

\$704,000
CITY OF SPENCER
SEWER REVENUE BOND, SERIES 2019

No. R-1

Date: July 26, 2019

FOR VALUE RECEIVED, the CITY OF SPENCER, a municipal corporation and political subdivision of the State of West Virginia, in Roane County of said State (herein called "Issuer"), hereby promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, 4300 Goodfellow Blvd., St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Seven Hundred Four Thousand and 00/100 Dollars (\$704,000.00), plus interest on the unpaid principal balance at the rate of two percent (2.0%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and \$2,211.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Issuer as requested by Issuer and approved by the Government, and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto and made a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security therefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public sewer facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on June 6, 2019 (the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ON PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE SEWER REVENUE BOND, SERIES 1980, AND THE SEWER REVENUE BOND, SERIES 2000, OF THE ISSUER DESCRIBED IN THE PRIOR ORDINANCES ADOPTED WITH RESPECT TO THE PRIOR BONDS.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Parity Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2019 Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2019 Bond Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Parity Bonds; provided however, that so long as there exists in the Series 2019 Bond Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Parity Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation) by the Registered Owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and the costs of issuance hereof as described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF SPENCER has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, all as of the date hereinabove written.

SPECIMEN

(SEAL)

CITY OF SPENCER

By: _____

Mayor
116 Court Street
Spencer, WV 25276

ATTEST:

By: _____

Recorder

(Form Of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$154,839.54	7/26/19	(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

TOTAL \$ _____

SPECIMEN

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

DATED: _____.

In the presence of:

\$704,000
CITY OF SPENCER
SEWER REVENUE BOND, SERIES 2019

RECEIPT FOR BOND NO. R-1 AND TRANSCRIPT

The undersigned, for Rural Development (the "Purchaser"), hereby certifies as follows:

1. On the 26th day of July, 2019, at Spencer West Virginia, the undersigned received for the Purchaser the City of Spencer Sewer Revenue Bond, Series 2019, numbered R-1, in the amount of \$704,000, dated as of the date hereof, bearing interest at the rate of 2.00% per annum, payable in monthly installments as stated in the Bond. The Bond represents the entire above-captioned Bond issue.
2. At the time of such receipt, the Series 2019 Bond had been executed and sealed by the designated officials of the City.
3. At the time of such receipt, there was paid to the City a payment representing a portion of the aggregate principal amount of the Series 2019 Bond.
4. At the time of such receipt, there was also received by the undersigned a set of Bond Transcript documents.

WITNESS my signature as of the 26th day of July, 2019.

RURAL DEVELOPMENT

By:

Area Specialist

A handwritten signature in blue ink, appearing to read "Virginia M. Malone", is written over a horizontal line. The signature is fluid and cursive.



Goodwin & Goodwin, LLP
300 Summers Street
Suite 1500
Charleston, WV 25301-1678

T (304) 346-7000
F (304) 344-9692

www.goodwingoodwin.com

July 26, 2019

City of Spencer
116 Court Street
Spencer, WV 25276

United States of America
Rural Development
530 Freedom Road
Ripley, WV 25271

Re: \$704,000 City of Spencer, Sewer Revenue Bond, Series 2019

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by the City of Spencer (the "Issuer") of its Sewer Revenue Bond, Series 2019, in the principal amount of \$704,000, bearing interest on the unpaid principal balance from date of delivery at the rate of two percent (2.00%) per annum, and dated on the date hereof (the "Bond").

The Bond has been authorized by an ordinance (the "Bond Ordinance") duly enacted by the City Council of the Issuer, which is the governing body of the Issuer.

Interest only on the Bond is payable in monthly installments for the twenty-four (24) months after delivery of the Bond and thereafter the principal of and interest on the Bond is payable in monthly installments of \$2,211.00, to and including the 480th month after the date of the Bond, the final installment to be in the sum of the unpaid principal and interest due on the date thereof.

Principal installments upon the Bond are subject to payment in advance as provided therein and in the Bond Ordinance.

The Bond Ordinance and the Bond provide that the issue is for the purpose of financing the costs of construction and acquisition of the improvements and additions to an existing sewer system (the "System") of the Issuer.

Upon issuance of the Bond, the Issuer has outstanding the 1980 Bond and the 2000 Bond (collectively, the "Prior Bonds"), all as described in the Bond Ordinance, which are on a parity as to lien and source of and security for payment with the Bond.

