public on or before the sale date at the Initial Public Offering Prices set forth in the bid submitted by the winning bidder, and (ii) agree, on behalf of the underwriters participating in the purchase of the Series 2019 Bonds, that the underwriters will neither offer nor sell any maturity of the Series 2019 Bonds to any person at a price that is higher than the Initial Public Offering Price for such maturity during the period starting on the sale date and ending on the earlier of (1) the close of the fifth (5<sup>th</sup>) business day after the sale date, and (2) the date on which the underwriters have sold at least 10% of that maturity of the Series 2019 Bonds to the public at a price that is no higher than the Initial Public Offering Price for such maturity. The winning bidder shall promptly advise the County when the underwriters have sold 10% of that maturity of the Series 2019 Bonds to the public at a price that is no higher than the Initial Public Offering Price if that occurs prior to the fifth (5<sup>th</sup>) business day after the sale date.

The County acknowledges that, in making the representation set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2019 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Series 2019 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The County further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Series 2019 Bonds.

By submitting a bid, each bidder further confirms that: (i) any agreement among underwriters, any selling group agreement and any third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Series 2019 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to any such third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Series 2019 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until it is notified by the successful bidder that either all Series 2019 Bonds of that maturity allocated to it have been sold to the public, or the 10% test has been satisfied as to the Series 2019 Bonds of that maturity; provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the successful bidder, and (B) comply with the hold-the-offering-price rule, if and for so long as directed by the successful bidder and in the related pricing wires; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Series 2019 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2019 Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2019 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until it is notified by the successful bidder that either all Series 2019 Bonds of that maturity allocated to it have been sold to the public, or the 10% test has been satisfied as to the Series 2019 Bonds of that maturity, and (B) comply with the hold-the-offering-price rule, if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires; provided that the reporting obligation after the Closing Date may be at reasonable intervals or otherwise upon request of the successful bidder or such underwriter.

Sales of any Series 2019 Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2019 Bonds to the public shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale: (i) "public" means any person other than an underwriter or a related party, (ii) "underwriter" means (A) the successful bidder, (B) any person that agrees pursuant to a written contract with the successful bidder to form an underwriting syndicate to participate in the initial sale of the Series 2019 Bonds to the public and (C) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (B) to participate in the initial sale of the Series 2019 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in



the initial sale of the Series 2019 Bonds to the public), (iii) “related party” means any entity if an underwriter and such entity are subject, directly or indirectly, to (I) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (II) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another) or (III) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and (iv) “sale date” means the date that the Series 2019 Bonds are awarded by the County to the successful bidder.

### **CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on the Series 2019 Bonds, but neither the failure to print such numbers on any Series 2019 Bond nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder for the Series 2019 Bonds to accept delivery and pay for the Series 2019 Bonds in accordance with the terms of its proposal. No CUSIP identification number shall constitute or be deemed to constitute a part of any Series 2019 Bond or a part of the contract evidenced thereby and no liability shall attach to the County or any officer or agent thereof (including the Trustee) because of or on account of any such number or any use made thereof (including any use thereof made by the County or any such officer or agent) or by reason of any inaccuracy, error or omission with respect thereto or in such use. The County will request CUSIP numbers prior to the sale date for the Series 2019 Bonds. The County’s Financial Advisor will be responsible for obtaining the CUSIP numbers for the Series 2019 Bonds. The successful bidder will be obligated to pay the fee of the CUSIP Service Bureau for assigning the CUSIP numbers to the Series 2019 Bonds.

### **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 2019 Bonds, 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 2019 Bonds. 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 2019 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 form with respect to such Series 2019 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”) with respect to the Series 2019 Bonds will be furnished to each successful bidder at the expense of the County. The opinion will state that the Series 2019 Bonds constitute valid and binding limited obligations of the County payable as to both principal and interest solely from certain net revenues of the System and other moneys pledged by the Agreement of Trust to secure repayment

of the Series 2019 Bonds. The Series 2019 Bonds do not create or constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any political subdivisions thereof, including the County.

