

CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** dated as of August 1, 2020 (the “Continuing Disclosure Agreement”), is executed and delivered by the Spencer Utilities Authority (the “Authority”) and BancFirst, Oklahoma City, Oklahoma, as dissemination agent (the “Dissemination Agent”).

RECITALS

1. This Continuing Disclosure Agreement is executed and delivered in connection with the issuance by the Spencer Utilities Authority (the “Authority”) of \$8,720,000.00 Utility System Revenue Bonds, Series 2020 (the “Bonds”), pursuant to a Bond Indenture dated as of August 1, 2020 between the Authority and BancFirst, Oklahoma City, Oklahoma, as trustee (the “Indenture”).

2. The Authority and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission. The Authority is an “obligated person” with responsibility for continuing disclosure hereunder.

In consideration of the mutual covenants and agreements herein, the Authority and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report filed by the Authority pursuant to, and as described in, **Section 2** of this Continuing Disclosure Agreement.

“**Beneficial Owner**” means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Dissemination Agent**” means BancFirst, Oklahoma City, Oklahoma, acting in its capacity as dissemination agent hereunder, or any successor Dissemination Agent designated in writing by the Authority.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org or such other location as may be designated in the future by the MSRB pursuant to the Rule.

“**Financial Obligation**” shall mean (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the 12-month period beginning on July 1 and ending on June 30 or any other 12-month period selected by the Authority as the Fiscal Year of the Authority for financial reporting purposes.

“Material Events” means any of the events listed in **Section 3(a)** of this Continuing Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Provision of Annual Reports.

- (a) The Authority shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Authority’s Fiscal Year, commencing with the year ending June 30, 2020, file with the MSRB, through EMMA, the following financial information and operating data and certification (the “Annual Report”):
- (1) *Audited Financials:* The financial statements of the Authority for the prior Fiscal Year, prepared in accordance with accounting principles generally accepted in the United States of America. If audited financial statements are to be prepared but are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.
 - (2) *Updated Financial Data:* Each Annual Report shall add the immediately preceding Fiscal Year’s information concerning the Authority’s revenue, expenditures, debt service requirements, and coverage ratio as provided in the table entitled “Comparative Revenue and Expenses” provided in the Official Statement for the Bonds.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Authority is an “obligated person” (as defined by the Rule), which have been filed with the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The Authority shall clearly identify each such other document so included by reference.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section. If the Authority’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3** of this Continuing Disclosure Agreement.

- (b) Not later than three (3) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Authority shall either (1) provide the Annual Report to the Dissemination Agent, with written instructions to file the Annual Report as specified in subsection (a), or (2) provide written notice to the Dissemination Agent that the Authority has filed the Annual Report with the MSRB or will do so prior to the deadline specified in subsection (a). The Dissemination Agent may rely conclusively on the certification of the Authority provided pursuant to subsection (a)(4) above that such Annual Report constitutes the Annual Report required to be furnished by the Authority hereunder and shall have no independent duty to review such Annual Report.
- (c) If the Dissemination Agent has not received either an Annual Report with filing instructions or a written notice from the Authority that it has filed an Annual Report with the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as **Exhibit A**.
- (d) The Dissemination Agent shall, unless the Authority has filed the Annual Report with the MSRB, promptly following receipt of the Annual Report and instructions required in subsection (b) above, file the Annual Report with the MSRB and file a report with the Authority certifying that the Annual Report has been filed pursuant to this Continuing Disclosure Agreement, stating the date it was filed with the MSRB. Such confirmation may be in the form of any confirming email or submission confirmation obtained from EMMA.
- (e) In addition to the foregoing requirements of this Section, the Authority agrees to provide copies of the most recent Annual Report to any requesting bondowner or prospective bondowner, but only after the same have been delivered to the MSRB.

Section 3. Reporting of Material Events.

- (a) No later than ten (10) Business Days after the occurrence of any of the following events, the Authority shall give, or cause to be given to the MSRB by the Dissemination Agent, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds ("**Material Events**"):
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (7) modifications to rights of bondholders, if material;
 - (8) bond calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution or sale of property securing repayment of the Bonds, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the Authority or the City of Spencer, Oklahoma (the "City");

- (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the City or the sale of all or substantially all of the assets of the Authority or the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
 - (15) incurrence of a Financial Obligation of the Authority or the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority or the City, any of which affect bondholders, if material; and
 - (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority or the City, any of which reflect financial difficulties.
- (b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Material Event, contact the Chairman of the Authority or his or her designee, or such other person as the Authority shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the Authority promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d). If in response to a request under this subsection (b), the Authority determines that the event does not constitute a Material Event, the Authority shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent whether or not to report the occurrence pursuant to subsection (d).
- (c) Whenever the Authority obtains knowledge of the occurrence of a Material Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Authority shall promptly notify and instruct the Dissemination Agent in writing to report the occurrence pursuant to subsection (d).
- (d) If the Dissemination Agent receives written instructions from the Authority to report the occurrence of a Material Event, the Dissemination Agent shall promptly file a notice of such occurrence to the MSRB, with a copy to the Authority. Notwithstanding the foregoing, notice of Material Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the registered owners of affected Bonds pursuant to the Indenture.

Section 4. Termination of Reporting Obligation. The Authority's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the obligations of the Authority under this Continuing Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the Authority, and the Authority shall have no further responsibility hereunder. If such termination or substitution occurs prior to legal defeasance, prior redemption or payment in full of all of the Bonds, the Authority shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3** of this Continuing Disclosure Agreement.