In rendering this opinion, we have relied, in part, upon the opinion letter of Goodwin & Goodwin, LLP, attorney to the Issuer, and the combined General Certificate of Issuer and attorney for Issuer.

It is our opinion that:

1. The Issuer is a duly organized and presently existing municipality and is a public corporation and a political subdivision of the State of West Virginia with full power and authority to construct, acquire, operate and maintain the System and issue and sell the Bond, all under the provisions of Chapter 16, Article 13 (the "Act"), of the Code of West Virginia of 1931, as amended, and other applicable provisions of law.
2. The Issuer, through its Council, has legally and effectively enacted the Bond Ordinance in connection with the bond issue and issued, sold and delivered the Bond to the United States of America, United States Department of Agriculture, Rural Development.
3. As of this date, the Bond is in due and proper form and has been duly executed and delivered and constitutes a valid and legally enforceable special obligation of the Issuer secured by and payable solely from a parity statutory lien with the Bond and the Prior Bonds, as described in the Bond Ordinance, and a pledge of the net revenues of the System, all in accordance with the terms of the Bond and the Bond Ordinance.
4. The interest on the Bond is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as described for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bond in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bond in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bond. We express no opinion regarding other federal tax consequences arising with respect to the Bond.
5. The Bond and the interest thereon is, under the Act, exempt from taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

July 26, 2019

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6. It is to be understood that the rights of the holder of the Bond and the enforceability of the Bond and the Bond Ordinance, and the liens and pledges set forth therein, may be subject to and this opinion is limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,



GOODWIN & GOODWIN, LLP



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Suite 1500
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July 26, 2019

United States of America
Rural Development
530 Freedom Road
Ripley, WV 25271

City of Spencer
116 Court Street
Spencer, WV 25276

Re: \$704,000 City of Spencer Sewer Revenue Bond,
Series 2019

Gentlemen:

As attorney for the City of Spencer, Roane County, West Virginia (the "City"), we have examined the record of proceedings relating to the issue of the City of Spencer, Sewer Revenue Bond, Series 2019 (the "Bond") and have considered the validity of the bond issue. In this connection we have examined and are familiar with the constitution and statutes of the State of West Virginia, including Chapter 16, Article 13 (the "Act") of the Code of West Virginia of 1931, as amended, the City's Charter, related minutes and a certified copy of the Ordinance passed by the City (the "Ordinance"), the sewer rates necessary to pay for the Bond as described in the Ordinance, copies of contracts and other documents relating to the funding and approval for the Project by the City, including, but not limited, to the construction contract, plans and specifications, and other documents relating to the project, the letter of conditions delivered by the United States Department of Agriculture, Rural Development ("USDA RD"), to the City, the existing 1980 and 2000 Bonds (the "Prior Bonds") and other documents incidental and material to the issuance by the City of the Bond. From such familiarity and examination, we are of the opinion as follows:

1. The City is a duly created and presently existing municipality and political subdivision of the State of West Virginia with full power and authority to construct and acquire and to operate and maintain the Sewer System and to issue and sell the Bond, all under the provisions of the Act and other applicable provisions of law.

2. The City, through City Council (the "Council"), has legally and effectively enacted the Ordinance and has duly authorized the issuance and delivery of the Bond to USDA RD, and the Mayor of the City is duly and lawfully entitled to and authorized to execute the Bond.

3. The Mayor, Recorder and members of the Council have been duly elected or appointed and have fulfilled all requirements necessary to carry on their duties as provided under the Act.

4. The Bond constitutes a valid and legally enforceable special obligation of the City secured by and payable solely from a parity lien on and pledge of the net revenue of the System as described in the Ordinance, all in accordance with the terms of the Bond and the Ordinance, subject to and on parity with the Prior Bonds as such Prior Bonds are described in the Ordinance. The holders of the Prior Bonds have consented to the issuance of the Bond.

5. The City, through its Council, has legally and effectively enacted sewer rates necessary to make the payments on the Bond from the rates described in the Ordinance. It has lawfully enacted and has filed a tariff which has been approved by the West Virginia Public Service Commission for the sewer rates that are described in the Ordinance, which rates are not subject to appeal or protest.

6. The City has confirmed with the West Virginia Public Service Commission that a certificate of convenience and necessity is not required for the Project described in the Ordinance because the Project is in the ordinary course of its wastewater treatment business.