The opinion will also state that (a) the County is required to fix, revise, charge and collect rates, fees and other charges for the use of and the services furnished by the System, so that such rates, fees, charges and other revenues of the System will be sufficient at all times to pay the cost of operating, maintaining and repairing the System, the cost of replacements and improvements to the System and the principal of and interest on the Bonds, including the Series 2019 Bonds, and all other indebtedness that may be payable from revenues of the System, as the same become due, and to provide certain reserves therefor, all as provided in the Agreement of Trust, (b) the Agreement of Trust has been duly authorized, executed and delivered by the County, constitutes a valid and binding agreement of the County, pledges to the Trustee as security for payment of the principal of and interest on the Series 2019 Bonds certain net revenues derived from the ownership or operation of the System, moneys in certain funds created by the Agreement of Trust, income from investments and proceeds of insurance, and is enforceable against the County in accordance with its terms, and (c) the Ninth Supplemental Agreement is authorized and permitted by the Agreement of Trust and complies with its terms, has been duly authorized, executed and delivered by the County, constitutes a valid and binding agreement of the County, and is enforceable against the County in accordance with its terms.

The opinion will further state that the rights of holders of the Series 2019 Bonds and the enforceability of such rights, including the enforcement by the Trustee of the obligations of the County under the Agreement of Trust, may be limited or otherwise affected by: bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws affecting the rights of creditors generally, principles of equity, whether considered at law or in equity; and public policy or applicable securities laws.

#### **Tax Matters**

The opinion of Bond Counsel with respect to the Series 2019 Bonds that are tax-exempt bonds will state, subject to certain conditions and assumptions, that interest on the Series 2019 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. The opinion of Bond Counsel will also state that interest on the Series 2019 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 2019 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 2019 Bonds and will also be set forth in the final Official Statement for the Series 2019 Bonds (see Appendix D in the Preliminary Official Statement).

#### **Additional Information**

For further information relating to the Series 2019 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 Official Bid Form and 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/ Edward Petrovitch  
Edward Petrovitch, County Administrator

Dated: November \_\_, 2019

## EXHIBIT A

County of Spotsylvania, Virginia  
\$ \_\_\_\_\_  
Water and Sewer System  
Revenue and Refunding Bonds,  
Series 2019

**ISSUE PRICE CERTIFICATE**  
**(if Hold-the-Offering-Price Rule applies)**

The undersigned, on behalf of \_\_\_\_\_, as underwriter (the “Underwriter”) with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) hereby certifies as set forth below based upon the information available to it:

**1. Purchase Price of the Bonds.** The Underwriter purchased the Bonds from the Issuer at a price of \$ \_\_\_\_\_.

**2. Initial Offering Price of the Hold-the-Offering-Price Maturities.**

(a) The Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Official Notice of Sale, the Underwriter, by submitting its bid on the Bonds, has agreed that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

**3. Defined Terms.**

(a) “Hold-the-Offering-Price Maturities” means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) “Holding Period” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date of August 7, 2019, or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) “Issuer” means the County of Spotsylvania, Virginia.

(e) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) “Sale Date” means November \_\_, 2019.

(h) "Underwriter" means (i) \_\_\_\_\_ and (ii) any person that agrees pursuant to a written contract directly or indirectly with the underwriter described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The Underwriter understands and acknowledges that the foregoing information will be relied upon by (i) the Issuer in establishing, among other things, the "issue price" of the Bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended (the "Code"), and certain other expectations with respect to the Bonds for purposes of Section 148 of the Code set forth in the Tax Certificate with respect to the Bonds and (ii) Haneberg Hurlbert PLC, Richmond Virginia, in connection with rendering its opinion to the Issuer that the interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give the Issuer from time to time relating to the Bonds. The Underwriter is certifying only as to facts in existence on the date hereof. Nothing herein represents the Underwriter's interpretation of any laws, in particular Sections 103 and 148 of the Code and the regulations under the Code or the application of any laws to these facts. Furthermore, the Underwriter is not engaged in the practice of law, and makes no representation as to the legal sufficiency of the factual matters set forth herein. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose

**[UNDERWRITER]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Dated: November \_\_, 2019

**SCHEDULE A**  
**Initial Offering Prices of Hold-the-Offering-Price Maturities**

**SCHEDULE B**  
**Pricing Wire or Equivalent Communication**