Section 5. Dissemination Agents. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the Authority. Except as otherwise provided herein, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Authority pursuant to this Continuing Disclosure Agreement. The initial Dissemination Agent is BancFirst, Oklahoma City, Oklahoma.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Authority and the Dissemination Agent may amend this Continuing Disclosure Agreement and any provision of this Continuing Disclosure Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Authority and the Dissemination Agent with its written opinion that the undertaking of the Authority contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Agreement.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Authority shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3** of this Continuing Disclosure Agreement, and the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Authority shall not have any obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the Authority or the Dissemination Agent fails to comply with any provision of this Continuing Disclosure Agreement, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an event of default under the Indenture or the Bonds, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Authority or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

Section 9. Duties and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement. The fees, charges and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement shall be paid as provided in the Indenture.

The Dissemination Agent shall not be responsible for the content of any notice or information provided by the Authority to the Dissemination Agent for filing or the Authority's failure to submit a complete Annual Report. The Dissemination Agent shall not be responsible for ensuring the compliance with any rule or regulation of the Authority or Participating Underwriter in connection with the filings of information herein, but is merely responsible for the filing of any such information provided to the Dissemination Agent by the Authority.

Section 10. Notices. Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given by registered or certified mail, return receipt requested, or by confirmed facsimile, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

To the Authority: Spencer Utilities Authority
8200 NE 36th Street
Spencer, Oklahoma 73084
ATTN: Chairman of Trustees

To the Dissemination Agent: BancFirst
101 N. Broadway, Suite 800
Oklahoma City, Oklahoma 73102
ATTN: Corporate Trust Department

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 11. Beneficiaries. Subject to the limitation on remedies contained in **Section 9** of this Continuing Disclosure Agreement, this Continuing Disclosure Agreement shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. Severability. If any provision in this Continuing Disclosure Agreement, the Indenture or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 13. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14. Electronic Transactions. The arrangement described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 15. No Pecuniary Liability; General Limitation on Authority Obligations.

(a) Notwithstanding the language or implication of any provision, representation, covenant or agreement to the contrary, no provision, representation, covenant or agreement contained in this Continuing Disclosure Agreement or any obligation herein imposed upon the Authority, or the breach thereof, shall constitute or give rise to or impose upon the Authority a pecuniary liability. No provision hereof shall be construed to impose a charge against the general credit of the Authority or any personal or pecuniary liability upon any official, director, officer, agent, or employee of the Authority.

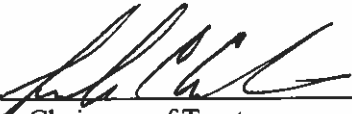
(b) ANY OTHER TERM OR PROVISION OF THIS CONTINUING DISCLOSURE AGREEMENT OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION WITH THE TRANSACTION WHICH IS THE SUBJECT HEREOF TO THE CONTRARY NOTWITHSTANDING, THE AUTHORITY SHALL NOT BE REQUIRED TO TAKE OR OMIT TO TAKE, OR REQUIRE ANY OTHER PERSON OR ENTITY TO TAKE OR OMIT TO TAKE, ANY ACTION WHICH WOULD CAUSE IT OR ANY PERSON OR ENTITY TO BE, OR RESULT IN IT OR ANY PERSON OR ENTITY BEING, IN VIOLATION OF ANY LAW OF THE STATE OF OKLAHOMA.

Section 16. Governing Law. This Continuing Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the Authority and the Dissemination Agent have caused this Continuing Disclosure Agreement to be executed as of the day and year first above written.

SPENCER UTILITIES AUTHORITY

By: 
Title: Chairman of Trustees

BancFirst, Oklahoma City, Oklahoma, as
Dissemination Agent

By: 
Title: Authorized Officer

Continuing Disclosure Agreement

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Spencer Utilities Authority (the "Authority")

Name of Bond Issue: \$8,720,000.00 Utility System Revenue Bonds,
Series 2020

Name of Obligated Person: Spencer Utilities Authority

Date of Issuance: August 12, 2020

NOTICE IS HEREBY GIVEN that the Authority has not filed an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of August 1, 2020, between the Authority and BancFirst, Oklahoma City, Oklahoma, as Dissemination Agent. The Authority has informed the Dissemination Agent that the Authority anticipates that the Annual Report will be filed by

_____.

Dated: _____, ____.

BancFirst, Oklahoma City, Oklahoma, as
Dissemination Agent on behalf of the Spencer Utilities
Authority

cc: Spencer Utilities Authority

\$8,720,000.00
SPENCER UTILITIES AUTHORITY
Utility System Revenue Bonds
Series 2020

RULE 15c2-12 CERTIFICATE OF GOVERNMENTAL ISSUER

The undersigned hereby certifies and represents, that he is the Chairman of Trustees of the Spencer Utilities Authority (the "Issuer"), duly authorized to execute and deliver this Certificate, and further certifies on behalf of the Issuer as follows:

1. This Certificate is delivered to enable the purchaser of the Bonds to comply with Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the captioned Bonds (the "Bonds").
2. In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated June 15, 2020, setting forth information concerning the Bonds and the Issuer (the "Preliminary Official Statement").
3. As used herein, "Permitted Omissions" shall mean the offering prices, interest rates, selling compensation, aggregate principal amount, principal amounts per maturity, delivery date, sinking fund installments, ratings and other terms of the Bonds depending on such matters, all with respect to the Bonds.
4. The Preliminary Official Statement is deemed final as of its date within the meaning of the Rule as of this date except for the omission of the Permitted Omissions.

IN WITNESS WHEREOF, I have hereunto set my hand, this 12th day of August, 2020.

SPENCER UTILITIES AUTHORITY

By 
Chairman of Trustees