7. The City, through its Council, has legally and effectively enacted all other ordinances, contracts and agreements that are necessary to comply with the letter of conditions previously forwarded and conditions required therein and has complied with all necessary provisions of the Ordinance necessary before the Bond may be issued and delivered and so that the Bond can, in fact, be lawfully issued and delivered.

8. To the best of our knowledge, the execution and delivery of the Bond and the enactment of the Ordinance and compliance with the provisions of them will not conflict with nor constitute a breach of or default under any agreement or other instrument to which the City is a party, or any court order or consent decree known to us to which the City is subject, or any law or administrative regulation to which the City is subject.

9. All authorizations, consents, approvals and reviews by governmental bodies or regulatory authorities then required for the City's enactment, execution or performance of the Bond and the Ordinance have been obtained or affected, and we have no reason to believe that the City will be unable to obtain or affect any additional such authorizations, consents or approvals that may be required in the future for performance of any of them by the City.

10. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity by any court, public board or body, pending or threatened against or affecting the City or any member of the Council, and no facts exist relating to the composition of the Council or the exercise of their duties, wherein an unfavorable decision, ruling or finding would have a materially adverse effect upon the validity of the Bond or the Ordinance.

The foregoing opinion is qualified to the extent that the enforceability of the liens, pledges and terms set forth in the Bond and in the Ordinance may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally.

Respectfully submitted,


GOODWIN & GOODWIN, LLP



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July 30, 2019

Mrs. Sara Rogers, Executive Director
West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, #1117
Charleston, WV 25302

Re: \$704,000 City of Spencer
Sewer Revenue Bond, Series 2019

Dear Sara:

Enclosed please find the New Issue Report Form prepared in connection with the above-referenced transaction and sent to you for filing in your office in regard to the same. Upon completion of the transcript, I will deliver a copy to you for your reference. In the meantime, if you have any questions concerning this transaction, please feel free to contact me.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Bill", written over the typed name.

William K. Bragg, Jr.

WKB/aks
Enclosure

WEST VIRGINIA MUNICIPAL BOND COMMISSION

NEW ISSUE REPORT FORM

900 Pennsylvania Avenue, Suite 1117, Charleston, WV 25302

Phone:(304) 558-3971

FAX: (304) 558-1280

mbc.wv.gov

Date of Report: 26-Jul-19

ISSUE: City of Spencer, Sewer Revenue Bond, Series 2019

ADDRESS: 116 Court Street, Spencer, WV 25276

COUNTY: Roane

PURPOSE OF ISSUE: ☒ New Money
☐ Refunding

Refunding issue(s) dated: _____

ISSUE DATE: 26-Jul-19

RATE: 2.00%

ADMIN FEE: _____

ISSUE AMOUNT: \$704,000

1st DEBT SERVICE DUE: 26-Aug-19

1st PRINCIPAL DUE: _____

1st DEBT SERVICE AMOUNT: \$2,211.00

PAYING AGENT: Municipal Bond Commission *

BOND COUNSEL: Goodwin & Goodwin, LLP

UNDERWRITERS COUNSEL: _____

Contact Name: W. K. Bragg, Jr.

Contact Name: _____

Phone: (304) 346-7000

Phone: _____

Email: wkb@goodwingoodwin.com

Email: _____

CLOSING BANK: _____

ESCROW TRUSTEE: _____

Contact Name: _____

Contact Name: _____

Phone: _____

Phone: _____

Email: _____

Email: _____

KNOWLEDGEABLE ISSUER CONTACT:

OTHER: _____

Contact Name: Terry A. Williams

Lender Contact Name: _____

Virginia McDonald, USDA RD

Title: Mayor

Title: _____

Rural Development Specialist

Phone: (304) 927-1640

Phone: _____

(304) 372-6231 x 4

Email: tawilliams2@suddenlinkmail.com

Email: _____

virginia.mcdonald@wv.usda.gov

DEPOSITS TO MBC AT CLOSE: _____

Accrued Interest: _____

By: _____

Wire _____

Capitalized Interest: _____

Check _____

Reserve Account: _____

In-house Transfer _____

Other: _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

To Escrow Trustee: _____

By: _____

Wire _____

To Issuer: _____

Check _____

To Cons.Invest Fund: _____

IGT _____

To Other: _____

ISSUER NUMBERS:

BANK ID NUMBER: _____

CUSIP: _____

ACCOUNT NUMBER: _____

PROGRAM NUMBER: _____

NOTES: * Only if Lender no longer owns the bond.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____